TSE: 2344

winbond

We Deliver

Winbond Electronics Corp.
2023 Annual Report
Printed on March 11, 2024

Taiwan Stock Exchange Market Observation Post System:
https: //mops.twse.com.tw
Winbond Website: https: //www.winbond.com

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4. Common Stock Transfer Office
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   20F, No. 100, Songren Rd., Xinyi Dist., Taipei City 110016, Taiwan
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6. Foreign securities listing: N/A

7. Company Website: https://www.winbond.com

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Financial Overview

Analysis of Financial Status and Financial Performance and Risk Issues

Important Notice

A Letter to Our Shareholders

Dear Shareholders,

In 2023, Winbond demonstrated operational resilience and outlined a new era of ESG development. Despite the global semiconductor market downturn with over 10% decline in revenue, Winbond not only positivized short-term operational impacts but also focused on achieving mid- and long-term strategic objectives and sustainable development. With respect to business operations, Winbond's second 12-inch wafer fabrication plant (Kaohsiung Fab) continued to increase its production capacity. Our in-house DRAM 20nm and NOR Flash 45nm process technology have successfully entered mass production. We also continued to promote digital transformation and integrate AI technology for increasing productivity. To address climate issues, we encouraged employees to use innovative methods to reduce greenhouse gas emissions in daily operations. Additionally, we actively invested in and procured renewable energy to showcase our commitment to climate actions as we prepare for economic recovery.

Financial Performance

In 2023, our consolidated revenue amounted to NT$75.006 billion, a decrease of 20.7% compared to 2022 mainly due to weakened end-user market demand and inventory adjustments of the electronics industry. Memory and logic IC products constituted 53% and 47% of consolidated revenue, respectively. The gross margin was 30% and the operating margin was -2%. Our net earnings after tax were NT$34 million (net loss of NT$1.147 billion attributed to the parent company) while -NT$0.29 per share.

Market and Product Applications

Winbond's memory business is dedicated to the design, manufacturing, and distribution of Code Storage Flash Memory and Specialty DRAM. Our logic IC business includes microcontroller/voice applications, cloud security, image sensors, battery monitoring, IoT applications, semiconductor components, and IC foundry. The combination of our memory and logic IC businesses offers our clients a wider range of comprehensive solutions, thereby strengthening our operational stability.

In terms of product application, Winbond's memory products are evenly distributed across 4 major sectors: communication, automotive/industrial, consumer, and computing/peripheral products. In 2023, revenue from communication applications dropped to 25% of our memory business revenue due to slower inventory destocking. Automotive and industrial sectors have rectified supply–demand imbalance during the pandemic, with the combined revenue contribution remaining at 26%. Demand for consumer and computing/peripheral products gradually returned by season, accounting for 25% and 24% respectively. In the realm of logic IC business, demand for automotive and industrial applications stabilized, reaching 48% of the logic IC business revenue. Demand for consumer products and smartphones weakened, accounting for 17% and 19% while computing and peripheral products and applications remained at 16%.

Product Innovation and Technology Development

For our memory business, Winbond incorporates green design concepts into product development to fulfill our sustainability promise, leveraging our core competitive advantage. We invented ultra-low power design and smaller packaging for Flash and DRAM products, such as the Flash SON 2x3, 100BGA LPDDR4/4X. We also developed innovative CUBE structures withe 3D stacking technology to strengthen bandwidth and reduce consumption during data transfers.

Our logic IC business has delivered stellar performance in 4 major sectors: automotive/industrial control systems, communication, consumer, and computing products. For automotive, we launched the 4th-generation battery chip to precisely measure cell voltage, temperature, and battery pack currents. For industrial control systems, our new heterogeneous multi-core NuMicro® MA35D1 series microprocessor combines high performance, real-time control, and advanced security features, while our 32-bit microprocessor is extensively applicable in various high-performance motor and power source control. Among handheld devices, our CSP MOSFETs for lithium-ion battery protection have been integrated into new smartphone models, hearing aids, and AR glasses. Our new low-power MUG51 microprocessor caters to all types of battery-free devices. In the realm of computing applications, our eBMC (Edge Computing Base Management Controller) chip is particularly designed for edge computing platforms. Suitable for high-speed signal transmission, our USB4 re-timer IC has been successfully introduced to PC clients, propelling new momentum into future prospects of our logic IC business.

To advance our in-house memory technologies, we have initiated mass production of our latest DRAM 20nm technology in 2023 to eventually replace 25Snm as the main line of the Kaohsiung Fab. The development of next-generation DRAM 16nm process is proceeding as planned. The NOR Flash 45nm has finished trial run in 2023, with mass production slated to commence in 2024.

Corporate Sustainability

Winbond actively mitigates climate risks by developing green products and technologies as well as encouraging all employees to reduce their carbon footprint, a Key Performance Indicator for innovative value that fosters a sustainable culture within Winbond. Through the Large Corporations Lead SMEs on Low-Carbon Smart Manufacturing Upgrades and Transformation Subsidy Program organized by the Industrial Development Administration of the Ministry of Economic Affairs, we collaborated with 13 suppliers and contractors on carbon reduction plans that will generate tangible benefits to the supply chain. To facilitate implementation, we adopted 2.94 hectares of state-owned forests under the Forestry and Nature Conservation Agency as part of a 30-year forestation cooperation plan that reduces CO_2 emissions as well as increasing local biodiversity and natural habitats.

Winbond values employees and respects human rights. We continue to promote workplace Diversity, Equity, and Inclusion (DEI) to improve team cohesion among global talents. Each year, Winbond invests resources to jointly nurture semiconductor talents with the National Cheng Kung University through its Academy of Innovative Semiconductor and Sustainable Manufacturing. Our Education Financial Aid Raised for Impoverished Students benefiting over a thousand school children. Additionally, we actively sponsor the Happy Breakfast Program for School Children in Remote Areas for the betterment of society.

To enhance corporate governance, we are assembling a Senior Executive Development Committee to raise the ESG Committee to the level of the Board of Directors. By strengthening our senior executive training and sustainable governance, we hope to refine our organizational structure as well as expand and reinforce supervision and reviews by the Board of Directors. Our efforts have consistently placed us within the top 6%–20% of the TWSE Corporate Governance Evaluation for consecutive years.

Honors and Awards

In 2023, Winbond was recognized by numerous authorities for our product innovation, pursuit of excellence, and sustainable development. For product innovation, we were listed for the first time in Clarivate's Top 100 Global Innovators, a testament to our proactive approach to adopting innovative thinking in the R&D process. For pursuit of excellence, we won 2 Gold and 1 Silver at the 2023 Taiwan Continuous Improvement Awards to honor our teamwork in determining the optimal criteria for reducing defect rate. Our logic IC achievement in a node management controller with both safety management and IoT functions has been approved through the High-Level Innovation Project conducted by the Industrial Development Bureau. Our NuMicro® M467 series microcontrollers also received the 2023 EE Awards Asia: Golden Selection.

Concerning sustainable development, we have long attached great importance to corporate governance and eco-sustainability. In 2023, we were praised for the first time for our Human Rights Practice and Development and Workplace Wellbeing Leadership, and were winning again including Taiwan Top 100 Sustainability Model Award, Corporate Sustainability Report Award – Platinum Level, Talent Development Leadership Award, and Innovation and Growth Leadership Awards. Noticeably, we were ranked No. 1 for CSR Platinum Award, the highest level under Category 1. Regarding global ESG ratings, Winbond was awarded Silver Medal on the EcoVadis Sustainability platform. Furthermore, our logic IC subsidiary, Nuvoton Technology, won SGS ESG Awards for Sustainability Reporting, TCSA's Taiwan Top 100 Sustainability Model Award, Corporate Sustainability Report Award – Silver Level, and 2023 Business Weekly Carbon Competitiveness Top 100 by renowned financial magazine *Business Weekly*.

Future Prospects

The semiconductor industry is projected to usher in a new round of growth driven by rising global demand for AI and high-performance computing, alongside the recovery of market demand for smartphones, PCs, servers, and automotive. In alignment with our vision of becoming "a hidden champion in providing sustainable semiconductors to enrich human life," we are committed to optimizing processes, enhancing energy efficiency, providing green solutions, and using renewable energy. These not only advance green manufacturing as a climate action but also a catalyst for customer loyalty and new business opportunities. With firm determination, we will stride toward the digital era with digital transformation, integrating a robust database for corporate sustainability and net zero by 2050.

Finally, on behalf of our management team, I extend our utmost gratitude to our shareholders who have continued to support and further the growth of Winbond.

Arthur Yu-Cheng Chiao
Chairman and CEO

Company Profile

(I) Company History

Winbond was established in September 1987 and listed on Taiwan Stock Exchange in 1995. Winbond operates a 12-inch fab factory with high levels of smart technology and automation in both Central Taiwan Science Park and Southern Taiwan Science Park, with the company headquarters located in Central Taiwan Science Park. The Kaohsiung Fab situated in Southern Taiwan Science Park became operational in 2023.

Winbond specializes in the production of memory IC. From product design, research and development, and wafer fabrication to the marketing of brand name products, Winbond endeavors to provide its global clients with total memory solutions. Winbond's major product lines include Code Storage Flash Memory, TrustME® Secure Flash Memory, Specialty DRAM and Mobile DRAM. We are the only company in Taiwan with the ability to develop DRAM and flash products in-house. Our advantages of technological autonomy and prudent capacity strategies enable us to build a highly flexible production system and create synergy among product lines, which allows us to meet the diverse demands of customers while building our brand image. Winbond's products are used extensively in handheld devices, consumer electronics, and computer peripherals. We also focus on high-barrier, high-quality applications, such as automotive and industrial electronics.

Winbond has set up operations and distributor networks in the USA, Japan, China, Hong Kong, Israel and Germany to serve clients better and expand the depth and breadth of product sales. Winbond is committed to the pursuit of superior quality with zero defects and is certified as compliant with a number of quality and environmental safety management standards. We are also the first memory manufacturer in Taiwan to obtain certification for ISO 26262, which is the highest standard for automotive functional safety, and the ISO/SAE 21434 standard for cybersecurity risk management for road vehicles.

Winbond also always adheres to high standards of corporate governance; we have been evaluated by the Taiwan Stock Exchange as one of the top 20% listed corporate governance. Winbond will continue to provide customer-oriented services and strive towards the goal of becoming an unseen yet essential champion in providing sustainable semiconductors technology to enrich human life by applying the strength of our advanced semiconductor design and manufacturing know-how and incorporating our corporate values—integrity, accountability, curiosity, innovation, and sustainability—into the Company's business activities.

(II) Major business developments in the past year and up to the date of the report

1. The Kaohsiung Fab has improved its 12-inch wafer fabrication capacity to 10,000 per month in 2023 and plans to further expand it to 14,000 wafers per month in 2024.
2. The company has successfully completed development of the latest DRAM 20nm and NOR Flash 45nm production process technologies and has begun mass production.

(III) Investment in affiliates in the past year and up to the date of the report

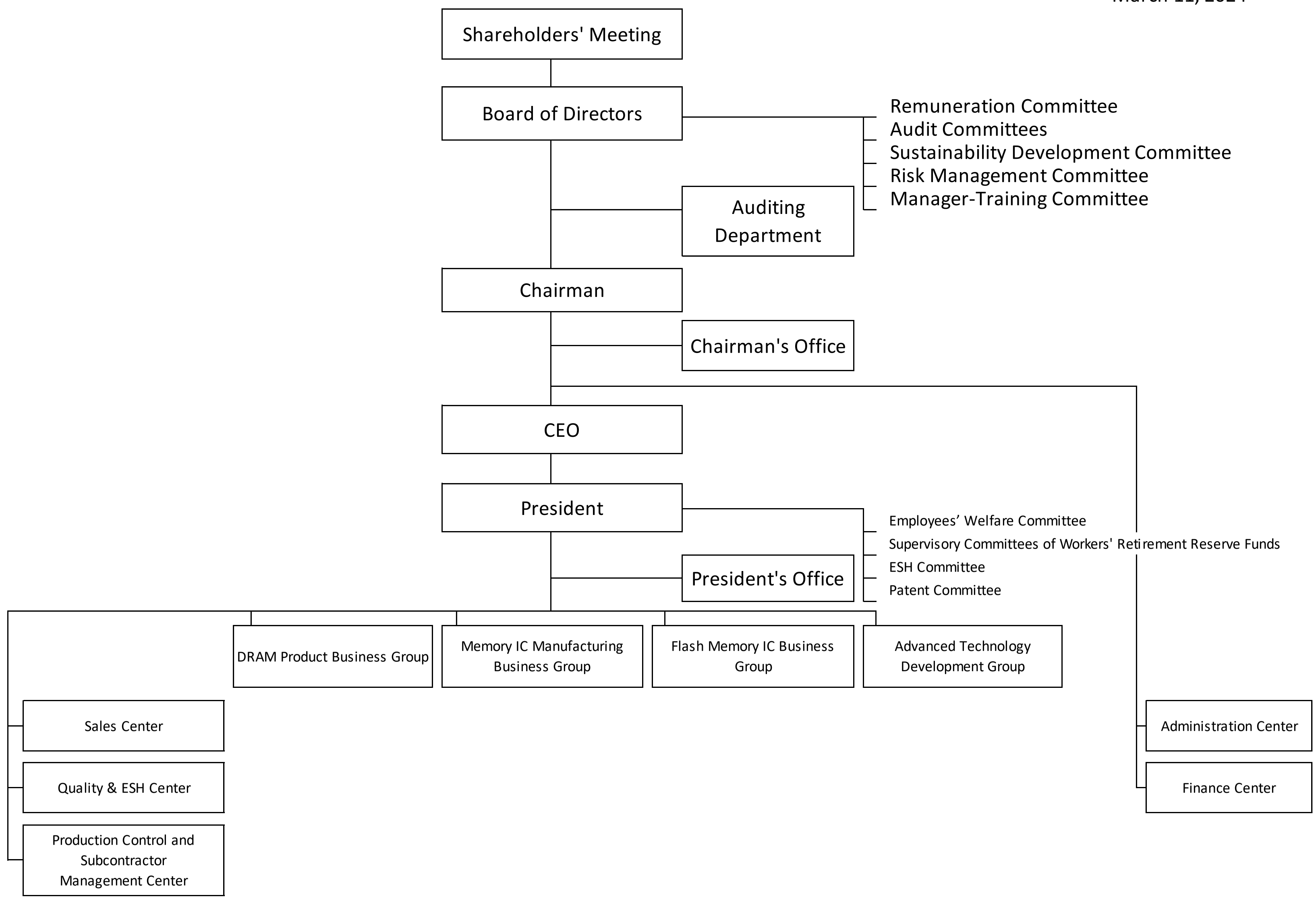
For the Company's investment in affiliated enterprises, please see pages 245-252 of this report.

Corporate Governance

I. Organization

1. Organizational structure

March 11, 2024



2. Major business units and their key operations

Unit	Function
Auditing Department	I. Planning and execution of internal audits II. Planning and execution of internal control self-assessments
Finance Center	I. Planning and execution of accounting and tax management II. Planning and evaluation of budget and costs III. Planning and management of corporate finance; investment management IV. Investor relations and the planning and execution of stock affairs operations V. Operations management and planning of public affairs outside of the fabs VI. Legal and intellectual property (IP) consulting and management
Information Technology Center	Ensuring secure, efficient, and data-driven operations at the Company: I. Assisting the Company by spearheading the improvement of its cybersecurity capabilities and maintaining the confidentiality, integrity, and availability of information systems, identities, and data II. Providing secure, stable, efficient, and intuitive information technology systems, tools, and application platforms that meet the Company's operational needs III. Developing and using information technology tools and platforms to help colleagues optimize their productivity and operational performance IV. Continuous improvement of the Company's information technology capacity to strengthen its core competitive advantages
Sales Center	I. In charge of worldwide sales (foundry sales not included) II. New client development and new product promotion III. Responsible for the attainment of annual sales targets IV. Management of dealers and distributors V. Collection of accounts receivable
Quality & ESH Center	I. Maintaining the quality management system to ensure product quality and reliability II. Elevating the quality and professional know-how of employees; continuously improving the quality of products through quality management improvement, employee training, and a quality-oriented culture III. Responding to customer quality issues and providing solutions IV. Implementing effective ESH plans and risk management measures and establishing a work environment that is in compliance with environmental regulations and international standards
Production Control and Subcontractor Management Center	I. Production planning and execution and production-sales coordination II. Planning and execution of logistics supply III. Planning and execution of outsourcing capacity and production plans IV. Vendor management and quality control V. Outsourcing processes and production streamlining VI. Import and verification of new IC assembly technologies VII. Implementation of procurement operations VIII. Implementation of import/export and bond operations IX. Raw material inventory management
Memory IC Manufacturing Business Group	I. Responsible for the manufacturing of DRAM and flash memory, maintaining high quality and low costs II. Servicing foundry customers; providing competitive products III. Reducing carbon emissions during wafer fabrication (energy conservation and carbon reduction)
DRAM Product Business Group	DRAM product business and operations management
Flash Memory IC Business Group	Design, development, and marketing of flash memory products
Advanced Technology Development Group	Developing memory (DRAM and flash memory) production technologies and improving product quality

II. Profile of the Directors, President, Vice Presidents, Assistant Vice Presidents, and Department and Branch Managers

1. Directors (1)

March 11, 2024

Title		Nationality or place of registration	Name	Gender and age	Date appointed	Tenure (in years)	Date first elected	Shares held when elected		Shares currently held		Shares currently held by spouse and minor children		Shares held in the name of others		Education/Work experience	Other positions at the Company or elsewhere	Officer, director or supervisor who is the person's spouse or relative within the second degree of kinship			Notes
								Number of shares	Shareholding percentage[1]	Number of shares	Shareholding percentage[2]	Number of shares	Shareholding percentage[2]	Number of shares	Shareholding percentage[2]			Title	Name	Relationship	
Chair		R.O.C.	Arthur Yu-Cheng Chiao	M 60 to 70 years old	2023.05.30	3	1987.09.04	63,472,995	1.59%	68,506,673	1.64%	13,002,316	0.31%	-	-	MS in Electrical Engineering, University of Washington (UW) MRes, UW School of Business Administration Chair of Walsin Lihwa Corp. Chair of Nuvoton Technology Co. CEO of Winbond; (incumbent)	See note 3	Director Director	Yung Chin Wei-Hsin Ma	Spouse Relative by marriage	See note 16
Vice Chair	Legal entity	R.O.C.	Chin Xin Investment Corp	–	2023.05.30	3	2014.06.17	240,003,072	6.03%	260,003,436	6.22%	-	-	-	-	–	See note 4	–	–	–	
	Representative	R.O.C.	Tung-Yi Chan	M 60 to 70 years old	-	-	2009.06.19	551,000	0.01%	751,000	0.02%	-	-	-	-	Ph.D. in Electrical Engineering, U.C. Berkeley and Master's in Management Science, Stanford University CEO of BCD Semiconductor President of Winbond Deputy CEO of Winbond; (incumbent)	See note 5	N/A	N/A	N/A	N/A
Independent Director		R.O.C.	Allen Hsu	M 70 to 80 years old	2023.05.30	3	2014.06.17	-	-	-	-	-	-	-	-	MBA, National Chengchi University Graduated from the Advanced Management Program, Wharton School of the University of Pennsylvania Chair of Altek Corporation Chair of Taiwan Mask Corporation Chair of Myson Century, Inc. Convener of Winbond's Audit Committee; (incumbent)	See note 6	N/A	N/A	N/A	N/A
Independent Director		R.O.C.	Stephen T. Tso	M 70 to 80 years old	2023.05.30	3	2019.06.14	-	-	-	-	-	-	-	-	Ph. D. in Materials Science, U.C. Berkeley President of WaferTech President of the CVD Department of Applied Materials, Inc. Vice President of Operations and Organization, TSMC Convener of Winbond's Remuneration Committee; (incumbent)	See note 7	N/A	N/A	N/A	N/A
Independent Director		R.O.C.	Chung-ming Kuan	M 60 to 70 years old	2023.05.30	3	2023.05.30	-	-	-	-	-	-	-	-	Doctor of Economics, UC San Diego Tenured Associate Professor, University of Illinois Urbana-Champaign Professor of Economics, National Taiwan University Distinguished Research Fellow and Director of Institute of Economics, Academia Sinica Minister without Portfolio, Executive Yuan Minister, Council for Economic Planning and Development Minister, National Development Council President, National Taiwan University Chair/Distinguished Professor of Finance, National Taiwan University (incumbent)	See note 8	N/A	N/A	N/A	N/A

Title		Nationality or place of registration	Name	Gender and age	Date appointed	Tenure (in years)	Date first elected	Shares held when elected		Shares currently held		Shares currently held by spouse and minor children		Shares held in the name of others		Education/Work experience	Other positions at the Company or elsewhere	Officer, director or supervisor who is the person's spouse or relative within the second degree of kinship			Notes
								Number of shares	Shareholding percentage[1]	Number of shares	Shareholding percentage[2]	Number of shares	Shareholding percentage[2]	Number of shares	Shareholding percentage[2]			Title	Name	Relationship	
Independent Director		R.O.C.	John Li	M 50 to 60 years old	2023.05.30	3	2023.05.30	-	-	-	-	-	-	-	-	Doctor of Information Management, National Chengchi University Master of Information Management, Johns Hopkins University Master of Business Administration, George Washington University President, Taiwan Cement Corporation CEO, HSBC Taiwan Chair, TCC Information Systems Corp. (incumbent)	See note 9	N/A	N/A	N/A	N/A
Director		R.O.C.	Yung Chin	W 60 to 70 years old	2023.05.30	3	1996.04.09	11,778,797	0.30%	13,002,316	0.31%	68,506,673	1.64%	-	-	Master of Applied Mathematics, George Washington University Bachelor of Mathematics, National Taiwan University Chief Auditor, Winbond Chairperson, Theaceae Conservation Corporation (incumbent)	See note 10	Director Executive Director	Arthur Yu-Cheng Chiao Wei-Hsin Ma	Spouse Relative by marriage	N/A
Director	Legal entity	R.O.C.	Walsin Lihwa Corp.	-	2023.05.30	3	1987.09.04	883,848,423	22.20%	919,380,016	21.99%	-	-	-	-	-	See note 11	-	-	-	-
	Representative	R.O.C.	Fred Pan	M 60 to 70 years old	-	-	2020.06.12	-	-	-	-	-	-	-	-	MBA, Tulane University CFO of Philips Semiconductors Asia Pacific CFO of the Sales and Marketing Division of Philips Semiconductors Taiwan President of Walsin Lihwa; (incumbent)	See note 12	N/A	N/A	N/A	N/A
Director		R.O.C.	Chih-Chen Lin	M 40 to 50 years old	2023.05.30	3	2017.06.13	-	-	-	-	-	-	-	-	MBA, Stern School of Business, New York University BS in Chemical Engineering, National Taiwan University President of Taiwan Mobile Corporation Ltd.; (incumbent)	See note 13	N/A	N/A	N/A	N/A
Director		R.O.C.	Wei-Hsin Ma	F 50 to 60 years old	2023.05.30	3	2017.06.13	-	-	-	-	24,278,127	0.58%	-	-	Ph. D., School of Humanities, Tsinghua University Executive MBA, Peking University Graduated from the Department of East Asian Languages, U.C. Berkeley Chairperson of HannsTouch Solution Inc.; (incumbent)	See note 14	Chair and CEO Director	Arthur Yu-Cheng Chiao Yung Chin	Relative by marriage Relative by marriage	N/A
Director		U.S.A.	ELAINE SHIHLAN CHANG	F 40 to 50 years old	112.05.30	3	112.05.30	-	-	-	-	-	-	-	-	Master of Business, Wharton School of the University of Pennsylvania Bachelor of Economics, Wellesley College Marketing Manager, Magazine Division of Time Warner Financial Analysis Manager, Alphabet Inc. Director of Foreign Business Department, Chia Hsin Ready-Mixed Concrete Corporation (incumbent) Deputy Chair, LDC Italian Hotels S.R.L. (incumbent)	-	-	-	-	-

Notes:
1. "Shareholding percentage when appointed" is based on the number of common shares outstanding (3,980,000,193 shares) as of the period of the person's appointment.
2. "Shareholding percentage" is based on the number of common shares outstanding (4,180,000,193 shares) as of March 11, 2024.
3. Chiao serves concurrently as the Chair of Chin Xin Investment Corp. and Cheng He Investment Corp. Serves concurrently as a Representative Director of Nuvoton Technology Holdings Japan. Serves concurrently as a Director of Nuvoton Technology Corp, Walsin Lihwa Corp., Walsin Technology Corporation, MiTAC Holdings Corporation, United Industrial Gases Co., Ltd., Kolin Cons. & Development Co., Ltd., Winbond International Corporation, Winbond Electronics Corporation America, Atfields Manufacturing Technology

Corporation, Marketplace Management Limited, Nuvoton Technology Corporation America, Nuvoton Investment Holding Ltd., and Song Yong Investment Corporation. Serves concurrently as a manager of Goldbond LLC. Serves concurrently as an Independent Director of Taiwan Cement Corp. and the Convener of its Remuneration Committee.

4. Chin Xin Investment Corp served as a Supervisor to the Company between June 17, 2014 and June 12, 2017. It currently serves as a director of Walsin Lihwa Corp., Nuvoton Technology Corporation, HannStar Board Corporation, Theaceae Conservation Corporation, Glorystones Inc., and Global Investment Holdings Co., Ltd.
5. Vice Chair Tung-Yi Chan served as a Director of Winbond from June 19, 2009 to June 12, 2017 and as Deputy Chair from June 12, 2020 to May 30, 2023. He is serving concurrently as the Chair of Winbond Electronics Corporation America and Winbond Semiconductor (Suzhou) Co, Ltd. He is also a director of Walton Advanced Engineering Inc, Winbond Electronics Corporation Japan, Winbond International Corporation, Winbond Technology Ltd, and Marketplace Management Limited.
6. Serves concurrently as the Chair of Yizhong Technology Inc., Unus Tech Co., Ltd., and You Yuan Investment Ltd. Serves concurrently as an Independent Director of Nuvoton Technology Co and a Director of Innodisk Corporation and ACME Electronics Corporation.
7. Serves as an Independent Director of AOPEN Inc.
8. Kuan serves concurrently as an independent director of Vpon Holdings Inc.; a director of the Fair Winds Foundation, Lung Yingtai Cultural Foundation, and Cross-Straits Common Market Foundation; and a member of the Academia Sinica Council. Kuan is also a director and finance committee member of the China Foundation for the Promotion of Education and Culture.
9. Li serves concurrently as the chair of Videoland Television Network, ZE ENM Co., Ltd., Citesocial Co., Ltd., and Yunchi Holdings Co., Ltd. He is also a director of NHOA S.A., Ta-Ho Maritime Corporation, and TTS Co., Ltd.; a director and the CEO of 1Production Co., Ltd.; and an independent director of KKCompany Technologies Inc.
10. Chin serves as the Chair of Winbond Electronics (Hong Kong) ; the chair and concurrent CEO of Theaceae Conservation Corporation; a director of Winbond Electronics Corporation America and Nuvoton Hong Kong; and a supervisor to Kingon Investments Limited, You Hsiang Investment Co., Ltd., Cheng He Investment Corp., The Dharma Treasure Corporation, Winbond Electronics Corporation Japan, and Winbond Semiconductor (Suzhou) Co., Ltd.
11. Serves concurrently as a supervisor to Theaceae Conservation Corporation and a director of HannStar Display Corp, Chin Xin Investment Corp., Global Investment Holdings Co., Ltd., Walsin Energy Cable System Co., Ltd., Tsai Yi Corporation, Concord Venture Capital Group, Hua Tuo Green Resources Co., Ltd., Walsin Info-Electric Inc., Walton Advanced Engineering Inc., Kolin Cons. & Development Co., Ltd., Min Maw Precision Industry Corp., and Walsin Technology Corporation.
12. Pan serves concurrently as the Deputy Chair of Walsin (Nanjing) Properties Development Co., Ltd. and a director of Nanjing Walsin Property Management Limited, Walsin International Investments Limited, and Joint Success Enterprises Limited. He is also the President as well as a director of Kolin Cons. & Development Co., Ltd. and Walsin (China) Investment Limited.
13. Serves concurrently as the Chair of AppWorks Ventures Co., Ltd., AppWorks Fund IV(TW) Admin Co., Ltd., AppWorks Fund II Co., Ltd., AppWorks Fund III Co., Ltd., AppWorks School Co., Ltd., Chen Fong Investment Co., Ltd., Chen Yun Investment Co., Ltd., Chen Men Investment Co., Ltd., Fu Sheng Digital Co., Ltd., Taiwan Teleservices & Technologies Co., Ltd., Taiwan MyVideo Co., Ltd., Taiwan Stampede Franchise Film Co., Ltd., Taiwan Digital Service Co., Ltd., Taiwan Insurance Agent Co., Ltd., TWM Power Co., Ltd., FullSynergy New Retail Co., Ltd., Fu Shu Lin Media Technologies Co., Ltd., Fu Tien Hsia Media Technologies Co., Ltd., Win TV Broadcasting Co., Ltd., Yeong Jia Leh Cable TV Co., Ltd., Phoenix Cable TV Co., Ltd., Union Cable TV Co., Ltd., and GlobalView Cable TV Co., Ltd. Serves concurrently as director of AppWorks Ventures II Limited, AppWorks Ventures III Limited, AppWorks IV Limited, AppWorks Fund IV Admin Global Limited, AppWorks Global Limited, AWTH Limited, 91APP, Inc., Dcard Holdings Ltd., EZTable, Ltd., VIV3 Inc., WeMo (Cayman) Corp., LINE Bank Taiwan Ltd., Taiwan Mobile Co., Ltd., Bridge Mobile Pte Ltd., Taiwan Cellular Co., Ltd., Wealth Media Technology Co., Ltd., Taipei New Horizon Co., Ltd., TFN Media Co., Ltd., and Fubon Multimedia Technology Co., Ltd. Serves concurrently as president of Taiwan Mobile Venture Co., Ltd., Taiwan Mobile Co., Ltd., Taiwan Cellular Co., Ltd., Taiwan Stampede Franchise Film Co., Ltd., Wealth Media Technology Co., Ltd., Taiwan Fixed Network Co., Ltd., Tai Shin Joint Investment Co., Ltd., TFN Media Co., Ltd., Fu Shu Lin Media Technology Co., Ltd., Fu Tien Hsia Media Technology Co., Ltd., Taiwan Internet Investment Co., Ltd., and TFN Venture Capital Co., Ltd.
14. Servs concurrently as the Chair of Jinpingguo Investment Corp., Yin Wang Investment Co., Ltd., and Huo Chu Investment Corp. Serves concurrently as a Director of HannStar Display Corporation, United Integrated Services Co., Ltd., Glorystones Inc., and Hanns Blegrain Ltd. Serves concurrently as a Supervisor of Pottery Inc. Serves concurrently as the President of Hanns Touch Holdings Company.
15. On May 30, 2023, Vice Chair Tung-Yi Chan and Independent Directors Francis Tsai and Jerru Hsu have completed their terms and been released from their duty. Chin Xin Investment Corp. representative Yuan-Mou Su concluded his term on May 30, 2023.
16. The purpose of having the same person serve concurrently as both Chair and CEO of the Company is to have this individual lead the management team in efficiently executing the board's decisions. With the aforesaid practice in place, the number of independent directors on the board is currently 4. Moreover, over fifty percent of the seats on the Board are held by directors who are not employees or managers of the Company.
17. The Directors of this Company are the major shareholders of the institutional shareholder.

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Name of institutional shareholder	Major shareholders
Walsin Lihwa Corporation	Winbond Electronics Corporation (6.14%), Chin Xin Investment Corp. (6.14%), LGT Bank (Singapore) Ltd. Investment Fund held by the Standard Chartered Bank (Taiwan), Main Branch (5.43%), TECO (5.22%), Rong Chiang International Ltd. (4.28%%), Yu-Hwei Chiao (2.71%), Oriental Consortium Investment Limited (2.65%), Yu-Heng Chiao (1.62%), Pai-Yung Hong (1.29%), and Yu-Chi Chiao (1.28%).
Chin Xin Investment Corp.	Winbond Electronics Corporation (37.69%), Walsin Lihwa Corporation (36.99%), Oriental Consortium Investment Limited (4.43%), Yu-Cheng Chiao (3.14%), Yu-Lon Chiao (3.14%), Yu-Heng Chiao (3.14%), Yu-Chi Chiao (3.14%), Walsin Technology Corporation (1.86%), HannStar Board Corporation (1.34%), and Prosperity Dielectrics Co., Ltd. (0.72%).

18. Major shareholders of institutional investors listed as major shareholders in the table above:

March 11, 2024

Name of institutional shareholder	Major shareholders
Winbond Electronics Corporation	Walsin Lihwa Corp. (21.99%), Chin Xin Investment Corp. (6.22%), LGT Bank (Singapore) Investment Fund under the custody of Standard Chartered Bank (Taiwan), Main Branch (1.85%), National Labor Pension Fund–New System (1.68%), Yu-Cheng Chiao (1.64%), Cathay Life Insurance (1.29%), Norwegian Central Bank Investment Fund held by Citibank Taiwan (1.04%), Vanguard Emerging Markets Stock Index Fund held by JP Morgan Chase Bank, N.A., Taipei Branch (0.97%), Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds held by JPMorgan Chase Bank, N.A., Taipei Branch (1.01%), and Pai-Yung Hong (0.98%), Vanguard Emerging Markets Stock Index Fund held by JPMorgan Chase Bank, N.A., Taipei Branch (0.94%)
Chin Xin Investment Corp.	See Note 17
TECO	PJ Asset Management Co., Ltd. (17.45%), Walsin Lihwa Corp. (10.81%), Land Union Investment Limited (6.34%), Creative Sensor Inc. (2.87%), He Yuan Investment Co., Ltd. (2.36 %), Tung Kuang Investment Co., Ltd. (1.50%), Norges Bank Investment Fund held by Citibank (Taiwan) (1.45%), Vanguard Emerging Markets Stock Index Fund held by JPMorgan Chase Bank, N.A., Taipei Branch (1.30%) , Guang Yuan Enterprise Co., Ltd. (1.25%), and a series of Vanguard Star Funds held by JPMorgan Chase Bank, N.A., Taipei Branch (1.21%).
Rong Chiang International Ltd.	Tian Jiang Co., Ltd. (64.01%), Wonderful Assets Co., Ltd. (35.99%)
Oriental Consortium Investment Limited	HannStar Display Corporation (100%)
Walsin Lihwa Corp.	See note 16
Walsin Technology Corporation	Walsin Lihwa Corp. (18.30%), HannStar Board Corporation (7.65%), Global Brands Manufacture Ltd. (3.30%), Walton Advanced Engineering, Inc. (2.74%), Yu-Heng Chiao (2.65%), Citi Hosting Maybank King Eng Securities Customer Investment Fund (2.61%), Winbond Electronics Corporation (1.72%), Giga Investment Co. (1.37%), Vanguard Emerging Markets Fund Investment Fund held by JPMorgan Chase Bank, N.A. (1.37%), Vanguard Total International Stock Index Fund of the Vanguard Star Fund held by JPMorgan Chase Bank, N.A. (1.35%)
HannStar Board Corporation	Walsin Technology Corporation (20.32%), Walsin Lihwa Corp. (12.06%), Career Technology (Mfg.) Co., Ltd. (5.44%), Chin Xin Investment Corp. (3.55%), Yu-Heng Chiao (2.19%), Pai-Yung Hong (1.86%), Hung Hung Investment Corp (1.59%), Yuanta High Dividend Low Fluctuation ETF Fund held by Yuanta Securities Investment Trust Co., Ltd. (1.56%), FH Taiwan Technology ETF Securities Investment Fund held by Taipei Fubon Bank (1.43%), and Prosperity Dielectrics Co., Ltd. (1.07%).
Prosperity Dielectrics Co., Ltd.	Walsin Technology Corporation (43.13%), Walton Advanced Engineering, Inc. (0.75%), Yu-Heng Chiao (0.62%), Ta-Ho Maritime Corporation. (0.55%), ABC Taiwan Electronics Corp. (0.47%), Wen-Je Shen (0.44%), Sheng-Chi Liao (0.36%), Zong-Yuan Huang (0.30%), Yong-Yu Su (0.24%), and Yu Yue Corp. (0.17%).

Directors (2)

Disclosure of the professional qualifications of Directors and the independence of Independent Directors:

Criteria / Name	Professional qualifications and experience	Independence	Number of Independent Director Positions Held in Other Public Companies
Chair Arthur Yu-Cheng Chiao	Mr. Yu-Cheng Chiao has chaired the Company since 1987 and currently serves as its CEO. In the past, he has also served in varying capacities in a range of industries and public organizations and associations. This service includes his tenure as chair of Nuvoton Technology Corporation from 2008 to 2019, chair of Walsin Lihwa Corporation from 1986 to 1994, and chair of the Taiwan Electrical and Electronic Manufacturers' Association (TEEMA) from 2007 to 2013. In 2019, Mr. Chiao received the ERSO Award and was elected as one of the eighth Industrial Technology Research Institute (ITRI) Laureates.	1. Chairperson Chiao and Director Yung Chin are in a marital relationship; he is also related to Director Wei-Hsin Ma through affinity. 2. Current CEO of Winbond	1
Vice Chair Chin Xin Investment Corp (Representative: Tung-Yi Chan)	Mr. Tung-Yi Chan previously served as the president of Winbond and was promoted to the position of vice CEO in March 2020. Prior to that, Chan served as senior engineer at Intel, technical manager at Cypress, technical manager at Siliconix, vice president of Winbond's Sales Center, and CEO of BCD Semiconductor, accumulating 33 years of technical and managerial experience in this professional field.	Current Vice Chair of Winbond	-
Independent Director (Convener of the Audit Committee) Allen Hsu	Mr. Allen Hsu chairs the boards of Unus Tech Co., Ltd. and 3R Life Sciences Ltd.; he also serves as independent director of Nuvoton Technology Corp. and director of Innodisk Corporation and ACME Electronics Corporation. Hsu joined the Yulon Group in September 1989 to serve as special advisor to the group's chair. During his tenure at Yulon and until his retirement in 2012, he was responsible for overseeing the group's investment operations and also served as vice CEO of Yulon Motor Co., Ltd. and deputy CEO of the Administrative Office. During his tenure, Hsu also served as chair of several TWSE/GTSM listed companies whose shares are held by the Yulon Group, such as Yulon Finance Corporation, Taiwan Mask Corporation, Altek Corporation, Myson Century Inc., and Lisheng Semiconductor. Prior to taking office in the Yulon Group, Hsu was active in the financial sector and served at the US-based Chase Bank and Bankers Trust from 1978 to 1989, leading their credit investigation, corporate finance, and investment banking department. Hsu also served as deputy chair of the Taiwan Venture Capital Association and has had the honor of being recognized as an outstanding alumnus of National Chiao Tung University and an outstanding financial executive as well as being awarded the Mr. Lu Feng-Zhang Memorial Award.	In the two years prior to Hsu's election as Independent Director and during his tenure in this position, the Company verified the internally and externally disclosed information and found that all independence criteria set forth in the *Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies* have been met. In accordance with his legally conferred powers, Hsu has been granted the authority to oversee the Company's operations and participate in major decision-making of the Company during his tenure.	1
Independent Director (Convener of the Remuneration Committee) Stephen T. Tso	Dr. Stephen T. Tso served as the senior vice president and chief information officer of information technology, materials management, and risk management at Taiwan Semiconductor Manufacturing Company (TSMC) from 2004 up to his retirement in 2018. Tso also held various managerial positions in operational organizations and subsidiaries—including as chair/CEO of TSMC Solid State Lighting Ltd. and TSMC Solar Co., Ltd. from 2014 to 2015; general manager of Wafertech LLC. from 2001 to 2005; senior vice president of Operations at TSMC from 1998 to 2001; senior vice president responsible for TSMC's global marketing operations from 1997 to 1998; and vice president of research and development and technology development at TSMC from 1996 to 1997. Before joining TSMC, Tso served as president of the world's largest semiconductor supplier, Applied Materials, Inc., where he was tasked with heading two divisions, the Metal CVD Division and CVD II-Advanced Technology Division. Dr. Tso was plant manager and vice president at SGS-Thomson Microelectronics	In the two years prior to Tso's election as Independent Director and during his tenure in this position, the Company has verified the internally and externally disclosed information and found that all independence criteria set forth in the *Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies* are met. In accordance with his legally conferred powers, Tso has been granted the authority to oversee the Company's operations and participate in major decision-making of the Company during his tenure.	1

Name \ Criteria	Professional qualifications and experience	Independence	Number of Independent Director Positions Held in Other Public Companies
	from 1989 to 1994; before that, Tso served at Texas Instruments.		
Independent Director Chung-ming Kuan	Mr. Chung-ming Kuan has previously served as a Tenured Associate Professor at the University of Illinois Urbana-Champaign, a Professor of Economics at National Taiwan University, a Distinguished Research Fellow and Director of the Institute of Economics (Academia Sinica), a Republic of China Minister without Portfolio, the Minister of the Council for Economic Planning and Development, the Minister of the National Development Council, and the President of National Taiwan University. He is currently a Distinguished Professor at and the Chair of the Department of Finance, National Taiwan University.	The Company has verified the internally and externally disclosed information for the two years prior to Kuan's election as Independent Director and during his tenure in this position, and has found that all independence criteria set forth in the *Regulations Governing Appointments of Independent Directors and Compliance Matters for Public Companies* are met. In accordance with his legally conferred powers, Tso has been granted the authority to oversee the Company's operations and participate in major decision-making of the Company during his tenure.	-
Independent Director John Li	Mr. John Li is the incumbent chairperson of TCC Information Systems Corp. Li has previously served as the President of the TCC Group, Heping Power Plant, and NHOA TCC. He has 24 years of experience in international finance, having served as the CEO of HSBC Taiwan, Senior Vice President of CTBC Taiwan, and CFO of Citibank Taiwan. Li is a graduate of National Chengchi University (Ph.D. in Information Management), Johns Hopkins University (M.A. in Information Management), and George Washington University (B.A. in Business Administration).	The Company has verified the internally and externally disclosed information for the two years prior to Li's election as Independent Director and during his tenure in this position, and has found that all independence criteria set forth in the *Regulations Governing Appointments of Independent Directors and Compliance Matters for Public Companies* are met. In accordance with his legally conferred powers, Tso has been granted the authority to oversee the Company's operations and participate in major decision-making of the Company during his tenure.	1
Director Yung Chin	Ms. Yung Chin is currently the Chair of the board and CEO of Theaceae Conservation Corporation. She served as a director at Nuvoton Technology Corp. from 2008 to 2022. Chin has served various positions in the Company, including as vice president of the Knowledge and Information Management unit from 2002 to 2006, chief auditor in 2001, and vice president of the Finance Center from 1998 to 2000. During her tenure as vice president of the Finance Center, she was selected as Financial Officer of the Year. Prior to joining the Company, Chin served as Chief Auditor at Walsin Lihwa Corporation. She has more than 30 years of professional experience in the field.	Director Yung Chin and Chair Chiao are in a marital relationship; she is also related to Director Wei-Hsin Ma through affinity.	-
Director Walsin Lihwa Corp. (Representative: Fred Pan)	Mr. Fred Pan was previously appointed to serve as president of Walsin Lihwa Corp. in 2019 to assist the company's chair with the planning and implementation of corporate operating strategies. Before joining Walsin Lihwa Corp., Mr. Pan served as CFO of Philips Semiconductors Asia Pacific and CFO of the sales and marketing division of Philips Semiconductors Taiwan.	Representative of a juristic person	-
Director Jamie Chih-Chen Lin	Mr. Chih-Chen Lin currently serves as president of Taiwan Mobile, chair and partner of AppWorks, and director of Momo Co., Ltd. Lin is committed to boosting the startup ecosystem, and the articles he has published in his blog MR JAMIE since 2009 have inspired millions of readers and aspiring entrepreneurs worldwide. In the same year, Lin founded AppWorks and grew the company to become one of the leading startup accelerators and most active venture capital institutions in Greater Southeast Asia. Before AppWorks, Lin was also behind the founding of several companies in Taipei and New York: he co-founded e-commerce startup company Haku.com, AI enterprise software startup Intumit, travel community startup Sosauce.com, and 3D game production startup Muse Games. Lin actively contributes to society and served as executive director of the Taiwan Internet and E-Commerce Association (TiEA), co-convener of the Asia Silicon Valley Civic Advisory Committee, and member of the Executive Yuan's Digital Nation and Innovative Economic	Mr. Lin Chih-Chen was re-elected as a director of the company. The rest is in compliance with the independence requirements outlined in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	-

Name \ Criteria	Professional qualifications and experience	Independence	Number of Independent Director Positions Held in Other Public Companies
	Development Program (DIGI+).		
Director Wei-Hsin Ma	Ms. Wei-Hsin Ma currently serves as chair/CEO of HannsTouch Solution Inc. and chair of Jinpingguo Investment Corp., Yin Wang Investment Co., Ltd., and Huo Chu Investment Corp. She also serves as director of HannStar Display Corp., Walsin Lihwa Corp., United Integrated Services Co., Ltd., Glorystones Inc., and Hanns Blegrain Ltd. Dr. Ma served as chair of HannStar from March 2012 to March 2015 and chaired the board of Yuanta Securities Investment Trust Co., Ltd. from August 1998 to July 2011.	Director Wei-Hsin Ma is related to Chair Chiao and Director Yung Chin through affinity.	-
Director Elaine Shihlan Chang	Ms. Elaine Shihlan Chang is the incumbent Director of Foreign Business at Chia Hsin Ready-Mixed Concrete Corporation and the Deputy Chair of LDC Italian Hotels S.R.L. In her years abroad between 2004 and 2016, she served as the Magazine Division Marketing Manager at Time Warner in the United States and the Financial Analysis Manager at Alphabet Inc. in Singapore. Chang received her master's degree in business from the Wharton School of the University of Pennsylvania and her bachelor's degree in economics from Wellesley College.	Ms. Elaine Shihlan Chang was newly elected as a director of the company. The rest is in compliance with the independence requirements outlined in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	

Note: Winbond has carried out due diligence using search engines to verify that, as of the writing of this report, no appointed board member is in violation of the provisions of Article 30 of the *Company Act*.

Directors (3)

Board diversity:

The board member diversity policy stated in Article 20 of the Company's corporate governance principles is as follows: The Company's Board of Directors reports to the Shareholders' Meeting. Operations and arrangements under the Company's corporate governance policy shall ensure that directors will exercise their authority and duty in accordance with laws and regulations, the Company's Articles of Incorporation or resolutions adopted in shareholders' meetings. The structure of the Board of Directors should take into account the company operations, development and business scale, shareholding of major shareholders, and board diversity, for example, different professional backgrounds, gender, or field of work. The Company should select an appropriate number of board members, which should not be less than five, given consideration to actual operational needs.

The members of the Board of Directors should be selected with an emphasis on gender equality, and general knowledge, skills, and the competencies required to perform their duties. To achieve an ideal level of corporate governance, the Board of Directors as a whole should be equipped with the following abilities:

I. Ability to make sound business judgments

II. Ability to conduct accounting and financial analysis

III. Ability to manage the business

IV. Ability to manage a crisis

V. Industry knowledge

VI. An understanding of international markets

VII. Leadership ability

VIII. Decision-making ability

Administrative goals of the diversity policy of the Company's 13th Board of Directors and their attainment status (2023–2026):

Administrative goal	Goal attainment status
Less than half of independent directors are appointed for more than three consecutive terms.	Goal attained
Two or more female directors are appointed.	Goal attained
Less than one-third of board seats are filled by directors concurrently appointed to other executive positions.	Goal attained
Two board seats are filled by major shareholders.	Goal attained

Implementation of board diversity

Title	Name	Gender	Professional background of individual directors					Interdisciplinary fields			Percentage of directors by gender		Percentage of independent directors	Percentage of directors who hold concurrent company managerial or employee positions	Percentage of board members by age	
			Business management	Leadership and decision-making	Industry expertise	Finance and accounting	Informatics	Environment	Economy	Humanities	Male	Female			Aged 50 and over	Aged 50 and under
Chair	Arthur Yu-Cheng Chiao	M	✔	✔	✔	✔	✔	✔	✔	✔	73%	27%	36%	27%	82%	18%
Vice Chair	Chin Xin Investment Corp (Representative: Tung-Yi Chan)	M	✔	✔	✔		✔	✔	✔	✔						
Independent Director	Allen Hsu (cumulative tenure: 4 terms)	M	✔	✔	✔	✔			✔	✔						
Independent Director	Stephen T. Tso (cumulative tenure: 3 terms)	M	✔	✔	✔		✔	✔		✔						
Independent Director	Chung-Min Kuan (newly appointed)	M		✔		✔		✔	✔	✔						
Independent Director	John Li (newly appointed)	M	✔	✔	✔	✔	✔	✔	✔	✔						
Director	Yung Chin	F	✔	✔	✔	✔	✔	✔	✔	✔						
Director	Walsin Lihwa Corp. (representative: Fred Pan)	M	✔	✔	✔	✔		✔	✔	✔						
Director	Chih-Chen Lin	M	✔	✔	✔	✔	✔		✔	✔						
Director	Wei-Hsin Ma	F	✔	✔	✔	✔	✔	✔	✔	✔						
Director	Elaine Shihlan Chang	F	✔	✔		✔	✔	✔	✔	✔						

Board independence: The Board of Directors is the highest governing body of Winbond Electronics Corporation. The Company's 13th Board of Directors consists of 11 directors, four of whom are independent directors and three of whom are female. Over two-thirds of the board members are held by directors who do not serve any concurrent managerial or employee positions within the Company. Three of the directors are either spouses or relatives within the second degree of kinship and make up less than half of the board, pursuant to Article 26-3 of the *Securities and Exchange Act*. The board consists of members of varying ages who are highly experienced in business operations and whose knowledge and professional background span a wide range of fields, thus empowering them to perform their board duties, oversee business activities, and give constructive feedback on recommendations and strategies. Institutional directors Walsin Lihwa Corporation and Chin Xin Investment Corporation are major shareholders of the Company. Walsin Lihwa Corporation is a co-founder and the largest shareholder of the Company and has been a director since the Company's inception. According to the above evaluation results, the Company's Board of Directors meets the criteria for board independence.

2. Profiles of the President, Vice Presidents, Assistant Vice Presidents, and Department and Branch Managers

March 11, 2024

Title	Nationality	Name	Gender	Date first elected	Shares currently held		Shares currently held by spouse and minor children		Shares held in the name of others		Education/Work experience	Concurrent positions held at other companies	Manager who is the person's spouse or relative within the second degree of kinship			Notes
					Number of shares	Shareholding percentage[2]	Number of shares	Shareholding percentage[2]	Number of shares	Shareholding percentage[2]			Title	Name	Relationship	
CEO	R.O.C.	Arthur Yu-Cheng Chiao	M	2005.08.01	68,506,673	1.64%	13,002,316	0.31%	-	-	MS in Electrical Engineering, University of Washington (UW) MRes, UW School of Business Administration Chair of Walsin Lihwa Corp. Chair of Nuvoton Technology Co.	See note 3	N/A	N/A	N/A	See note 4
Deputy CEO	R.O.C.	Tung-Yi Chan	M	2020.03.01	751,000	0.02%	-	-	-	-	Ph.D. in Electrical Engineering, U.C. Berkeley and Master's in Management Science, Stanford University CEO of BCD Semiconductor President of Winbond Electronics Corp.	Chair/Director of subsidiary of Winbond Electronics Corp. Director of Walton Advanced Engineering, Inc.	N/A	N/A	N/A	N/A
President	R.O.C.	James Pei-Ming Chen	M	2020.03.01	639,655	0.02%	-	-	-	-	EMBA, National Taiwan University MSEE, University of Detroit Mercy, USA Vice President of Winbond Electronics Corp. DRAM Product Business Group Chair of Nuvoton Technology Corporation	Chair/Director of subsidiary of Winbond Electronics Corp.	N/A	N/A	N/A	N/A
Vice President	R.O.C.	Chin-Fen Tsai	M	2011.11.01	192,060	0.00%	-	-	-	-	Ph.D. in Materials Science and Engineering, University of Utah, USA Deputy Divisional Director, United Microelectronics Corp. Vice President of Eversol Corp. Vice President of the Sales Center, Winbond Electronics Corp.	N/A	N/A	N/A	N/A	N/A
Vice President	R.O.C.	Hsiang-Yun Fan	M	2019.08.01	379,680	0.01%	-	-	-	-	MBA, National Chung Cheng University Vice President of Administrative Center, Nuvoton Technology Corporation	Chair/Director of subsidiary of Winbond Electronics Corp.	N/A	N/A	N/A	N/A
Vice President	R.O.C.	Wen-Hua Lu	M	2019.11.01	163,742	0.00%	-	-	-	-	MS in Materials Science and Engineering, National Taiwan University Associate Researcher at the Material and Chemical Research Laboratories, ITRI Division Director, Assistant Vice President, and Technical Vice Director of Winbond Electronics Corp.	N/A	N/A	N/A	N/A	N/A
Vice President	R.O.C.	Wen-Chang Hung	M	2020.07.01	185,622	0.00%	4,160	0.00%	-	-	MS in Industrial Engineering and System Management, Chung Hua University Assistant Vice President of Winbond Electronics Corp.	Director of subsidiary of Winbond Electronics Corp.	N/A	N/A	N/A	N/A
Vice President	R.O.C.	Jen-Lieh Lin	M	2022.10.01	362,052	0.01%	-	-	-	-	MS in Electrical Engineering, National Cheng Kung University Division Director of the Microcontroller Product and System Design Division and Assistant Vice President of the System Technology Center, Winbond Electronics Corp. Assistant Vice President of the Microcontroller Product Center and Vice President of the Microcontroller Application	Chair/Director/Supervisor of the subsidiaries of Winbond Electronics Corp.	N/A	N/A	N/A	N/A

Title	Nationality	Name	Gender	Date first elected	Shares currently held		Shares currently held by spouse and minor children		Shares held in the name of others		Education/Work experience	Concurrent positions held at other companies	Manager who is the person's spouse or relative within the second degree of kinship			Notes
					Number of shares	Shareholding percentage[2]	Number of shares	Shareholding percentage[2]	Number of shares	Shareholding percentage[2]			Title	Name	Relationship	
											Business Group, Nuvoton Technology Corporation					
Assistant Vice President	R.O.C.	Mao-Hsiang Yen	M	2012.07.01	500,757	0.01%	-	-	-	-	MS in Electrical Engineering, National Cheng Kung University Division Director of Winbond Electronics Corp.	President/Director of subsidiary of Winbond Electronics Corp.	N/A	N/A	N/A	N/A
Assistant Vice President	R.O.C.	Hsiu-Han Liao	M	2014.10.01	396,889	0.01%	-	-	-	-	MS in Electronics, National Chiao Tung University Senior Division Director of Brilliance Semiconductor Inc. Project Division Director of Episil Technologies Inc. Division Director of Winbond Electronics Corp.	N/A	N/A	N/A	N/A	N/A
Corporate Governance Officer	R.O.C.	Kun-Lung Chen[6]	M	2020.06.17	2,832	0.00%	-	-	-	-	Head and Chief Auditor, Winbond Electronics Corp. MA in Business Administration, National Taipei University	N/A	N/A	N/A	N/A	N/A
Corporate Governance Officer, Head of Finance Division, Chief Financial Officer, and Assistant Vice President	R.O.C.	Chih-Chung Chou[7]	M	2022.12.01	136,759	0.00%	26,255	0.00%	-	-	EMBA, College of Commerce, National Chengchi University MS in Chemical Engineering, National Taiwan University of Science and Technology Manager, Deputy Division Director, Division Director, and Technical Vice Director of Winbond Electronics Corp.	President/Director of subsidiary of Winbond Electronics Corp. Director of HannStar Board Corporation Director of HannsTouch Solution Inc. Director of Glorystone Inc.	N/A	N/A	N/A	N/A
Chief Information Officer and Assistant Vice President	R.O.C.	Ming-Yi Tsai[8]	F	2023.08.16	-	-	-	-	-	-	Ph.D. in Communication Engineering, National Taiwan University Senior Engineer of MediaTek Inc. Senior Manager, eBay Inc. Chief Technology Officer of SHOW U Fashion Technology Co., Ltd. Director of Data Science Division of Ctrip.com International, Ltd. Technical Vice Director of Winbond Electronics Corp.	Director of subsidiary of Winbond Electronics Corp.	N/A	N/A	N/A	N/A
Chief Accounting Officer and Division Head	R.O.C.	Chin-Feng Yang	M	2020.03.01	154,000	0.00%	-	-	-	-	MA in Accounting, National Chengchi University Manager, Senior Manager, Supervisor, and Deputy Division Director of Winbond Electronics Corp.	Director/Supervisor of subsidiary of Winbond Electronics Corp.	N/A	N/A	N/A	N/A
Chief Strategy Officer	U.S.A.	Eungjoon Park	M	2008.08.04	-	-	-	-	-	-	MS in Electrical Engineering, U.C. Berkeley, USA Executive Vice President of Azalea Microelectronics Corp.	President/Director of subsidiary of Winbond Electronics Corp.	N/A	N/A	N/A	N/A

Title	Nationality	Name	Gender	Date first elected	Shares currently held		Shares currently held by spouse and minor children		Shares held in the name of others		Education/Work experience	Concurrent positions held at other companies	Manager who is the person's spouse or relative within the second degree of kinship			Notes
					Number of shares	Shareholding percentage[2]	Number of shares	Shareholding percentage[2]	Number of shares	Shareholding percentage[2]			Title	Name	Relationship	
											Executive Vice President of NexFlash Technologies Inc. Executive Vice President of Winbond Electronics Corp. America					
Chief Technology Officer	R.O.C.	Pei-Lin Pai[9]	F	2014.10.01	193,280	0.00%	9,000	0.00%	-	-	Ph.D. in Electrical Engineering, U.C. Berkeley, USA President of Ascend Semiconductor Corporation Vice President of Nanya Technology Co., Ltd. Vice President of FocalTech Systems Co., Ltd. Vice President of the Embedded Memory Business Group, Winbond Electronics Corp. Vice President of the Technology R&D Group, Winbond Electronics Corp.	President of subsidiary of Winbond Electronics Corp. Independent Director of Green River Holding Co. Ltd. Director of Intellectual Property Innovation Corporation	N/A	N/A	N/A	N/A

Notes:
1. Pursuant to the Ministry of Finance's official letter Tai-Tsai-Cheng-San-Tzu No. 0920001301, the executive personnel listed above include the President, Vice Presidents, Assistant Vice Presidents, Financial Officers, and Accounting Officers.
2. Shareholding percentage is based on the number of common shares outstanding (4,180,000,193 shares) as of March 11, 2024.
3. Please refer to note 3 of the section "Directors (1)".
4. The purpose of having the same person serve concurrently as both Chair and CEO of the Company is to have this individual lead the management team in efficiently executing the board's decisions. With the aforesaid practice in place, the number of independent directors on the board of the company has been increased from the statutory requirement of 3 to 4, with more than half of the board positions filled by individuals who are not managers or employees of the Company.
5. For more information regarding other positions held by the President, Vice Presidents, Assistant Vice Presidents, and Department and Branch Managers in other Winbond subsidiaries, please refer to the "Profiles of affiliates and subsidiaries" section on pages 245-252 of this report.
6. Mr. Kun-Lung Chen served as the Company's Corporate Governance Officer from June 17, 2020 to February 15, 2023. Information listed above is based on his last day as a manager at the Company.
7. Mr. Chih-Chung Chou began serving as the Company's Corporate Governance Officer on February 16, 2023.
8. Ms. Ming-Yi Tsai began serving as Assistant Vice President of the Company on August 16, 2023
9. Mr. Pei-Lin Pai served as the Company's Vice President from October 1, 2014, to December 7, 2023, and began serving as the Company's Chief Technology Officer on December 8, 2023.

III. Remuneration paid to Company Directors, Supervisors, President, and Vice Presidents in the most recent year

1. Remuneration paid to Directors and Independent Directors

Date: December 31, 2023; unit: TWD in thousands

Title	Name	Directors' remuneration								Sum of (A+B+C+D) and percent of net income after tax[5] (%NIAT)		Remuneration from concurrently held employee positions								Sum of (A+B+C+D+E+F+G) and percent of net income after tax[5] (%NIAT)		Remuneration received from the parent company or joint ventures (excepting subsidiaries)[8]
		Remuneration (A)[1]		Pension (B)[2]		Directors' remuneration from distribution of profits (C)[3]		Business expenses (D)[4]				Salaries, bonuses, and special expenses (E)[6]		Pensions (F)[2]		Employee compensation from distribution of profits (G)[7]						
		Winbond	From All Consolidated Entities[9]	Winbond	From All Consolidated Entities[9]	Winbond	From All Consolidated Entities[9]	Winbond	From All Consolidated Entities[9]	Winbond	From All Consolidated Entities[9]	Winbond	From All Consolidated Entities[9]	Winbond	From All Consolidated Entities[9]	Winbond		From All Consolidated Entities[9]		Winbond	From All Consolidated Entities[9]	
																Cash	Stocks	Cash	Stocks			
Chair	Arthur Yu-Cheng Chiao	-	-	-	-	-	2,537	600	1,200	600 -0.05%	3,737 -0.33%	27,967	27,967	-	-	-	-	-	-	28,567 -2.49%	31,704 -2.77%	42
Vice Chair — Corporation Representative	- Tung-Yi Chan[10]	-	-	-	-	-	2,537	600	1,200	600 -0.05%	3,737 -0.33%	-	-	-	-	-	-	-		600 -0.05%	3,737 -0.33%	-
Independent Director	Allen Hsu	600	1,200	-	-	-	2,537	600	1,200	1,200 -0.10%	4,937 -0.43%	-	-	-	-	-	-	-	-	1,200 -0.10%	4,937 -0.43%	-
Independent Director	Stephen T. Tso	600	600	-	-	-	-	600	600	1,200 -0.10%	1,200 -0.10%	-	-	-	-	-	-	-	-	1,200 -0.10%	1,200 -0.10%	-
Independent Director	Chung-Min Kuan	352	352	-	-	-	-	352	352	704 -0.06%	704 -0.06%	-	-	-	-	-	-	-	-	704 -0.06%	704 -0.06%	-
Independent Director	John Li	352	352	-	-	-	-	352	352	704 -0.06%	704 -0.06%	-	-	-	-	-	-	-	-	704 -0.06%	704 -0.06%	-
Director	Yung Chin	-	-	-	-	-	-	600	600	600 -0.05%	600 -0.05%	7,825	7,825	-	-	-	-	-	-	8,425 -0.73%	8,425 -0.73%	4,948
Director — Corporation Representative	- Fred Pan	-	-	-	-	-	-	600	600	600 -0.05%	600 -0.05%	-	-	-	-	-	-	-	-	600 -0.05%	2,231	21
Director	Chih-Chen Lin	-	-	-	-	-	-	600	600	600 -0.05%	600 -0.05%	-	-	-	-	-	-	-	-	600 -0.05%	600 -0.05%	-
Director	Wei-Hsin Ma	-	-	-	-	-	-	600	600	600 -0.05%	600 -0.05%	-	-	-	-	-	-	-	-	600 -0.05%	600 -0.05%	-
Director	Elaine Shihlan Chang	-	-	-	-	-	-	352	352	352 -0.03%	352 -0.03%	-	-	-	-	-	-	-	-	352 -0.03%	352 -0.03%	-
Vice Chair	Tung-Yi Chan[10]	-	-	-	-	-	-	248	248	248 -0.02%	248 -0.02%	6,249	6,249	0.3	0.3	-	-	-	-	6,497 -0.57%	6,497 -0.57%	-
Independent Director	Francis Tsai[10]	248	248	-	-	-	-	248	248	496 -0.04%	496 -0.04%	-	-	-	-	-	-	-	-	496 -0.04%	496 -0.04%	-
Independent Director	Jerry Hsu[10]	248	248	-	-	-	-	248	248	496 -0.04%	496 -0.04%	-	-	-	-	-	-	-	-	496 -0.04%	496 -0.04%	-

1. Pursuant to Winbond's *Rules for Directors' Remuneration and Board Performance Evaluations*, the remuneration paid to directors and independent directors is determined based on the Company's long- and short-term development plans, industry standards, and board performance evaluation results. Individual salaries are determined in a collegial manner consistent with the board's values and in compliance with the principle of equality. If deemed necessary, remuneration may be adjusted to reflect changes in responsibilities or actual needs.
2. Remuneration paid to the directors of the Company for the services they provide not disclosed in the table above (including service as a non-employee consultant for the parent company, joint venture, or any of the consolidated entities): 0

Notes:

1. Refers to remuneration paid to directors in the most recent year (including salaries, duty allowance, severance pay, bonuses, etc.)
2. Pensions include:
   a. Contributions (equal to 6% of the employee's monthly salary) paid to an account overseen by the Bureau of Labor Insurance pursuant to the new pension system under the *Labor Pension Act*.
   b. Contributions (equal to 2% of the employee's monthly salary) deposited into an account at the Bank of Taiwan under the name of the Company's Pension Supervisory Committee pursuant to the old pension system under the *Labor Standards Act*.
   c. Other types of pension required by law or stipulated in Winbond's *Retirement Rules* that are not described in the provisions above.
3. Directors were not remunerated in 2023 due to a net operating loss. As a result, no remuneration was offered.
4. Refers to business expenses of directors in the most recent year (including transportation allowance, special allowance, stipends, housing expenses, vehicle expenses, and the cost of other material items provided).
5. Calculated from net loss after tax as recorded in the Company's financial statements in 2023: NT$1,146,522 thousand.

6. Refers to the salaries, duty allowance, severance pay, bonuses, transportation allowance, special allowance, stipends, housing expenses, vehicle expenses, and the cost of other material items provided received by directors who concurrently held an employee position (including president, vice president, other managerial positions, or employee) in the most recent year. In addition, pursuant to IFRS 2, salary expenses recognized under "share-based payment" are included in the remuneration, including employee stock options, restricted stock awards, and stocks issued through cash capital increases.
7. Directors employed at the Company were not remunerated for their service on the Board in 2023 due to a net operating loss. As a result, no remuneration was offered.
8. a. This column details the total remuneration received by the Company's directors from non-subsidiary joint ventures.
   b. Remuneration refers to the compensation and pay (including salaries paid to employees, directors, and supervisors) received by the Company's directors for their service as directors, supervisors, or in other managerial positions, as well as compensation for business expenses.
9. Refers to the total remuneration received by the Company's directors from all companies (including Winbond) listed in the consolidated financial statements.
10. Vice Chair Tung-Yi Chan and independent Directors Francis Tsai and Jerry Hsu completed their term on May 30, 2023. Chin Xin Investment Corp. representative Yuan-Mou Su concluded his term on May 30, 2023.

2. Remuneration to President and Vice Presidents

December 31, 2023；Unit: TWD in thousands

Title	Name	Remuneration (A) (Note 1)		Pension (B) (Note 2)		Bonus and Special Allowances (C) (Note 3)		Employee Bonus (D) (Note 4)				Total of (A), (B), (C), (D), and Ratio to After-tax Income (%) (Note 6)		Remuneration from Reinvestment or Parent Company other than Subsidiaries (Note 7)
		Company	All Companies In Financial Statements (Note 5)	Company	All Companies In Financial Statements (Note 5)	Company	All Companies In Financial Statements (Note 5)	Company		All Companies In Financial Statements (Note 5)		Company	All Companies In Financial Statements (Note 5)	
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus			
CEO	Arthur Yu-Cheng Chiao	54,714	56,102	812	863	95,105	95,105	-	-	-	-	Total: 150,631 Percentage -13.14%	Total: 152,070 Percentage: -13.26%	42
Vice CEO	Tung-Yi Chan													
President	James Pei-Ming Chen													
Vice President	Jing-Fong Tsai													
Vice President	Hsiang-Yun Fan													
Vice President	Wen-Hua Lu													
Vice President	Wen-Chang Hung													
Vice President	Jen-Lieh Lin													
Chief Technology Officer	Pei-Lin Pai (Note 8)													

Notes:

1: The most recent annual salary, managerial bonus, and severance pay of the president and vice presidents are presented above.

2: The retirement pension system includes the following:

a. Refers to the pension system under the Labor Pension Act or the new pension fund, for which 6% of the employee's monthly salary in the current year is contributed to the Labor Insurance Bureau.

b. Refers to the pension system under the Labor Standards Act or the old pension fund, for which 2% of the employee's monthly salary is contributed to the Supervisory Committee of Workers' Retirement Reserve Fund to deposit in the Bank of Taiwan under the name of the committee.

c. In addition to the above-mentioned pension contributions made according to law, pensions payable according to law and pensions paid under retirement regulations are also included.

3: Refers to bonuses, incentives, transportation allowance, special allowance, housing, and company vehicles, and other benefits and compensation. The salaries and expenses listed in accordance with IFRS 2 Share-Based Payment include shares acquired under employee stock options, restricted stock awards, and shares acquired from participation in cash capital increase options, which are also included in remuneration.

4: Employee remuneration was not offered due to a net operating loss in 2023.

5: The total amount of remuneration to the president and vice president from all companies in the consolidated statements (including Winbond).

6: Calculated from net loss after tax as recorded in the Company's financial statements in 2023: NT$1,146,522 thousand.

7: a. This field shows the amount of related remuneration the president and vice presidents received from investees other than subsidiaries.

b. The remuneration refers to pay, bonuses (including bonuses to employees, directors, and supervisors), and related remuneration for the performance of duties received by the president and vice president while serving as a director, supervisor, or manager of an investee other than subsidiaries.

8: Mr. Pei-Lin Pai served as the Company's Vice President from October 1, 2014 to December 7, 2023. The information indicated above is based solely on his tenure as Vice President of the Company.

Range of Remuneration Paid to President and Vice Presidents	Names of President and Vice Presidents	
	The Company	The Company and All Investees (Note)
<NT$1,000,000		
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)		
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)		
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)		
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)		
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	Wen-Chang Hung, Hsiang-Yun Fan, Jen-Lieh Lin, Jing-Fong Tsai, Pei-Lin Pai	Wen-Chang Hung, Hsiang-Yun Fan, Jen-Lieh Lin, Chin-Fen Tsai, Pei-Lin Pai
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	Arthur Yu-Cheng Chiao, Tung-Yi Chan, James Pei-Ming Chen, Wen-Hua Lu	Arthur Yu-Cheng Chiao, Tung-Yi Chan, James Pei-Ming Chen, Wen-Hua Lu
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)		
> NT$100,000,000		
Total	9 persons	9 persons

Note: The range of remuneration includes the remuneration received by presidents and vice presidents from re-investment in other than subsidiaries.

3. Remuneration Paid to the Top Five Executives of TWSE/TPEx Listed Companies

December 31, 2023；Unit: TWD in thousands

Title	Name	Remuneration (A) (Note 1)		Pension (B) (Note 2)		Bonus and Special Allowances (C) (Note 3)		Employee Bonus (D) (Note 4)				Total of (A), (B), (C), (D), and Ratio to After-tax Income (%) (Note 6)		Remuneration from Reinvestment or Parent Company other than Subsidiaries (Note 7)
		Company	All Companies In Financial Statements (Note 5)	Company	All Companies In Financial Statements (Note 5)	Company	All Companies In Financial Statements (Note 5)	Company		All Companies In Financial Statements (Note 5)		Company	All Companies In Financial Statements (Note 5)	
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus			
CEO	Arthur Yu-Cheng Chiao	9,573	9,573	-	-	18,394	18,394	-	-	-	-	27,967 -2.44%	27,967 -2.44%	42
Vice CEO	Tung-Yi Chan	6,902	8,290	63	114	9,241	9,241	-	-	-	-	16,206 -1.41%	17,645 -1.54%	-
President	James Pei-Ming Chen	7,882	7,882	108	108	16,339	16,339	-	-	-	-	24,329 -2.12%	24,329 -2.12%	-
Vice President	Wen-Hua Lu	5,561	5,561	108	108	10,161	10,161	-	-	-	-	15,830 -1.38%	15,830 -1.38%	-
Vice President	Wen-Chang Hung	4,955	4,955	108	108	9,164	9,164	-	-	-	-	14,227 -1.24%	14,227 -1.24%	-

Notes:
1: The most recent annual salary, managerial bonus, and severance pay of the president and vice presidents are presented above.
2: The retirement pension system includes the following:
a. Refers to the pension system under the Labor Pension Act or the new pension fund, for which 6% of the employee's monthly salary in the current year is contributed to the Labor Insurance Bureau.
b. Refers to the pension system under the Labor Standards Act or the old pension fund, for which 2% of the employee's monthly salary is contributed to the Supervisory Committee of Workers' Retirement Reserve Fund to deposit in the Bank of Taiwan under the name of the committee.
c. In addition to the above-mentioned pension contributions made according to law, pensions payable according to law and pensions paid under retirement regulations are also included.
3: Refers to bonuses, incentives, transportation allowance, special allowance, housing, and company vehicles, and other benefits and compensation. The salaries and expenses listed in accordance with IFRS 2 Share-Based Payment include shares acquired under employee stock options, restricted stock awards, and shares acquired from participation in cash capital increase options, which are also included in remuneration.
4: Employee remuneration was not offered due to a net operating loss in 2023.
5: The total amount of remuneration to the president and vice president from all companies in the consolidated statements (including Winbond).
6: Calculated from net loss after tax as recorded in the Company’s financial statements in 2023: NT$1,146,522 thousand.
7: a. This field shows the amount of related remuneration the president and vice presidents received from investees other than subsidiaries.
b. The remuneration refers to pay, bonuses (including bonuses to employees, directors, and supervisors), and related remuneration for the performance of duties received by the president and vice president while serving as a director, supervisor, or manager of an investee other than subsidiaries.

4. Distribution of Employee Bonuses to Managers

December 31, 2023: Unit: TWD in thousands

	Title	Name	Stock bonus	Cash Bonus	Total	Percentage of the Total to After-Tax Net Income (%) (Note 2)
Managers	CEO	Arthur Yu-Cheng Chiao	-	-	-	0%
	Vice CEO	Tung-Yi Chan				
	President	James Pei-Ming Chen				
	Vice President	Chin-Fen Tsai				
	Vice President	Hsiang-Yun Fan				
	Vice President	Wen-Hua Lu				
	Vice President	Wen-Chang Hung				
	Vice President	Jen-Lieh Lin				
	Assistant Vice President	Mao-Hsiang Yen				
	Assistant Vice President	Hsiu-Han Liao				
	Corporate Governance Officer	Kun-Lung Chen (Note 3)				
	Corporate Governance Officer, Head of Finance Department, Assistant Vice President and Chief Financial Officer	Chih-Chung Chou (Note 4)				
	Assistant Vice President and Chief Information Officer	Ming-Yi Tsai (Note 5)				
	Chief Accounting Officer and Head of Accounting Department	Chin-Feng Yang				
	Chief Strategy Officer	Eungjoon Park				
	Chief Technology Officer	Pei-Lin Pai (Note 6)				

Notes:
1: Employee remuneration was not offered due to a net operating loss in 2023.
2: Calculated from net loss after tax as recorded in the Company's financial statements in 2023: NT$1,146,522 thousand.
3: Mr. Kun-Lung Chen served as the Corporate Governance Officer from June 17, 2020 to February 15, 2023. The information indicated above is based solely on his managerial tenure at the Company.
4: Mr. Chih-Chung Chou assumed the Corporate Governance Officer on February 16, 2023.
5: Ms. Ming-Yi Tsai assumed the Assistant Vice President on August 16, 2023. The information indicated above is based solely on her managerial tenure at the Company.
6: Mr. Pei-Lin Pai served as the Vice President from October 1, 2014 to December 7, 2023. He became the Chief Technology Officer on December 8, 2023.

5. Analysis of total remuneration as a percentage of net income listed in individual financial reports is as paid by all entities in consolidated financial statements during the past 2 fiscal years to directors, presidents, and vice presidents with the description of policies, standards, packages, procedures for determining remuneration, and linkage to operating performance and future risk exposure.

(1) Analysis of total remuneration as a percentage of net income listed in individual financial reports as paid during the past 2 fiscal years to directors, presidents, and vice presidents.

Title	Total Remuneration as Percentage (%) of After-tax Net Income (%)			
	2023		2022	
	Company	Companies in Consolidated Financial Statements	Company	Companies in Consolidated Financial Statements
Director	-4.45%	-5.53%	2.09%	2.53%
President/Vice President	-13.14%	-13.26%	2.46%	2.46%

(2) Policies, standards, packages, procedures for determining remuneration, linkage to operating performance, and future risk exposure

A. Policies, standards, packages, and procedures for determining remuneration

(A) Directors

Article 22 of Articles of Incorporation: No over 1% of the pre-tax net profit for the current year before deducting employee's and directors' remuneration shall be allocated as directors' remuneration.

The Remuneration Committee recommends directors' remuneration as per Articles of Incorporation, Rules for Directors' Remuneration and Board Performance Evaluations, board members' self-assessment results, and earnings for the year after deducting the accumulated deficit. Recommended remuneration is reported at shareholders' meetings after the passage of a resolution to that effect by the Board of Directors.

(B) President and Vice Presidents

Remuneration paid to managerial personnel is decided as per the Articles of Incorporation and the Rules for Directors' Remuneration and Board Performance Evaluations, including salary, bonuses, and employee compensation systems and standards. Remuneration is distributed after being reported to the Remuneration Committee and approved by the Board of Directors.

B. Linkage to operating performance and future risk exposure

Established in 2011 to reduce operating risks, the Remuneration Committee annually conducts regular reviews of performance targets, salary, as well as remuneration policy, systems, standards, and structures of directors and managerial personnel in view of operational status, future risk exposure, and related regulations to seek a balance between sustainability and risk management. Therefore, the remuneration of directors and managers is linked to the Company's business performance.

IV. Corporate Governance Status

1. Overview of Board of Directors Operations

(1) The Board of Directors held 10 meetings in total in 2023(A). The attendance records of the Directors are as follows:

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance Percentage (%) (B/A)	Remarks
Chair	Arthur Yu-Cheng Chiao	10	0	100%	Reappointed on May 30, 2023 Attendance required: 10 meetings
Vice Chair	Chin Xin Investment Corp Tung-Yi Chan (Representative, 13th Board) Yuan-Mou Su (Representative, 12th Board)	10	0	100%	Reappointed on May 30, 2023 (Representative changed from Mr. Yuan-Mou Su to Tung-Yi Chan on May 30, 2023) Attendance required: 10 meetings
Independent Director	Allen Hsu	10	0	100%	Reappointed on May 30, 2023 Attendance required: 10 meetings
Independent Director	Stephen T. Tso	9	1	90%	Reappointed on May 30, 2023 Attendance required: 10 meetings
Independent Director	Chung-Min Kuan	6	0	100%	Newly appointed on May 30, 2023 Attendance required: 6 meetings
Independent Director	John Li	5	1	83%	Newly appointed on May 30, 2023 Attendance required: 6 meetings
Director	Yung Chin	9	1	90%	Reappointed on May 30, 2023 Attendance required: 10 meetings
Director	Walsin Lihwa Corporation (Representative: Fred Pan)	9	1	90%	Reappointed on May 30, 2023 Attendance required: 10 meetings
Director	Jamie Lin	10	0	100%	Reappointed on May 30, 2023 Attendance required: 10 meetings
Director	Wei-Hsin Ma	10	0	100%	Reappointed on May 30, 2023 Attendance required: 10 meetings
Director	Elaine Shihlan Chang	4	2	67%	Newly appointed on May 30, 2023 Attendance required: 6 meetings
Vice Chair	Tung-Yi Chan	4	0	100%	Term concluded on May 30, 2023 Attendance required: 4 meetings
Independent Director	Francis Tsai	4	0	100%	Term concluded on May 30, 2023 Attendance required: 4 meetings
Independent Director	Jerry Hsu	2	2	50%	Term concluded on May 30, 2023 Attendance required: 4 meetings

(2) Matters and items stipulated in Article 14-3 of the Securities and Exchange Act: Not applicable since Winbond has established the Audit Committee

(3) In addition to the foregoing, other matters to be resolved by board of director meetings about which an independent director expressed objections or reservations on record or stated in writing: None

(4) Director recusals due to conflicts of interest:

Name(s) of Directors	Proposal	Reason for Recusal	Voting Status	Remarks
Vice Chair Tung-Yi Chan	Remuneration proposal for managers (Q3 2022)	Personal stake	Recused as provided by law	12th Term 21st Meeting
Vice Chair Tung-Yi Chan	Remuneration proposal for employees and individual managers (2022)	Personal stake	Recused as provided by law	12th Term 21st Meeting

Name(s) of Directors	Proposal	Reason for Recusal	Voting Status	Remarks
Vice Chair Tung-Yi Chan	Remuneration proposal for individual managers (2023)			12th Term 21st Meeting
Chair Arthur Yu-Cheng Chiao, Director Yung Chin, Director Chin-Xin Investment Co., Ltd (Representative Yuan-Mou Su)	Remuneration proposal for Manager Arthur Yu-Cheng Chiao	Personal stake	Recused as provided by law	12th Term 21st Meeting
Independent Director Chung-Min Kuan	Proposal to sign an industry-academia collaboration and academia feedback fund contract	Personal stake	Recused as provided by law	13th Term 1st Meeting
Legal Entity Director Chin-Xin Investment Co., Ltd (Representative Tung-Yi Chan)	Proposal to remove non-complete clause for directors at the Company	Personal stake	Recused as provided by law	13th Term 2nd Meeting
Chair Arthur Yu-Cheng Chiao, Director Yung Chin, Legal Entity Director Chin-Xin Investment Co., Ltd (Representative Tung-Yi Chan)	Proposal to remove non-complete clause for managers at the Company	Personal stake	Recused as provided by law	13th Term 2nd Meeting
Vice Chair Chin-Xin Investment Co., Ltd (Representative Tung-Yi Chan)	Proposal to allow individual managers to purchase new shares from cash capital increase (2023)	Personal stake	Recused as provided by law	13th Term 4th Meeting
Chair Arthur Yu-Cheng Chiao, Director Yung Chin, Legal Entity Director Chin-Xin Investment Co., Ltd (Representative Tung-Yi Chan)	Proposal to allow manager Mr. Arthur Yu-Cheng Chiao to purchase new shares from cash capital increase (2023)	Personal stake	Recused as provided by law	13th Term 4th Meeting

(5) Board performance evaluations:

A board performance evaluation system was established in 2011 to measure board performance in guiding strategic direction and overseeing operations and management to increase long-term value for shareholders. The unit in charge of board meeting affairs compiles and submits results to the Remuneration Committee and the Board of Directors then draws up a board performance improvement plan accordingly.

Frequency	Period	Scope	Method	Item	Result
Once per year (in December)	January 1, 2023 to December 31, 2023	Board, Board Members, Functional Committees	Internal self-evaluation	(1) Board: A. The degree of involvement in the operations of the Company B. Improvement of quality of Board decisions C. Composition and structure of board of directors D. Selection and continuing education of directors E. Internal controls (2) Individual Board Members: A. Understanding of objectives and tasks B. Awareness of directors' responsibilities C. Involvement in operations D. Internal relationship management and communication E. Professional and continuing education of directors F. Internal controls (3) Functional Committee (Audit Committee): A. Involvement in operations B. Awareness of the responsibilities of the functional committees C. Improvement of the quality of decision-making in functional committees D. Composition and selection of functional committee members E. Internal controls (4) Functional Committee (Remuneration Committee)	(1) Performance evaluations of the Board: ▪ Overall evaluation: A major decrease in the level of participation with the company's operations compared to 2022. ▪ Improvement measures: • Increased communication and exchanges between the board and management • Scheduling of shareholder meetings and board meetings well in advance to improve attendance by board members • Continued development of industry-related training courses (2) Performance evaluations of individual Board members: A. Understanding of objectives and tasks: 5.00 B. Awareness of directors' responsibilities: 4.96 C. Involvement in operations: 4.87 D. Internal relationship management and communication: 4.94 E. Professional and continuing education of directors: 4.94 F. Internal controls: 4.97 (3) Performance evaluations of Functional Committee (Audit Committee): - A major decrease in involvement in operations compared to 2022. Improvement measures:

Frequency	Period	Scope	Method	Item	Result
				A. Involvement in operations B. Awareness of the responsibilities of the functional committees C. Improvement of the quality of decision-making in functional committees D. Composition and selection of functional committee members	• Extending meetings to allow full discussion of issues on hand • Scheduling of meetings well in advance to improve attendance by board members • Increased communication and exchanges between accountants and committee members (4) Performance evaluations of Functional Committee (Remuneration Committee): A. Involvement in operations: 5.00 B. Awareness of the responsibilities of the functional committees: 4.90 C. Improvement of the quality of decision-making in functional committees: 4.96 D. Composition and selection of functional committee members: 5.00 Note 1: Evaluation levels 1: Very poor (strongly disagree) 2: Poor (disagree) 3: Moderate (average) 4: Excellent (agree) 5: Outstanding (strongly agree) Note 2: The evaluation results were submitted to the Remuneration Committee and the Board of Directors in March.

(6) Target evaluation for strengthening board functions and implementation status during current and preceding fiscal years:

1. The Company completed the election of its 13th Board of Directors on May 30, 2023 and elected three new directors, who were briefed on the operational and financial status of the Company before they took office to enhance their understanding of the Company.
2. We will continue to provide multi-faceted training courses to strengthen the decision-making abilities of board members. Six sessions were held in 2023 (on February 23, July 13, October 6 and 26, November 24, and December 15).
3. Quarterly strategy review meetings are held before scheduled board meetings or as needed with directors' attendance required so that they can understand the Company's finances, operations, formulation of major strategies, and execution of relevant business plans. We endeavor to strengthen corporate information transparency by holding investor conferences to discuss operations and finances after semi-annual and annual board meetings as well as posting relevant information on the Market Observation Post System and the official website.

2. Operation and Responsibilities of the Audit Committee

8 Audit Committee meetings (A) were held in 2023; member attendance was as follows:

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance rate (%) (B/A)	Remarks
Audit Committee convenor	Allen Hsu	7	1	88	Re-elected on May 30, 2023 Attendance required: 8 meetings
Audit Committee member	Stephen T. Tso	8	0	100	Re-elected on May 30, 2023 Attendance required: 8 meetings
Audit Committee member	Chung-Min Kuan	5	0	100	Newly elected on May 30, 2023 Attendance required: 5 meetings
Audit Committee member	John Li	4	1	80	Newly elected on May 30, 2023 Attendance required: 5 meetings
Audit Committee member	Francis Tsai	3	0	100	Term concluded on May 30, 2023 Attendance required: 3 meetings
Audit Committee member	Jerry Hsu	1	2	33	Term concluded on May 30, 2023 Attendance required: 3 meetings

Key tasks of the Audit Committee are as follows (operations and proposals listed in the table):

1. Fair presentation of financial reports.
2. Hiring (and dismissal) of certified public accountants with evaluations of independence and performance.

3. Effective implementation of the internal control system.
4. Compliance with relevant laws and regulations.
5. Management of existing or potential risks.

Other matters that require reporting:

1. If any of the following occurs during the operation of the Audit Committee, the Audit Committee meeting date and number, proposal contents, independent directors' objections, reservations, and significant recommendations, resolutions, and the handling of opinions shall be clearly described:

(1) Resolutions related to Article 14-5 of the Securities and Exchange Act:

Audit Committee Meeting Date	Proposal Contents	Content of Independent Directors' Objections, Reservations, or Significant Recommendations	Resolution of Audit Committee	Handling of Audit Committee Member Opinions
2nd Term 17th Meeting February 16, 2023	Approval of 2022 annual business report and financial statements	None	Passed	None
	Approval of affiliates' 2022 consolidated business report and financial statements	None	Passed	None
	Approval of 2022 statement on internal control system	None	Passed	None
	Increase in capital expenditure budget	None	Passed	None
	Proposal to change the name of the Company's Indian subsidiary from GLMTD Technology Private Limited to Winbond Electronics India Private Limited	None	Passed	None
	Proposal for annual remuneration paid to Deloitte & Touche accounting firm	None	Passed	None
2nd Term 18th Meeting March 14, 2023	Approval of 2022 earnings distribution plan	None	Passed	None
	Formulation of the Company's *Regulations for the Pre-Approval of Non-Assurance Services Provided by Accounting Firms*	None	Passed	None
	Approval of the list (and types) of non-assurance services to be provided by accounting firms in 2023	None	Passed	None
2nd Term 19th Meeting May 4, 2023	Approval of consolidated financial report for 2023 Q1	None	Passed	None
	Amendment of Stock Affairs Department's internal control system	None	Passed	None
3rd Term 1st Meeting August 3, 2023	Approval of consolidated financial report for 2023 Q2	None	Passed	None
	Approval of non-distribution of earnings in H1 2023	None	Passed	None
	Increase in capital expenditure budget	None	Passed	None
	Removal of non-compete clause for directors			
	Removal of non-compete clause for managers	None	Passed	None
3rd Term 2nd Meeting August 18, 2023	Approval of cash capital increase (2023)	None	Passed	None
	Approval of non-assurance services related to the Company's 2023 cash capital increase by the Company's accounting service provider (Deloitte & Touche)	None	Passed	None
3rd Term 3rd Meeting October 11, 2023	Approval of right-of-use asset acquisition from stakeholders between 2020 and 2021	None	Passed	None
3rd Term 4th Meeting November 2, 2023	Approval of consolidated financial report for 2023 Q3	None	Passed	None
	Renewal of real estate right-of-use asset from Central Taiwan Science Park Administration, National Science and Technology Council	None	Passed	None
	Finalization of 2024 audit plan	None	Passed	Additional audit items added, with no other changes made
	Approval of non-assurance service related to the Company's 2023 final accounting statements and filings provided by Chin-Chuan Shih, CPA (Deloitte & Touche)	None	Passed	None
3rd Term 5th Meeting December 22, 2023	Increase in capital expenditure budget	None	Passed	None
	Disposal of Central Taiwan Science Park Plant Equipment	None	Passed	None

(2) Except for the above items, items that were not approved by the Audit Committee but were resolved by over 2-thirds of all directors: None

2. Concerning the recusal of independent directors from discussing or voting on an agenda item with a conflict of interest, please state the name of the independent director, agenda item, reason for recusal, and votes: None.

3. Description of communications between independent directors, internal auditors, and CPA (please include material items, channels of communication, and audit results of corporate finances and/or operations, etc.):

Communication guideline:

(1) Communication on audit implementation is held in separate meetings between independent directors and the internal audit chief. The internal audit unit conducts audits according to the annual audit plan. The audit chief submits audit reports upon completion to the independent directors (or the convenor of audit committee) for approval each month and delivers each audit report to the independent directors for review by the end of the month following the completion of the audit.

(2)The audit chief reports to the Board of Directors and Audit Committee on a quarterly basis.

The communications between independent directors and the internal audit chief in 2023 were as follows:

Date	Topics of communication	Recommendations and actions taken
2nd Term 17th Meeting February 16, 2023	•2022 Q4 internal audit report ▪ 2022 Q4 follow-up on improvement measures taken for deficiencies found in the previous period ▪ Audit findings of 2022 Q4 audit plan ▪ Report on cybersecurity issues •2022 self-evaluation of internal control system •2022 Statement on the Internal Control System	•None of the independent directors expressed dissent. •The Committee consented to the 2022 Statement on the Internal Control System, which will be submitted to the Board of Directors for approval.
2nd Term 19th Meeting May 4, 2023	•2023 Q1 internal audit report ▪ 2023 Q1 follow-up on improvement measures taken for deficiencies found in the previous period ▪ Audit findings of 2023 Q1 audit plan ▪ Report on cybersecurity issues	•None of the independent directors expressed dissent.
3rd Term 1st Meeting August 3, 2023	•2023 Q2 internal audit report ▪ 2023 Q2 follow-up on improvement actions taken for deficiencies found in the previous period ▪ Audit findings of 2023 Q2 audit plan ▪ Report on cybersecurity issues	•None of the independent directors expressed dissent.
3rd Term 4th Meeting November 2, 2023	•2023 Q3 internal audit report ▪ 2023 Q3 follow-up on improvement actions taken for deficiencies found in the previous period ▪ Audit findings of 2023 Q3 audit plan ▪ Report on cybersecurity issues •Annual audit plan for 2024	•None of the independent directors expressed dissent. •The Committee reviewed and consented to the 2024 audit plan, which will be submitted to the Board of Directors for approval.

(2) Communication between independent directors and CPAs:

Independent directors communicate directly with the CPAs on the financial situation biannually and as necessary. In 2023, the following communications took place:

Date	Topics of communication	Recommendations and actions taken
Conference call February 2, 2023	•CPAs and independent directors privately discussed 2022 audit findings on key audit matters (KAM).	•None of the meeting participants expressed dissent.
2nd Term 17th Meeting February 16, 2023	•CPAs and independent directors discussed the Group's audit plans and findings on key audit matters (KAM) from 2022. •CPAs and independent directors discussed the pre-approval of the non-assurance service policy. •CPAs and independent directors discussed the Audit Quality Indicators (AQI).	•None of the independent directors expressed dissent.
3rd Term 1st Meeting August 3, 2023	•CPAs and independent directors discussed the audit results of the Q2 2023 consolidated financial statements. •CPAs and independent directors discussed approaches to implementing carbon pricing. •CPAs and independent directors discussed the amendment of the *Statute for Industrial Innovation*	•None of the independent directors expressed dissent.

3. Operational status, duties, and composition of the Remuneration Committee:

(1) Information on members of the Remuneration Committee:

The Remuneration Committee comprises four members, all of whom are independent directors.

March 11, 2024

Position	Criteria / Name	Professional qualifications and work experience	Independence criteria	# of additional public companies on the Remuneration Committee of which the member also serves
Convenor/Independent director	Stephen T. Tso	Note	Note	1
Member/ Independent director	Allen Hsu	Note	Note	1
Member/ Independent director	Chung-Min Kuan	Note	Note	–
Member/Independent director	John Li	Note	Note	1

Note: Please refer to "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" on pages 9 to 11.

(2) Operational state of the Remuneration Committee:

The Remuneration Committee evaluates the performance of the directors and managerial personnel, reviews policy, system, standards, structure, and individual remuneration, and presents recommendations to the Board of Directors for discussion.

Key tasks of the Remuneration Committee are as follows:

A. Periodically review the Remuneration Committee Charter with recommendations for amendment.

B. Set and regularly review annual performance targets, salary as well as remuneration policy, system, standards, and structure of directors and managerial personnel.

C. Periodically evaluate the attainment of performance targets by directors and managerial personnel, as well as determine the type and amount of remuneration for them.

D Current term of office: May 30, 2023–May 29, 2026. The Committee held 3 meetings (A) in 2023. The attendance record is as follows:

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance (%) (B/A)	Remarks
Convenor	Stephen T. Tso	3	0	100	Reappointed (effective May 30, 2023) Attendance required: 3 meetings
Member	Allen Hsu	3	0	100	Reappointed (effective May 30, 2023) Attendance required: 3 meetings
Member	Chung-Min Kuan	2	0	100	Newly appointed (effective May 30, 2023) Attendance required: 2 meetings
Member	John Li	2	0	100	Newly appointed (effective May 30, 2023) Attendance required: 2 meetings
Member	Francis Tsai	1	0	100	Term concluded (tenure ended on May 30, 2023) Attendance required: 1 meeting
Member	Jerry Hsu	1	0	100	Term concluded (tenure ended on May 30, 2023) Attendance required: 1 meeting

Other matters that require reporting:

I. If the Board of Directors did not adopt the recommendations of the Remuneration Committee or revised them, describe the date of the board meeting, term of the board, agenda item, resolutions adopted by the board, and actions taken in response to the opinion of the Remuneration Committee: None

II. If any member has a objections or reservations concerning any resolution involving the Remuneration Committee that is on record or stated in a written statement, describe the date of the committee meeting, term of the committee, agenda item, opinions of all members, and actions taken in response to the opinions of members: None

III. Proposals of the Remuneration Committee and their resolution in the past year, and the response to member opinions:

Remuneration Committee	Topic	Resolution	Response to Members' Opinions
4th Term/ 10th Meeting March 14, 2023	Proposal re 2022 remuneration for individual directors on the 12th-term board	Passed	None
	Proposal re 2023 remuneration for individual directors on the 12th-term board	Passed	None
	Proposal re performance bonuses for managers (Q3 2022)	Passed	None
	Proposal re 2022 remuneration for individual employees and managers	Passed	None
	Proposal re 2023 remuneration for individual managers		
	Proposal re remuneration for manager Arthur Yu-Cheng Chiao	Passed	None

5th Term/ 1st Meeting August 3, 2023	Periodic review of the Company's *Remuneration Committee Charter*, *Rules for Directors' Remuneration and Board Performance Evaluations*, and *Rules for Remuneration and Performance Evaluations of Managerial Officers*	Passed	None
	Proposal re 2023 remuneration for individual directors on the 13th Board	Passed	None
	Promotion of Ming-Yi Tsai to a managerial position (Assistant Vice President)	Passed	None
5th Term/ 2nd Meeting October 11, 2023	Approval of Vice President Pei-Lin Pai's retirement and termination of Vice Presidential tenure	Passed	None
	Determination of eligibility and requirements for the Company and its subsidiaries' employees to purchase new shares from 2023 cash capital increase	Passed	None
	Approval of individual managers purchases of new shares from the Company's 2023 cash capital increase	Passed	None
	Approval of manager Arthur Yu-Cheng Chiao's purchase of new shares from the Company's 2023 cash capital increase	Passed	None

4. Operational status, duties, and composition of the ESG Committee:

(1) Profile of ESG Committee members:

March 11, 2024

Position	Name/Qualifications	Professional qualifications and expertise	Independence
Convenor/Chair	Arthur Yu-Cheng Chiao	Note	Note
Member/Independent Director	Stephen T. Tso	Note	Note
Member/Independent Director	Allen Hsu	Note	Note
Member/Independent Director	Chung-Min Kuan	Note	Note
Member/Independent Director	John Li	Note	Note

Note: Please refer to "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" on pages 9 to 11.

(1) The ESG Committee's duties are as follows:

1) Formulation of policies and directives related to corporate sustainability
2) Setting of short-, medium, and long-term sustainability strategies and goals
3) Review, follow-up, and revision of sustainability initiative implementation and outcomes
4) Reporting of outcomes to the Board of Directors on an annual basis

(2) The ESG Committee held two meetings in 2023 with an average attendance rate of 90%. Following is a summary of the principal resolutions adopted by the Committee:

Date	Summary of key resolutions
April 11, 2023	1. Sustainable supply chain: SDG goals for sustainable supply chain, sustainable procurement strategy and operations, promotion of planning and achievements of carbon reduction in the supply chain, and sustainability risk assessment and management. 2. Green products: strategy and objectives for green products, development of green processing, carbon reduction effects of NOR&NAND processing, variation in carbon emissions among single components, customer demands for green energy. 3. Environmental sustainability: 2023 Carbon reduction targets for Taichung CTSP Fab, 2023-2026 energy conservation plan, achievements of energy conservation projects at Taichung CTSP Fab.

	4. Human rights and social inclusion: Human Rights Due Diligence working meetings, human rights risk assessment and survey results, evaluations of corporate practices and systems, social engagement and public welfare campaigns. 5. Corporate governance: green power procurement, implementation of TCFD management and risk-opportunity analysis, establishment of the TCFD platform, Sustainability-linked loans, and the Winbond ESG learning platform.
October 11, 2023	1. Sustainable Supply Chain Division: Division-wide tasks and timelines; sustainable procurement strategies and campaigns; carbon footprint reduction; carbon footprint for back-end packaging and testing; sustainable risk assessment and management; Winbond Provider ESG Network 2. Green Product Division: Product Carbon Footprint Portal on the official Company website; copywriting for green products; material control code naming principles; progress report 3. Environmental Sustainability Division: Carbon reduction goals 4. Human Rights and Social Responsibility Division: Improvement of human rights due diligence; employee core value and dedication analysis; progress report for major tasks in 2023 5. Corporate Governance Division: Renewable energy procurement; implementation of TCFD; ESG-linked loans; introduction of TIPS certification

5. Operational status, duties, and composition of the Risk Management Committee:

(1) Profile of Risk Management Committee members:

March 11, 2024

Position	Name/Qualifications	Professional qualifications and expertise	Independence
Convenor/Chair	Arthur Yu-Cheng Chiao	Note	Note
Member/Independent Director	Allen Hsu	Note	Note
Member/Independent Director	Stephen T. Tso	Note	Note
Member/Independent Director	Chung-Min Kuan	Note	Note
Member/Independent Director	John Li	Note	Note

Note: Please refer to "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" on pages 9 to 11.

(2) The Risk Management Committee's duties are as follows:

1) Oversight of overall risk management at the Company; formulation of risk management policies and frameworks; establishment of qualitative and quantitative management standards; adjustment of such standards based on actual needs and/or objective changes in the competitive landscape

2) Implementation of risk management initiatives passed by the Board of Directors; review of the development, establishment, and implementation of the Company's risk management system

3) Setting of risk appetite; review and control of overall risks

4) Assistance and oversight of department-level risk management; fostering of risk-related interdepartmental engagement and communication

5) Adjustments to risk types and risk-taking methods based on environmental conditions

6) Other risk-related matters entrusted by the Board of Directors

(3) The Risk Management Committee held one meeting in 2023 with an average attendance rate of 80%. Following is a summary of the principal resolutions adopted by the Committee:

Date	Summary of key resolutions	Committee's decision	Company's response
December 22, 2023	1. Risk management report: "Opportunities for Heterogeneous Integration of Customized Memory Products"	Approved	
	2. Amendment of the Company's *Risk Management Committee Organizational Charter*	Passed	N/A
	3. Formulation of the Company's *Risk Management Policies and Procedures*	Passed	N/A

6. Implementation status, deviations from (reasons for) the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies

Assessment Item	Implementation Status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Explanation	
I. Are corporate governance principles as per Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies established and disclosed?	V		Corporate governance principles as per TWSE Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and internal regulations are established and disclosed on the official website.	None
II. Shareholding structure and shareholder equity (I) Internal operating procedures established and implemented to handle shareholders' suggestions, concerns, disputes, or litigation matters?	V		(I) The Shareholders' Affairs Department oversees and handles shareholders' services, suggestions, concerns, disputes, or litigation matters as per Regulations Governing the Administration of Shareholder Services of Public Companies and internal control system standards.	None
(II) Is there a roster of major shareholders with controlling power and persons with ultimate control over them?	V		(II) A register of major shareholders with controlling power and persons with ultimate control over them is disclosed as per applicable regulations.	None
(III) Risk management and firewall systems with affiliates established and implemented?	V		(III) Business dealings with affiliates are treated as transactions with independent third parties while abiding by the *Guidelines for Financial Transactions with Affiliates, Specific Companies, and Stakeholders* and the principles of fairness and reasonableness in the formation of written rules, pricing, and payment terms to prevent non-arm's-length transactions.	None
(IV) Internal rules prohibiting insider trading on undisclosed information established?	V		(IV) The Company has implemented "Procedures for the Prevention of Insider Trading" that restricts directors from engaging in any trading activity involving company-issued securities within the closed period (30 days prior to the publication of the annual financial report and 15 days prior to the publication of the quarterly financial report). Previous to the closure period specified, directors will receive a reminder from the Company via email to ensure compliance with pertinent regulations. The Company has made the procedure public on its website. Furthermore, on a monthly basis, the Company conducts campaigns to remind all insiders and employees against trading stocks with inside information.	None
III. Composition and responsibilities of Board of Directors (I) A diversity policy and set management targets formulated and implemented?	V		(I) Article 20 of Corporate Governance Best Practice Principles stipulates the structure of the Board of Directors shall give due consideration to business scale, major shareholdings, and member diversity (professional backgrounds, genders, lines of work, etc.). Our board composition meets these targets. See p. 11 of annual report for specific management targets and implementation status pertaining to the 13th Board of Directors (2023–26).	None
(II) Other functional committees in addition to remuneration and audit committee set up voluntarily?	V		(II) ESG Committee, Risk Management Committee, Manager Training Committee, Employee Welfare Committee, Supervisory Committee of Workers' Retirement Reserve Fund, ESH Committee, and Patent Committee have been established.	None
(III) Evaluation rules and methods on annual performance established with results reported back as reference for individual directors' remuneration and renewal?	V		(III) Performance evaluations of the board, individual directors, and functional committees (Remuneration Committee/ Audit Committee) are conducted every December as per Rules for Directors' Remuneration and Board Performance Evaluations. The staff in charge of board meeting affairs compile and submit self-assessment results to the Remuneration Committee and the Board of Directors as references for nomination and re-election of directors. Please refer to the appropriate section under "The Operational Status of the Board of Directors" for more information.	None
(IV) Are CPAs' independence regularly evaluated?	V		(IV) The Rules for Evaluation and Performance Reviews of Accountants have been established as per the Certified Public Accountant Act and the Norm of Professional Ethics for Certified Public Accountants of the Republic of China. In December each year, in accordance with the aforementioned rules, members of the Audit Committee evaluate the independence of the CPAs, including an examination of whether any CPAs are shareholders, directors, salaried employees, or stakeholders of the Company, among other matters. Results are submitted to the Audit Committee and the Board of Directors. In 2024, the Audit Committee and the Board of Directors referenced the Audit Quality Index (AQI) Report provided by the accounting firm as its basis for appointing accountants. The report is in compliance with the directives issued by the Financial Supervisory Commission, and it contains quality constructs such as professionalism (auditing experience, hours of training, employee turnover rate, and professional support), quality control benchmarks (work load, inputs, EQCR, and quality management support), independence (non-audit services and client familiarity), oversight (deficiencies found by external auditors; warnings/advisories issued by the competent authorities), and innovation/creativity. Accountants are required to recuse themselves if either they or	None

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>their services are directly affiliated with or have a conflict of interest in the matter concerned. Rules concerning accountant rotation are observed.</td><td></td></tr>
<tr><td>IV. Competent and appropriate corporate governance personnel and officers appointed to furnish execution information for directors, assist directors, and supervisors, handle board and shareholder meeting matters, as well as record meeting minutes in legal compliance?</td><td>V</td><td></td><td>The position of corporate governance officer was created in March 2019 to comply with board and shareholder meeting procedures and applicable laws as well as facilitate exchange and communication between directors and management.
Implementation status of activities for the current year is as follows:
1. Compiled board meeting agenda and furnished sufficient materials to send with notices to relevant parties for attendance as needed (10 meetings convened in 2023)
2. Invited CPAs to present audit reports or related content every half fiscal year.
3. Organized preregistration for shareholder meeting dates, prepared notices, agenda, and minutes, and published information by prescribed deadlines with English versions available to investors worldwide (1 convened in 2023)
4. Organized tailored training courses as required by directors (18 hours completed in 2023)
5. Pursuant to the Rules for Directors’ Remuneration and Board Performance Evaluations, we have authorized Taiwan Corporate Governance Association to conduct an annual self-assessment in December.
6. The re-election of the board took place on May 30, 2023. Business and financial briefings were presented to the three newly elected directors prior to their inauguration.
<table>
<tr><th>Date</th><th>Organizer</th><th>Course</th><th>Hours</th></tr>
<tr><td>2023/02/23</td><td>Taiwan Corporate Governance Association</td><td>Lesson Learned in Amazon；AI Intelligent Operations and Applications</td><td>3.0</td></tr>
<tr><td>2023/05/05</td><td>Taiwan Corporate Governance Association</td><td>Global Political and Economic Trends and Outlook—Competition between China and the United States and Cross-Strait Relations</td><td>3.0</td></tr>
<tr><td>2023/07/13</td><td>Taiwan Corporate Governance Association</td><td>Using a Multi-Strategy Policy Toolbox to Connect with Local Communities in Taiwan: Global CSR Opportunities and Challenges in the Wake of Emerging Net-Zero Technologies</td><td>3.0</td></tr>
<tr><td>2023/07/13</td><td>Taiwan Corporate Governance Association</td><td>(Net Zero 2050) Political and Economic Outlook in a Multipolar World—The Story of Hsinchu’s Baoshan Native Plant Conservation and Environmental Education Park in 2007</td><td>3.0</td></tr>
<tr><td>2023/07/04</td><td>Taiwan Stock Exchange Corporation</td><td>2023 Cathay Sustainable Finance and Climate Change Summit</td><td>6.0</td></tr>
<tr><td>2023/09/04</td><td>Financial Supervisory Commission</td><td>14th Taipei Corporate Governance Forum</td><td>6.0</td></tr>
<tr><td>2023/10/26</td><td>Taiwan Corporate Governance Association</td><td>Cultural Integration and Social Innovation in Contemporary Architecture; The Development and Implications of CBAM</td><td>3.0</td></tr>
<tr><td>2023/10/26</td><td>Taiwan Corporate Governance Association</td><td>The Rise of Southeast Asia and the Changing Indo-Pacific Region: Geopolitical Risks, Regional Economic Resilience, and a Strategic Showdown</td><td>1.5</td></tr>
<tr><td>2023/11/06</td><td>Securities and Futures Institute</td><td>Technical Development and Commercial Opportunities of ChatBot ChatGPT</td><td>1.5</td></tr>
<tr><td>2023/11/06</td><td>Securities and Futures Institute</td><td>Adapting to a New World Order</td><td>1.5</td></tr>
<tr><td>2023/11/06</td><td>Securities and Futures Institute</td><td>Understanding Oversight Functions of Directors and Executives of Publicly Traded Companies</td><td>3.0</td></tr>
</table></td><td>None</td></tr>
<tr><td>V. Means of communication with stakeholders (shareholders, employees, clients, suppliers, etc.)</td><td>V</td><td></td><td>An effective communication channel with stakeholders is maintained with a section set up on the official website to address important corporate and social responsibility issues that stakeholders are concerned about.</td><td>None</td></tr>
</table>

Assessment Item	Implementation Status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Explanation	
established or a Stakeholders Section created on the official website? Important corporate and social responsibility issues that stakeholders are concerned about addressed?				
VI. A professional agency hired to handle tasks and issues related to shareholder meetings?		V	An office that handles shareholder services is available.	Not applicable
VII. Information Disclosure (I) A corporate website established to disclose information on financial, business, and corporate governance status? (II) Other information disclosure channels (an English website maintained, staff designated to collect and disclose information, spokespersons appointed, investor conferences broadcasted, etc.) established? (III) Annual financial statements announced and reported within 2 months after the end of the fiscal year along with first, second, and third quarter financial statements as well as monthly operating status before deadlines?	V V V		(I) Financial status, operations, and corporate governance information are periodically (monthly/quarterly/annually) disclosed on the official website. (II) Material information is collected and disclosed by the Investor Relations Department as per Spokesperson and Deputy Spokesperson Rules. Information about investor conferences is posted on the official website and is available in various languages, such as Traditional Chinese, Simplified Chinese, and English, to facilitate public understanding. (III) Annual financial statements are announced and reported within 2 months of the end of the fiscal year along with the first, second, and third quarter financial statements as well as monthly operating status before the prescribed deadline.	None None None
VIII. Other information disclosed to facilitate a better understanding of corporate governance operations (employee rights and wellness, investor and supplier relations, stakeholder rights, director and supervisor training records, customer /risk management policy implementation and evaluation measures, and insurance purchases for directors and supervisors)?	V		1. We disclose information on corporate governance, green manufacturing, stakeholders, and relevant operational rules on our website: https://esg.winbond.com/ 2. Continuing education of directors: We arrange continuing education courses for directors every year, and regularly provide directors with information on professional courses offered by external institutions. Continuing education courses attended by directors and supervisors can be found in the Corporate Governance section of the MOPS website. 3. Attendance records of directors: Please see p. 19 of this report for the operations of the Board of Directors. 4. Purchase of liability insurance for directors: We have purchased liability insurance starting in 2015. Please refer to the Corporate Governance section of the MOPS website.	None
IX. Describe improvement in response to corporate governance evaluation results published by the TWSE Corporate Governance Center in the most recent year, items prioritized, and future measures. The Company has elevated the ESG Committee to a higher level and established the Manger Training Committee under the Board in an effort to improve corporate governance. These initiatives are designed to further improve managerial training and the performance of sustainable governance, bolster the Board's oversight and audit duties, and optimize the corporate governance structure.				

7. Promotion, implementation status, deviations, and reasons of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Systems and measures adopted and their implementation status in eco-protection, community engagement, social contributions and service, public and consumer interests, human rights, safety and health, and other social responsibility activities:

Promotion item	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
I. Has Winbond established a governance structure that promotes sustainable development, created a full-time (part-time) entity to promote sustainable development and authorized senior management to manage it, and established board oversight? **(TWSE/TPEx Listed Companies must report the status of implementation, not compliance or explanation.)**	V		In 2015, the Company established the Winbond CSR Implementation Committee as its central governing unit to promote sustainable development. As a part of its continuing efforts to develop and improve the Company, Winbond restructured the original CSR Implementation Committee into the Sustainability Development Committee (ESG Committee) in May 2022 and raised the level of the Committee to that of the Board of Directors. The Committee is headed by the Chair and is composed of four independent directors. The Committee convenes at least twice a year. The purpose of the Committee is to plan the Company's sustainable development strategies and goals, formulate corresponding action plans, consolidate the Company's resources, implement sustainable practices, and ultimately, enhance operational competitiveness. The ESG Office and five functional task forces focusing on the areas of Environmental Sustainability, Green Products, Human Rights and Social Inclusion, Sustainable Supply Chain, and Corporate Governance all operate under the purview of the ESG Committee. The Committee presents quarterly reports on the Company's progress in major topics in governance, economy, the environment, and society (including human rights), the Committee's plans for the following quarter, and the Committee's implementation results to the Board of Directors each year to ensure the promotion and implementation of corporate sustainable development initiatives. The Company provides regular reports on sustainability strategies and implementation progress to the Board of Directors. This enables the Board of Directors to keep track of the implementation status of various business units within the Company and to review the formulation and progress of corporate strategies. In 2023, the Board of Directors held a total of ten meetings to receive reports on 19 sustainability topics, including: • Risk management: includes the operations of the Risk Management Committee, amendments to said committee's organizational charter, and formulation of the Company's *Risk Management Policy and Procedures* • Greenhouse gas inventory: quarterly reporting on the implementation of the greenhouse gas inventory • Sustainable development: implementation progress of and amendments to the Company's *Sustainable Development Best Practice Principles* • Implementation of integrity management • Planning and implementation of intellectual property management • Planning and implementation of renewable energy procurement • Establishment of managerial personnel training committees • Managerial Personnel Remuneration Committee: managerial personnel performance evaluation reports and regular review of the *Remuneration Committee Organizational Charter*, *Rules for Directors' Remuneration and Board Performance Evaluations*, and *Rules for Remuneration and Performance Evaluations of Managerial Personnel* • Board performance self-evaluation report for the year 2022 • Nomination of the candidates for the 13th Board of Directors (including independent directors) • Internal control system self-assessment report • Quarterly reporting on internal audit operations For more information, please refer to the corporate governance pages of Winbond's sustainable governance website. (https://esg.winbond.com/our-focuses/governance/board-of-directors)	None

II. Does Winbond conduct risk assessments on environmental, social, and corporate governance issues related to operations under the Materiality Principle, and formulate relevant risk management policies and strategies? **(TWSE/TPEx Listed Companies must report the implementation status, not compliance or explanation.)**	V		The Company's Sustainable Development Committee and ESG Office closely follow developments in international sustainability standards and regulations, World Economic Forum (WEF) Global Risks Reports, and the latest industrial development trends. The committee and office also identify and assess the impacts of ESG risk management issues (including supply chain management risks, climate risks and opportunities, and information security management and personal data protection) in accordance with the materiality principles (issues of high stakeholder concern and significant operational impact, and compliance with Winbond's commitment to prioritizing sustainable management development goals) and formulate targets and management strategies accordingly. For more information, please refer to the Sustainability Report. We also established the Risk Management Committee under the Board of Directors and tasked it with carrying out risk management for the entire scope of operations of the organization's current departments and risk oversight units. In addition to formulating robust internal management rules and operating procedures, the committee proactively manages the three major risk categories for modern enterprises—operations, finance, and information—and has developed comprehensive plans and procedures for pre-assessment, hedging, loss prevention, and crisis management. Regular reports are given to the Company's management and governance units to ensure that all enterprise risk management targets are met. For more information, please refer to the 'Risk analysis and assessment' section of this annual report or the risk management section on Winbond's sustainable governance website (https://esg.winbond.com/our-focuses/governance/risk-management).	None
III. Environmental Issues (I) Has Winbond established a suitable eco-management system that meets the needs of particular industrial characteristics?	V		(I) We have obtained ISO14001 eco-management system certification and implement internal audits every 6 months under the internal standard B0000-2511 Environmental Safety and Health Management System audit procedures. An international verification company performs external audits every year to ensure that the system is operating normally (verification agency: DQS Inc.; effective dates: August 12, 2022 – August 11, 2025; coverage: Central Taiwan Science Park site at No. 8, Keya 1st Road, Daya District, Taichung City. Verification Agency: DQS Inc.; effective dates: November 4, 2022 – November 5, 2025; coverage: Kaohsiung site at No. 35, Luke 5th Rd., Luzhu Dist., Kaohsiung City).	None
(II) Is Winbond committed to improving energy efficiency and using recycled materials with low impact on the environment?	V		(II)To improve energy efficiency, we set key performance indicators (KPI) for the utilization rate of various major sources of energy such as water and electricity, and formulate annual goals and implement management plans to continuously improve water and electricity consumption, reduce waste output, and increase the waste reuse rate. The president personally reviews the implementation results and targets achievements on a quarterly basis. Recycling systems are considered in the plant design phase with priority given to the recovery and reuse of wastewater, waste heat, and solid waste generated during plant operations, thereby reducing resource consumption and environmental impacts. In 2023, it was estimated that water consumption per unit product was 170 liters/layer (of photomask), and that the plant-wide water recovery rate was approximately 82.2%, which met the self-imposed target rate of 80%. Beyond merely ensuring regulatory compliance, we strive to maximize the impact of every drop of water and decrease effluent discharge. The energy-saving measures adopted in 2023 have cut power consumption by 30 GWh. Power consumption per unit product in the same year came to 100.7 MJ/layer (of photomask), amounting to a year-over-year (YoY) increase of around 22.8%, which failed to meet the self-imposed 1% YoY reduction target rate for power consumption (power consumption per unit product in 2022 was 82 MJ/layer). The reason for this was the 2023 global economic slowdown, which resulted in reduced production capacity and prevented the Kaohsiung Fab from achieving economies of scale, thus causing the average power consumption per unit product to fall short of the target. Regarding the future research and development of advanced technologies and expansion of production capacity, the Company continues to implement energy-saving plans to increase energy efficiency and reduce environmental impacts. As a part of our ongoing effort to promote waste recycling and reuse, we have adopted reductions in the use of process chemicals, extended the chemical usage cycle, and replaced parts and components to reduce waste generation, and has made improvements to waste recycling through better waste collection and sorting. In 2022, we achieved 90.1% waste recycling, surpassing the self-imposed target of 90% or more.	None
(III) Has Winbond assessed the current and future risks and opportunities posed by climate change and taken appropriate action?	V		(III)We are aware of the impact of climate change brought about on the environment and business operations by the greenhouse effect. Aside from undertaking management programs to reduce the consumption of water, electricity, and raw materials, and reducing waste generation to achieve KPI targets, we have participated in the PFC emissions reduction programs advocated by the Taiwan Semiconductor Industry Association and World Semiconductor Council since 2000. Through process adjustment and the use of alternative fuels as well as the installation of PFC reduction equipment, we have been able to reduce greenhouse gas emissions. The PFC emissions reduction results over the years have been validated by an international certification body. We have also been named a "Company with Outstanding Performance in Voluntary Reduction of Greenhouse Gas Emissions" by the Industrial Development Bureau, MOEA. In addition, we perform a greenhouse gas inventory every year as a reference for formulating energy conservation and greenhouse gas emissions reduction strategies, register the results on the Ministry of Environment's Taiwan National Greenhouse Gas (GHG) Registry, and disclose the relevant data in the CSR section website.	None

<table>
<tr>
<td>(IV) Has Winbond calculated greenhouse gas emissions, water consumption, and total waste w8 over the past 2 years, and formulated policies for reducing greenhouse gas emissions, water consumption, and other waste management?</td>
<td>V</td>
<td></td>
<td>We introduced the Task Force on Climate-Related Financial Disclosures (TCFD) framework in 2021 and published our first Climate-Related Financial Disclosures Report in 2023 to examine Winbond's operational resilience in the face of climate change and enhance information transparency. We also established a TCFD platform in the same year to provide convenient management tools to counter climate change impacts. Employees from the 5 functional groups (eco-sustainability, green products, human rights and social inclusion, sustainable supply chain, and corporate governance) under the Sustainability Development Committee (ESG Committee) formed a cross-departmental TCFD task force to gain a more comprehensive understanding of the potential positive and negative impacts of climate change on business operations. The TCFD task force is responsible for identifying and assessing risks and opportunities associated with climate change on an annual basis, assisting in the development of relevant quantitative methods and indicators, and establishing an internal climate risk management mechanism. In 2023, the TCFD task force was formed with approximately 30 members selected from 15 division-level units who then underwent training and engaged in dialogue about climate change issues as they relate to the relevant business sectors. Under the TCFD framework and procedural requirements, we have identified primary and secondary climate risks and opportunities while simultaneously formulating effective response strategies through a comprehensive risk management mechanism to strengthen our responses to and practices involving climate change events. For details, please refer to the Sustainability Report.

(IV)The eco-protection policy focuses on compliance with the latest international environmental standards and other regulations; consistent improvement, effective eco-protection, the reduction of environmental risks, and the adoption of optimized preventive and improvement measures to become a sustainable green business. Inventories of greenhouse gas emissions, water consumption, and total waste are performed every year at the Company's sites in Taiwan, and key performance indicators (KPI) such as greenhouse gas emissions, water recycling, and waste recycling per unit product are formulated. Greenhouse gas emissions are verified annually by a third-party organization (ISO 14064-1), while water consumption and waste production are self-assessed.
<table>
<tr><th>Sites in Taiwan</th><th>2022</th><th>2023</th></tr>
<tr><td>Scope 1 (MTCO₂e)</td><td>44,373</td><td>44,149</td></tr>
<tr><td>Scope 2 (MTCO₂e)</td><td>353,523</td><td>356,535</td></tr>
<tr><td>Scope 3 (MTCO₂e)</td><td>443,204</td><td>454,204</td></tr>
<tr><td>Water consumption (cubic meters)</td><td>4,131,340</td><td>4,356,250</td></tr>
<tr><td>Hazardous waste (metric tons)</td><td>4,608</td><td>6,387</td></tr>
<tr><td>Non-hazardous waste (metric tons)</td><td>4,976</td><td>7,208</td></tr>
</table>

• The energy-saving and carbon-reduction measures adopted in 2023 reduced CO_2e emissions by 25,743 metric tons, equal to the annual carbon sequestration of 67 Daan Forest Parks (calculation based on an annual carbon dioxide absorption of 386 metric tons by Daan Forest Park).

• In 2022, greenhouse gas emissions per unit product totaled 15.5 kg CO_2e/layer (of photomask), which did not meet the self-imposed 5% YoY reduction target rate for greenhouse gas emissions (greenhouse gas emissions per unit product totaled 13.2 kg CO_2e/layer in 2022); and the YoY rate for carbon emissions per unit product was 17.4%. The reason for this was the 2023 global economic slowdown, which resulted in reduced production capacity and prevented the Kaohsiung Fab from achieving economies of scale, thus causing an increase in average greenhouse gas emissions per unit product. Winbond will continue to push for the elimination of fluorinated compounds (FCs) from the manufacturing processes via procedural improvements and the installation of exhaust gas processing equipment, as well as for the implementation of power-saving measures (procedural optimization, improved efficiency, smart energy-saving, etc.) and the use of renewable energy in order to continue its efforts toward emissions reduction.
Self-assessed greenhouse gas emissions are subject to third-party verification and power coefficient publication.

• In 2023, water consumption per unit product was approximately 170 liters/layer (of photomask), and the factory-wide water recovery rate was approximately 82.2%, which met the self-imposed target value of no less than 80%. Water consumption is based on water meter readings, and the recovery rate is calculated using the Science Park Administration-mandated water balance chart.

• The waste recycling rate in 2023 was approximately 90.9%, which met the self-imposed target value of over 90%. The volume of waste output is the declared value stipulated in the Waste Disposal Act, while the volume of recycling is calculated after being classified by waste disposal method.</td>
<td>None</td>
</tr>
<tr>
<td>IV. Social Issues

(I) Does Winbond have adequate management policies and procedures in</td>
<td>V</td>
<td></td>
<td>(I) Winbond follows internationally recognized human rights standards, complies with the RBA Code of Conduct and other labor and human rights statutes, and is committed to protecting employees' freedom of association and speech. We strive to create a non-discriminatory</td>
<td></td>
</tr>
</table>

place according to applicable laws and regulations and international conventions on human rights?			work environment that ensures that employees are not treated differently because of their race, age, gender, sexual orientation, disability status, pregnancy, political affiliation, or religious beliefs. Our human rights policy has been published on the company website and, through the personnel system established by our human resources department, we ensure diversity, equality, and human rights protections within the company. After completing our human rights due diligence in 2022, we implemented additional optimization and risk mitigation in 2023. We have also conducted a survey on employee engagement and core values to further enhance our human rights management measures. We launched training courses in human rights and labor ethics for our global employees to strengthen training in and the promotion of labor rights, eco-protection, health and safety, and ethical conduct, as well as to ensure compliance with corporate ethics requirements and government laws and regulations and to improve integrity management.	None
(II) Does Winbond develop and implement reasonable employee benefits (including compensation, leave, and other benefits), and does employee compensation adequately reflect business performance and results?	V		(II) We provide well-established employee benefits. In addition to the statutory benefits (e.g., enrollment in the Labor Insurance Program and the National Health Insurance Program and pension contributions), we provide better-than-industry-average group insurance, childcare allowance, marriage and childbirth allowances, and a wellness leave system. A wide range of employee benefits are in place to provide for our employees and their families. Furthermore, the Articles of Incorporation require that not less than 1% of the pre-tax earnings before deducting employee and director remuneration be allocated to employee compensation as a means to ensure that employee compensation reflects business operations performance.	None
(III) Does Winbond provide a safe and healthy work environment and organize regular health and safety training for employees?	V		(III) We have obtained ISO45001 Occupational Health and Safety Management System and CNS45001 Taiwan Occupational Safety and Health Management System certifications (certified by DQS Inc., certificate registration nos. 20003544 OHS18 and 50600484 OHS18) and undertake internal audits every 6 months, while annual external audits are conducted by an international certification body to ensure normal system operations. We rigorously observe the government's safety and health regulations and perform associated management tasks, including carrying out safety and health risk assessments, drafting and executing safety and health regulations, and implementing employee safety, sanitation, and health training courses annually. In 2023, we recorded zero fire incidents and achieved zero deaths and injuries resulting from such incidents. A total of five occupational hazard incidents were recorded in the same year, which involved five persons (0.14% of all company employees). The occupational hazard incidents consisted of a tripping incident, a cut injury, a pinch/puncture injury, a falling incident, and a crush injury. The tripping and falling incidents were caused by environmental factors that have been remedied through the enforcement of safety discipline and improved on-site safety signage. The other three incidents were mainly caused by human factors, primarily a lack of safety awareness; therefore, in addition to preventive measures, management was required to strengthen its supervisory inspections and safety monitoring to promote safety awareness among line employees.	None
(IV) Does Winbond have effective programs in place to help employees with career planning and development?	V		(IV) We have built a sound learning environment based on education and training management procedures, and provide appropriate training resources to supervisors and colleagues at all levels based on a range of learning methods and resources: 1. We design management development training activities for management-level employees following the management function blueprint. These activities include courses to help front-line supervisors develop appropriate management thinking and improve their management skills as well as experience-sharing sessions for internal supervisors to exchange work experience. In addition, authorities from industry, the government, and academia are invited to give presentations on various topics. Through a variety of training activities, the management skills of managers at all levels undergo continual improvement. 2. To continuously cultivate the professional skills of employees, professional training is put in place under the functional requirements of each unit. Such training includes courses in R&D design and process testing, international seminars, and experience-sharing sessions with both internal employees and external expert lecturers participating. 3. We offer training courses in work systems and norms, corporate culture, and work adaptation, as well as ESG (Environment Social Governance), CSR (Corporate Social Responsibility), industrial safety, legal infringements in the workplace, and other courses, to maintain a healthy and safe workplace for all employees. In addition to basic education and testing for new recruits, a series of activities such as advanced specialization skills examinations continue to be conducted for the training of direct employees.	None
(V) Does Winbond comply with applicable laws and international standards regarding customer health and safety, customer privacy, marketing, and labeling of products and services, and has it established appropriate consumer protection policies and complaint procedures?	V		(V) We strictly adhere to the EU's General Data Protection Regulation (GDPR), Registration, Evaluation, Authorization, and Restriction of Chemicals Regulations (REACH), Restriction of Hazardous Substances Directive (RoHS), halogen-free requirements, and other international standards on customer health and safety. We comply with the Fair Trade Act regarding the marketing and labeling of products and services, as well as the anti-trust code of conduct, the Commodity Labeling Act, the Consumer Protection Act, and other relevant regulations. We also conform with the requirements of the Personal Data Protection Act regarding consumer privacy	None
(VI) Does Winbond implement supplier management policies that require suppliers to comply with eco-protection, occupational health and safety, and worker's rights regulations? Describe the implementation status if affirmative.	V			

			protections. Consumers who wish to inquire about a product or service can access contact information and a complaint hotline by visiting the stakeholder section of the website. (VI) In response to the supply chain management challenges exacerbated by extreme climate change events and risks arising from global economics, trade, and geopolitics, we have integrated three major aspects—procurement strategy, sustainable risk assessment, and supplier management digitization—of our existing supplier management policies, and have incorporated Responsible Business Alliance (RBA), Hazardous Substance Free (HSF), and Authorized Economic Operator (AEO) and traditional supplier management concepts (quality, price, delivery, and process technology capabilities) into our sustainable supply chain management framework. In 2023, we implemented the "Co-Sustainability" environmental protection initiative to harness the combined resources of our suppliers to implement power and water savings, waste reduction, and greenhouse gas emissions management. We also collaborated with 13 suppliers to carry out the Industrial Transformation and Upgrade Program for Top-Down Coordinated Manufacturing Decarbonization and Intelligentization developed by the Industrial Development Administration of the Ministry of Economic Affairs in order to work together towards achieving sustainability. Regarding issues involving EHS and labor and human rights, we have implemented three management measures: 1) Continued promotion of Winbond's EHS policy 2) Core compliance with the RBA Code of Conduct and the compulsory signing of the Supplier Code of Conduct Commitment Letter and Declaration of Non-use of Hazardous Substances by suppliers; due diligence investigations are conducted on minerals originating from conflict-affected and high-risk areas, including tantalum, tin, tungsten, gold, cobalt, and mica. Suppliers are required not to purchase and use conflict minerals from unqualified smelters/refineries in conflict areas. Detailed information is published on the website (https://esg.winbond.com/our-focuses/supply-chain/conflict-minerals). 3) Holding sustainable supply chain upgrade forums that focus on human rights management to improve cohesion among our suppliers in regard to labor and human rights and to inform them of the importance of human rights management to corporate sustainability Regarding issues in corporate governance, we evaluate new suppliers in the environmental, social, and governance areas, and then carry out regular supplier ratings, spot check audits, and half-year integrity promotion measures to maintain supply chain resilience. In 2023, we performed a sustainability risk assessment on our tier-1 key suppliers to quantify the risks faced by different suppliers and identify the degree of impact of different risks on the resilience of the supply chain. On the basis of the results obtained, we held discussions with our suppliers to explore possible improvement methods. For more information on the results, please visit our official website (https://esg.winbond.com/our-focuses/supply-chain/sustainable-risk-assessment).	
V. Does Winbond prepare reports like the sustainability report that disclose non-financial information under international standards and guidelines? Has a third-party verification organization provided verification or assurance for the disclosure report?	V		Winbond's 2022 Sustainability Report was compiled in accordance with the 2021 Universal Sustainability Reporting Standards set by the Global Reporting Initiative (GRI) and has been verified by the Taiwan branch of the British Standards Institution (BSI Taiwan) under the AA1000 AccountAbility Principles 2018 Type I Assurance Standard. The contents of the sustainability report also comply with the Sustainability Accounting Standards Board (SASB) standards for the semiconductor industry, the United Nations Sustainable Development Goals (SDGs), and the Task Force on Climate-Related Financial Disclosures (TCFD) framework for reporting and disclosures. The following websites provide CSR information disclosure: The Company's sustainable governance website: https://esg.winbond.com/ Sustainability Report: https://esg.winbond.com/resource/download TWSE MOPS: http://mops.twse.com.tw	None

VI. Describe the deviations, if any, between actual practice and the corporate social responsibility principles, if we have implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies:

We have established our *Sustainable Development Best Practice Principles* as per the *Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies* and the Company's internal rules. The implementation of Company operations does not deviate from the established principles. Please refer to the linked file for the Corporate Sustainability Report and the Sustainable Development Best Practice Principles of Winbond:

https://www.winbond.com/export/sites/winbond/about-winbond/investor/compliance/file/Sustainable-Development-Best-Practice-Principles.pdf

VII. Other useful information for explaining the status of corporate social responsibility practices:

The issue of climate change has emerged as one of international concern. In light of the increasing complexity of associated risks, we are committed to a corporate sustainability goal of "becoming a hidden champion that enriches human life with green semiconductor technology" and are continually developing responsibilities and assets in the environmental, social, and governance (ESG) domains. We published our first independent TCFD report in 2023 to provide a more accurate assessment of climate-related risks and opportunities, thereby enhancing operational resilience and insights. Following our participation in the SEMI Semiconductor

Industry ESG Sustainability Initiative, we joined the Taiwan Climate Coalition (TCP) in 2022 as a director and group convener. We actively participate in relevant organizations as part of our efforts to contribute to the environment through industry-academia-government collaborations.

Green sustainability has become an important subject for Taiwanese companies wishing to maintain international competitiveness, and their transition to carbon reduction is imperative. We will continue to formulate quantifiable performance goals and management approaches to create sustainable competitiveness for end products and services. In addition, the environmental, social, and governance (ESG) practices and achievements have been recognized by third-party certification bodies.

■Sustainability awards and achievements

- In 2023, we received 6 awards in the 2023 Taiwan Corporate Sustainability Awards (TCSA) sponsored by the Taiwan Institute of Sustainable Energy, including consecutive wins in the Taiwan Top 100 Sustainable Enterprise Award and the Corporate Sustainability Report Platinum Award categories as well as winning the Talent Development Leadership Award, the Human Rights Practice and Development Leadership Award, the Workplace Wellbeing Leadership Award, and the Growth Through Innovation Leadership Award.
- Ranked in the Top 6-20% of Companies in the TWSE's 9th Corporate Governance Evaluation
- Inclusion in the Taiwan Index Plus (TIP) TWSE Corporate Governance 100 Index, TWSE RAFI® Taiwan High Compensation 100 Index, and TWSE RA Taiwan Employment Creation 99 Index in 2023
- Inclusion in FTSE4Good Emerging Index
- Silver EcoVadis rating in 2023
- Clarivate Top 100 Global Innovators
- Achieved platinum status in the Validated Assessment Program (VAP)
- Collaborated with 13 semiconductor industry suppliers to jointly receive an Industrial Transformation and Upgrade Subsidy for Top-Down Coordinated Manufacturing Decarbonization and Intelligentization offered by the Industrial Development Administration, Ministry of Economic Affairs. Winbond is the first semiconductor company to receive a full subsidy of NT$30 million.
- Named an Outstanding Business Entity for using Electronic Uniform by the National Taxation Bureau in 2023
- Awarded the 5th Taichung City Low Carbon Sustainable City Outstanding Contribution Award
- Received 2 Gold Awards and a Silver Award in the Taiwan Continuous Improvement Awards
- Joined the Taiwan Carbon Solution Exchange (TCS), became an early adopter of international carbon credit purchases, and obtained 1,500 metric tons CO_2e in carbon credits
- Obtained 11,000 metric tons CO_2e in carbon credits from the Singapore-based Climate Impact X (CIX)
- Zero-carbon family day (164 metric tons CO_2e were offset with the family day activity on October 28, 2023)
- Tree planting and reforestation: A total of 9,000 trees have been planted for the 30-year reforestation project.
- Awarded the 2023 Happy Enterprise Gold Award from 1111 Job Bank
- Collaborated with National Cheng Kung University to launch a semiconductor program for the incubation of interdisciplinary semiconductor talent

■ System validation and certification:

- ISO 9001 Quality management system
- ISO 14001 Environmental management system
- ISO 14046 Water footprint assessment
- ISO 14064-1 Greenhouse gas inventory at the organization level
- ISO 14067 Greenhouse gases — Carbon footprint of products
- ISO/SAE 21434 Certification for road vehicles cybersecurity management system
- ISO 26262 Safety standard for automotive electronics
- ISO 27001 Information security management systems
- ISO 45001 Occupational health and safety management systems
- ISO 46001 Water efficiency management systems
- ISO 50001 Energy management
- IATF 16949 Automotive production and relevant service management system
- QC 080000 Hazardous substance management system certification

Winbond reinforces its ESG vision by linking it to the United Nations Sustainable Development Goals (SDGs), focusing on a variety of social issues, and integrating it into our three core strategies—talent cultivation, nature-centric solutions, and social welfare and environmental protection—to convert our resources into social impact.

1. Talent cultivation: We nurture the development of knowledge and skills in individuals. In 2023, our efforts included establishing the Academy of Innovative Semiconductor and Sustainable Manufacturing and the implementation of academic sponsorships and arts and culture promotions.

2. Nature-centric solutions: To achieve the 2050 net-zero goal, Winbond harnessed the Group's power to promote collaborations between the public, private, and academic sectors. In 2023, our efforts included tree-planting and reforestation, and species protection and conservation projects. By removing carbon from the atmosphere, we are also rejuvenating biodiversity.

3. Social welfare and environmental protection: We put resources into providing assistance to the economically disadvantaged and helping people improve their life. In 2023, our efforts included projects offering support for the economically disadvantaged, emergency relief, and environmental protection.

A. Talent Cultivation

Academic Sponsorships

- **Sponsorship of the International Symposium on VLSI Technology, Systems, and Applications (VLSI-TSA) and the Taiwan Semiconductor Industry Association (TSIA) Annual Conference**: We have long sponsored the International VLSI Symposium on Technology and the TSIA Annual Conference in the hope of accelerating the upgrading of Taiwan's information and communications technology industry and promoting industrial technology exchanges at home and abroad. To further enhance Taiwan's semiconductor technologies, we also helped establish an exchange platform for cutting-edge technologies among researchers in semiconductor manufacturing and design.
- **Chair professor research fund program**: We sponsor National Yang Ming Chiao Tung University's chair professor research program to help the university strengthen its academic stature, recruit and retain domestic and international scholars with exceptional accomplishments, and support professors in improving their teaching and research capabilities, so as to commit to a continual push for academic research and talent development in the field of information and communications technology. Through this integration of resources, we work jointly with the academic sector to boost the status of the semiconductor industry.
- **Supporting high school teams in joining robotics competition**: We sponsor high school students who are participating in international robotics competitions to help them take their place on the global stage. The sponsored teams promote STEM education in Taiwanese schools and to the public. By inspiring these students in terms of knowledge and technology, we hope to nurture their multi-faceted interests and abilities so that they can apply what they learn to everyday life situations and to tackling global issues.
- **Semiconductor program launch**: Winbond invests millions of TWD every year to uphold its responsibility for the development and cultivation of talent in the Taiwanese semiconductor industry, including disbursements to National Cheng Kung University for its Academy of Innovative Semiconductor and Sustainable Manufacturing. In 2022, we worked with the university to launch the Semiconductor Leadership Program and a 3-credit course titled 'Key Semiconductor Technologies and Leadership Practices.' The curriculum and course plans were developed by Winbond executives. Our goal is to help students acquire essential knowledge in artificial intelligence and lead the way toward the semiconductor industry's future. Since the launch in 2022, around 360 students have enrolled in the Key Semiconductor Technologies and Leadership Practices course. To encourage a new generation of talent to enter the industry, we also offer an enrollment scholarship, internship/visitation opportunities, guaranteed interviews, and a signing bonus to the students.
- **Campus talent development project**: In 2023, we held multiple on-campus career panels to introduce participants to the semiconductor industry and, through the Winbond Internship Program, helped students gain early workplace experience.

Arts and Cultural Activities

- **Sponsorship of the documentary series *On the Way***: Winbond became a sponsor of Ms. Show-Chun Lee in the production of the documentary series *On the Way* (temporary title), which tells the stories of the 100-plus foreign Catholic priests living in Taiwan. These priests originated from countries like France and Switzerland, but established roots in Hualien and Taitung and became key drivers of Taiwan's political, economic, and social advancements in the past 70 years. Filmed in Taiwan and across Europe, the documentary will be completed in 2024 and was shown in Europe and Taiwan. By sponsoring and promoting this documentary, we hope to engage in in-depth interaction with our stakeholders and raise awareness among the general public.
- **Arts and Culture Outing to the Southern Branch of the National Palace Museum**: In 2023, in response to the government's policy of encouraging the consumption of arts and cultural goods and services, we held a one-day family day event focused on art and culture appreciation at the Southern Branch of the National Palace Museum. For the event, we also invited performing groups (the YOYO Family's all-women singing and dancing ensemble, the Catholic Church's Mindao Home Percussion Group, and the Gift Box Theater Troupe) to put on ESG-related performances. The family day event also served as an extension of our commitment to public welfare, as we invited young children under the care of St. Francis Catholic Church and the Eden Social Welfare Foundation to join the event and tour the museum together. Through this in-person visit to the museum, we provided 6,056 employees and their families as well as 55 children from the participating institutions with an opportunity to appreciate the arts and culture. It was an experience steeped in culture that allowed for a more impactful family day for Winbond. The total cost of this arts and cultural event was NT$7,291,504.

B. Nature-Centric Solutions

- **Tree planting and reforestation**:
  We launched a tree-planting project and entered into an industry-academia collaboration with National Chung Hsing University to plant native tree species (including bishop wood, Formosan nato tree, Formosan koa, chinaberry tree, and Formosan ash) on the Kaohsiung site. This 30-year reforestation project has already led to the planting of around 1,300 new trees, which are expected to sequester 390 metric tons of CO_2e. Winbond also joined the Forestry and Nature Conservation Agency's tree sponsorship program and sponsored three forests (reforestation lands in Danei District, Tainan City; Alishan Township, Chiayi County; and Dapu Township, Chiayi County) with the Chiayi Branch of the Forestry and Nature Conservation Agency. Through such collaborations between the public, private, and academic sectors, we have initiated a 30-year reforestation project and planted around 7,700 native trees (including Taroko zelkova, Formosan gum, Formosan koa, and chinaberry tree), which are expected to sequester 990 metric tons of CO_2e during the project's execution, and which will also increase biodiversity and preserve the habitats of local wildlife.
- **Species Protection and Conservation**: We harnessed the Group's resources to launch a species protection and conservation project that aims to cultivate low-elevation tree species native to Taiwan (focusing on plant in the Theaceae family in the initial stage) and to collect and breed the germplasm of Taiwan's native flora.

C. Child and Youth Support

Support for the economically disadvantaged

- **School Renovation Project:** Winbond's Israeli employees visited the Zoran School in Tzur Igal to help renovate its old garden and carry out planning for the overall improvement of the school's environment. Through this project, we hope to empower our volunteers to help create a safer and healthier environment for children.
- **STSP Love Month Charity Picnic Event 2023**: We held a charity sale at the STSP Love Month Charity Picnic Event in 2023 and raised NT$15,000 in donations to charities. An additional NT$100,000 was donated to the Kaohsiung City Government Social Affairs Bureau to improve living and educational conditions for economically disadvantaged families in the area of the Southern Taiwan Science Park.
- **Orphanage cleanup volunteers**: We invited employees and their families to participate in these 2023 volunteer cleanup activities. Three volunteer cleanup activities were held in 2023, with 45 people participating.
- **Fundraising for Financial Aid for Aspiring Students from Disadvantaged Families**:
  We have collaborated with the Taiwan Fund for Children and Families since 2017 to provide young students from economically disadvantaged families with educational resources and a steady school education.

We encourage our employees—from the President to general employees—to participate in the fundraising program with enthusiasm and heartfelt care. In 2023, 1,089 employees donated a total of NT$ 4.092 million, thus providing a full year of support for 1,023 elementary school students.

- **Breakfast Program for Rural School Children**:
  Since 2021, we have sponsored small elementary schools in remote areas of Hsinchu and Taichung through nonprofit organizations and foundations to offer meal services to children in remote schools. The Happy Breakfast Program aims to care for and safeguard the basic needs and health of rural schoolchildren by ensuring that they get a good breakfast, thereby empowering them to explore the world with healthy minds and bodies. Our efforts continued in 2023, when we contributed NT$590,000 in funds for breakfasts to promote a beneficial school environment. In addition, we dispatch personnel to assess the program's benefits on-site as a follow-up evaluation of the sponsorship program.

Emergency Relief

- **Emergency relief for employees**:
  We have set up employee emergency relief and loan programs to help employees who experience financial distress when they or their family suffers a sudden calamity such as injury, disability, death, or accident, to make sure that they can continue to work and live with the assurance that their livelihood is secure.
- **Blood donation drives**: We call on employees to donate blood in regular blood drives, which illustrates our belief in the value of life in action. In 2023, 200 employees participated in 4 blood drives; altogether, they donated 320 bags of blood.
- **Supporting medical services**: In 2023, our Israeli employees donated NT$84,000 worth of medical equipment to local medical institutes and encouraged other employees and their families to provide medical supplies to help patients at the recipient institutes receive proper care.

Environmental Protection

- **Houfeng Bike Trail Community Maintenance Program**: We continued to sponsor public recreational facilities in 2023 through the Houfeng Bike Trail Community Maintenance Program, a cooperative effort with the Taichung City Tourism Bureau. We are responsible for regular road cleaning and tree trimming to maintain the beauty and safety of the trail, further demonstrating the spirit of corporate social responsibility and the creation of co-prosperity with the local environment.
- **Fazi River Protection Program**: We first launched the "Sports for Public Welfare, Health and Love for the Earth" program in 2022; the participants burned a total of 2,422,660 calories and an equivalent donation of NT$605,655 was made. In 2023, the event was held on a quarterly basis to support the protection of the river and other environmental conservation activities, and the donations were made to the Wilderness Society. Employees and their families actively engaged in environmental protection and experienced increased vitality and wellness achieved through exercise.
- **Hybrid biodiversity awareness activity**:
  We held "The Splendor of Fazi River," an online environmental seminar, during which professional lecturers from the Wilderness Society provided our employees with a vivid and easy-to-understand presentation of the little-known flora and fauna of the Fazi River. The lecturers also used photos and videos shot on location to paint a picture of the threats faced by the local wildlife and the impact of human activity on their natural habitat.
  Our Winbond employees and their families were invited to participate in the "Let's Go Birdwatching" nature experience activity. The participants were accompanied by professional birding guides and used binoculars to observe the ecology and habitats of different birds. As the various groups spotted different bird species, they gained deeper insight into the ecosystem and environment.
- **Beach and river cleanup**: Winbond volunteers worked together and put into action their commitment to maintaining a clean ocean environment and fostering sustainability. A total of 264 volunteers contributed to efforts to protect the marine ecosystem in the 2023 beach cleanup activity by removing a total of 993 kilograms of trash.

VIII. Describe any assurance of corporate social responsibility reports by external verifying institutions:

Our CSR Reports are verified by the Taiwan Branch of the British Standards Institution (BSI Taiwan) as per the AA1000 Assurance Standard 2018 Type I. Since 2015, we have published annual CSR Reports, which were renamed as Sustainability Reports in 2022 in accordance with government regulations.

8. Climate-related Information of TWSE/TPEx Listed Companies:

Implementation status of climate-related information

Item	Implementation status
(1) Describe the oversight and governance of climate-related risks and opportunities by the board of directors and management.	The Board of Directors serves as the supreme governing body responsible for matters related to climate change risk management and is tasked with directing the responses to and decision-making regarding climate change. The Sustainable Development Committee was established under the Board of Directors and is chaired by the chair of the Board. The committee reports to the Board of Directors annually on the implementation outcomes of measures related to climate change and other sustainable development issues so as to ensure the execution and fulfilment of related tasks. In 2023, to actively address the risks and challenges brought on by climate change, the Board of Directors approved several major climate change proposals and reports, including a capital expenditure proposal for energy-efficient equipment, a procurement proposal for renewable energy, and the co-founding of the joint venture Kai-Hong Energy Co.
(2) Describe how the identified climate-related risks and opportunities affect the organization's businesses, strategy, and financial performance (short-, medium- and long-term).	Short-term is defined as 1 to 3 years in the future, medium-term as 3 to 5 years, and long-term as 5 years or longer. Potential financial and operational impacts of major climate risks and opportunities of higher severity and probability were assessed, and contingency plans have been formulated accordingly. For example, short-term climate risks such as the imposition of the carbon tax/fee are expected to increase overhead costs. If upstream suppliers pass on the cost, it may result in an increase in our procurement costs and a decline in profit. Short-term climate opportunities such as participation in renewable energy programs may allow us to purchase renewable energy, which can help us spread the costs and risks of electricity use and reduce greenhouse gas emissions, thereby cutting our carbon tax/fee.
(3) Describe the impact of extreme climate events and transition on company finances.	Regarding major climate risks and opportunities, we have taken the potential risk to revenue, costs, capital expenditures, and other financial aspects into account. For example, to achieve the transition to low-carbon technologies, we are committed to improving our manufacturing processes to reduce the use of greenhouse gases. This includes accelerating the replacement of equipment components with energy-efficient alternatives, installing exhaust gas treatment equipment, and the continual implementation of energy-saving measures for manufacturing equipment and fab facilities. The incorporation of new equipment resulted in an increase in capital expenditures but also a decrease in carbon tax/fee expenditures.
(4) Describe how the processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	The Risk Management Committee established under the Board of Directors is tasked with carrying out risk management for the operations of the organization's current departments and risk oversight units and formulating robust internal management rules and operating procedures. The committee has also identified climate change as a long-term operational risk of the Company.
(5) If scenario analysis is used to assess the organization's resilience in the face of climate change risk, describe the scenarios, parameters, assumptions, and analytical factors used, as well as the main financial impact.	Winbond conducted risk simulations using three scenarios: (1) National Net-Zero Pathway in Taiwan, which mainly assesses domestic regulatory risks; (2) The SSP1-1.9 scenario from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, which represents an extremely low-emissions scenario; and (3) an annual reduction rate of 4.2% as required by the Science-Based Targets Net-Zero (SBT-NZ) Standard for carbon emissions. For physical climate risks, we conducted simulations for 4 different temperature increase scenarios (RCP 2.6, RCP 4.5, RCP 6.0, and RCP 8.5). We analyzed how potential climate risks under the different scenarios can affect regulations, technologies, markets, and brand reputation, and determined the related parameters, assumptions, analytical factors, and main financial impacts. For more information, please refer to the Sustainability Report.

(6) If there is a transition plan to address climate-related risk, describe the contents of the plan and metrics and targets used to identify and manage physical risks and transitional risks.	We actively strive for carbon neutrality to slow down climate change and are urging the fabs to achieve net-zero emissions by 2050. We have also set climate targets, including a 60% reduction in GHG and a 10% carbon reduction by 2030, a year-by-year increase in the share of renewable energy, a fab-wide water recycling rate of 80% or higher, and the prevention of operational disruptions from climate disasters.
(7) If internal carbon pricing is used as a planning tool, describe the pricing basis.	Internal carbon pricing was not implemented in 2023.
(8) If climate targets are set, describe the activities and scope of greenhouse gas (GHG) emissions covered, planned schedule and annual progress achieved; if carbon offsets or renewable energy certificates (RECs) are used to achieve related targets, describe the sources and quantity of carbon credits or the number of RECs.	Climate-related targets of business operations · Scope 1: Reduction in GHG use and exhaust gas emissions in the manufacturing processes · Scope 2: Increase in energy efficiency and use of zero-carbon energy sources · Scope 3: Optimization of manufacturing resources to reduce raw material consumption and achieve low-carbon value chain and carbon credit offsets Net-zero emissions pathway plan from 2021 to 2050 · 2030: Increase in renewable energy at the CTSP Fab to 90%; 60% reduction of carbon emissions from the CTSP Fab (supply chain included) · 2050: Net-zero emissions In 2023, the CTSP Fab's use of renewable energy accounted for 0.4% of total energy use, and the fab generated greenhouse gas emissions of 655,639 metric tons of CO_2e, for a 14.6% reduction in emissions compared to the emissions level in 2021. CTSP Fab / 2021 (baseline year) / 2023 Scope 1 / 38,760 / 32,109 Scope 2 / 277,284 / 251,787 Scope 3 / 451,771 / 371,743 Total / 767,815 / 655,639 In 2023, we obtained 2,103 National Renewable Energy Certification (T-REC) certificates for our use of electricity generated from renewable sources.

(9) Greenhouse gas inventory information, assurance status, reduction targets, strategies, and specific action plans

1. Greenhouse gas inventory information and assurance status in the most recent two-year period

1.1 Greenhouse gas inventory information

2023

Scope	Company	Total emissions (tons of CO2e)	Intensity (tons of CO2e/ million TWD)
Scope 1	Winbond	44,149	1.175
Scope 2	Winbond	356,535	9.492
Scope 3	Winbond	454,204	12.092

2022

Scope	Company	Total emissions (tons of CO_2e)	Intensity (tons of CO_2e/ million TWD)
Scope 1	Winbond	44,373	0.868
Scope 2	Winbond	353,523	6.913
Scope 3	Winbond	443,204	8.667

1.2 Greenhouse gas assurance status

2023

Scope	Company	Assurance organization	Description of assurance status
Scope 1	Winbond	●BSI Taiwan	Full assurance information will be disclosed in the Sustainability Report.
Scope 2	Winbond	●BSI Taiwan	Full assurance information will be disclosed in the Sustainability Report.
Scope 3	Winbond	●BSI Taiwan	Full assurance information will be disclosed in the Sustainability Report.

2022

Scope	Company	Assurance organization	Description of assurance status
Scope 1	Winbond	●BSI Taiwan ●DNV GL Business Assurance Co., Ltd. (DNV Taiwan)	Of the total greenhouse gas emissions disclosed by Winbond, 44,373 metric tons of CO_2e (100% of total emissions) were verified by an assurance organization, which provided a reasonable level of assurance in accordance with the ISO14064-3 standard.
Scope 2	Winbond	●BSI Taiwan ●DNV GL Business Assurance Co., Ltd. (DNV Taiwan)	Of the total greenhouse gas emissions disclosed by Winbond, 353,523 metric tons of CO_2e (100% of total emissions) were verified by an assurance organization, which provided a reasonable level of assurance in accordance with the ISO14064-3 standard.
Scope 3	Winbond	●BSI Taiwan ●DNV GL Business Assurance Co., Ltd. (DNV Taiwan)	Of the total greenhouse gas emissions disclosed by Winbond, 443,204 metric tons of CO_2e (100% of total emissions) were verified by an assurance organization, which provided a limited level of assurance in accordance with the ISO14064-3 standard.

2. Greenhouse gas reduction targets and strategies, and specific action plans:

The Company's primary sources of greenhouse gas emissions are fluorinated compounds (FCs) and externally purchased electricity, which account for over 90% of the Scope 1 and Scope 2 greenhouse gas emissions. Therefore, our strategic plan is mainly focused on the reduction of direct exhaust emissions of FCs (by improving manufacturing processes to reduce the use of greenhouse gases and raw materials as well as installing exhaust gas processing equipment), the cutting of indirect emissions due to energy consumption (by increasing energy efficiency and replacing equipment and components with energy-efficient alternatives), and the increased use of renewable energy. The Sustainable Development Committee has coordinated across different departments to draft energy-saving and carbon reduction strategies and plans, carry out reduction plans, and hold regular meetings to review and follow-up on the implementation status. Winbond plans for the CTSP Fab to increase its use of renewable energy to 90% by 2030 and reduce greenhouse gas emissions by 60%, and for the Company to achieve net-zero emissions by 2050.

For the greenhouse gas reduction targets for the years 2021–2050 and the implementation status of the current year, please refer to section (8) 'Implementation status of climate-related information' on pages 37–38.

9. Implementation status of (and reasons for deviations from) Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies

Assessment Item	Implementation Status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description	
I. Establishment of ethical corporate management policy and approaches				
(I) Board-approved ethical corporate management policy clearly stated in regulations and external correspondence with commitment to enforcing such policy?	V		(I) To ensure ethical business management, we have formulated the Ethical Corporate Management Best Practice Principles, which have been approved by the board of directors. Customers are served with integrity and good faith while employees are rigorously required to practice self-discipline and observe internal rules to establish good corporate governance, risk management, and a sustainable business environment.	None
(II) Risk assessment mechanism for unethical conduct with regular evaluation of higher-risk business activities? Program to prevent unethical conduct formulated whose scope at least matches that prescribed in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		(II) Procedures for higher-risk operations and activities have been established. These include the Procedures for the Acquisition and Disposal of Assets, the Rules for Endorsements and Guarantees, Procedures for Lending Funds to Other Parties, the Operational Guidelines for Transactions with Group Enterprises, Specific Companies, and Related Parties, and the Donation Rules, all of which conform to regulations governing transactions with related parties to prevent unethical conduct.	None
(III) Program of operations, code of conduct, disciplinary actions, and appeal procedures detailed and duly, effectively enforced to prevent unethical conduct, with periodic review and revision?	V		(III) To prevent unethical conduct, we have established the Rules for Conflict-of-Interest Reporting and Recusal, the Procedures for Insider Trading Prevention, the Rules for Reporting Private Financial Transactions between Employees in Specific Positions and Personnel and Suppliers in Related Businesses, the Rules on Accepting and Providing Gifts and Entertainment, the Technical and Classified Data Management Rules, and the Anti-Trust Code of Conduct. The Rules for Handling Ethical Management Violations detail methods and channels for filing complaints, and are regularly promoted, implemented, and reviewed, with action taken in accordance with the applicable rules or regulations in the event of a violation.	None
II. Ethical corporate management				
(I) Ethics records of affiliates assessed; business conduct and ethics clauses included in contracts?	V		(I) All suppliers are required to sign a commitment to integrity statement before commencing dealings.	None
(II) A unit set up under the Board of Directors to promote ethical corporate management with regular (at least annual) reports monitoring the implementation of policies and programs to prevent unethical conduct?	V		(II) The Department of Human Resources formulates, promotes, and enforces ethical management rules including the Corporate Governance Best Practice Principles, the Sustainable Development Best Practice Principles, the Corporate Social Responsibility Best Practice Principles, the Procedures for Corporate Social Responsibility Management, the Code of Ethics for Directors, and the Employee Code of Conduct. All directors and employees receive annual training to ensure implementation, with results reported by the President to the Board of Directors every fourth quarter.	None
(III) Policies established to prevent conflicts of interest with appropriate communication channels for proper implementation?	V		(III) The Ethical Corporate Management Best Practice Principles and the Rules for Conflict-of-Interest Reporting and Recusal both specify a code of conduct for employees, and an adequate whistleblowing channel and regular training have been established. Internal rules and regulations are published on the Intranet to keep all informed of any amendments, with regular education held on insider trading to prevent inadvertent violations of the law.	None
(IV) Effective accounting and internal control systems in place to enforce ethical management? Internal auditing unit draws up plans based on assessment results of risks of involvement in unethical conduct, and investigates compliance with prevention programs or engages a CPA to execute audits?	V		(IV) Effective accounting and internal control systems have been established, and relevant operating procedures are reviewed and revised as necessary or required by law. Self-evaluations of executive officers, internal units, subsidiaries, and the internal auditing unit are made and reported at least annually. The board-approved annual audit plan is faithfully conducted. The chief auditor submits completed (or follow-up) reports to independent directors for review and periodically reports implementation status and internal control self-evaluation results to the Audit Committee and Board of Directors.	None
(V) Regular internal and external educational training on ethical management?	V		(V) We place a high value on ethical management and corporate social responsibility. The Department of Human Resources reports to the Board of Directors every fourth quarter on the implementation results of	

Assessment Item	Implementation Status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Description	
			annual ethical management awareness campaigns and training. Promotional and educational efforts for employee rights, eco-protection, health, safety, ethics, and prevention of insider trading have been ramped up to ensure compliance with corporate ethics requirements and government regulations as well as to facilitate sound, ethical management. In 2023, Winbond provided 1,714 man-hours of training to a total of 4,285 global employees. All directors and employees have achieved a 100% training completion rate.	None
III. Whistleblowing system (I) A whistleblowing and reward system established with an accessible reporting channel and dedicated personnel appointed to liaise with accused individuals?	V		(I) Several different reporting and complaint channels have been set up, and employees are kept informed of email, suggestion box, and grievance channels as well as reward and disciplinary measures. All are reviewed and revised regularly to achieve effective and adequate workplace communication as well as rapid and effective solutions.	None
(II) Standard operating procedures in place for investigative reports and follow-up action with strict confidentiality measures?	V		(II) Operating procedures for investigative reports and confidentiality measures are in place to form the basis of investigations.	None
(III) Measures taken to protect whistleblowers from retaliation?	V		(III) The identities of whistleblowers are kept confidential to protect them from retaliation.	None
IV. Information Disclosure Guidelines on business ethics and implementation disclosed on the official website and the Market Observation Post System (MOPS)?	V		Ethical Corporate Management Best Practice Principles are publicly accessible on the official website: https://www.winbond.com/hq/about-winbond/investor/compliance/	None
V. Describe any differences between actual practice and principles based on Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies: Our Ethical Corporate Management Best Practice Principles were formulated under the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and internal rules and regulations, and there have been no deviations in implementation.				
VI. Other important information to facilitate a better understanding of ethical management operations: We keep abreast of the development of ethical management rules and regulations in Taiwan and overseas through policy reviews to improve performance.				

10. Disclose methods to access corporate governance principles and relevant guidelines:
Our corporate governance principles can be accessed under “Investor Services/Rules and Regulations” on the official website.

11. Other significant information that may improve understanding of Winbond’s corporate governance and implementation:
Please refer to the official website at https://www.winbond.com

12. Implementation of Internal Control System

12.1 Internal Control System Statement

Winbond Electronics Corporation
Statement of Internal Control System

Date: February 6, 2024

Based on the findings of the Company's self-assessment of its internal control system in 2023, Winbond Electronics Corporation hereby declares:

1. Winbond recognizes that the Board of Directors and management are responsible for establishing, implementing, and maintaining its internal control system and has designed such a system to provide reasonable assurance of operational effectiveness and efficiency (profitability, performance and safeguarding of assets), reliability, timeliness, reporting transparency, and compliance with applicable rulings, laws, and regulations.

2. Despite a perfect design, an effective internal control system has inherent limitations with only reasonable assurance of accomplishing the 3 aforesaid objectives and may be subject to change due to the environment and extenuating circumstances beyond our control. Nevertheless, Winbond takes immediate remedial action in response to any identified deficiencies with self-monitoring mechanisms.

3. Winbond evaluates the design and operational effectiveness of its internal control system based on criteria as per the Regulations Governing Establishment of Internal Control Systems by Public Companies (the Regulations) with 5 key components identified along with several items: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.

4. Winbond has evaluated the design and operational effectiveness of its internal control system according to the aforesaid criteria.

5. Based on evaluation results, Winbond believes that as of December 31, 2023, its internal control system (including the oversight and management of subsidiaries) is effectively designed and operationally effective, and offers reasonable assurance that our Board of Directors and management understand the degree to which the Company has achieved its operational effectiveness and efficiency objectives, that the reports are reliable, timely, and transparent, and that they comply with applicable rules, laws, regulations, and bylaws.

6. This Statement is an integral part of Winbond’s annual report and prospectus. If the above disclosed contents involve any falsehoods, concealment, or other illegality, legal liability will be entailed under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

7. This Statement was passed by the Board of Directors in their meeting held on February 6, 2024, with none of the 11 attending directors expressing dissenting opinions, and the remainder all affirming its contents.

Winbond Electronics Corporation

Chairman: Arthur Yu-Cheng Chiao

President: James Pei-Ming Chen

12.2 Disclose the CPA's review report on internal control system: None.

13. Personnel or disciplinary penalties imposed on violators of internal control system regulations or major deficiencies with improvement status in the past year and up to the date of report: None

14. Important resolutions adopted in shareholder and board meeting(s) in the past year and up to the date of report

14.1 Report on the implementation of resolutions passed at Shareholders Meeting of 2023

1. Subject matter: Approval of Business Report and Financial Statements for 2022

   Resolution: Passed (For detailed information, please refer to the Market Observation Post System.)

   Implementation: Has been implemented in accordance with the resolution

2. Subject matter: Approval of Distribution of Earnings for 2022

   Resolution: Passed (For detailed information, please refer to the Market Observation Post System.)

   Implementation: Has been implemented in accordance with the resolution.

   Note: The cash dividend is NT$1 per share. The ex-dividend date for Company stocks is September 26, 2023, and the distribution date is October 6, 2023. (See the Market Observation Post System website for more information.)

3. Election result

   List of the elected board members: (See the MOPS website for details)

   Directors: Mr. Arthur Yu-Cheng Chiao, Chin Xin Investment Corp., Ms. Yung Chin, Walsin Lihwa Corp., Mr. Chih-Chen Lin, Ms. Wei-Hsin Ma, and Ms. Elaine Shihlan Chang

   Independent directors: Mr. Allen Hsu, Mr. Stephen T. Tso, Mr. Chung-Ming Kuan, and Mr. Jong-Peir Li

   Implementation: After Winbond's shareholders' meeting, the Board of Directors held a meeting on the same day and elected Mr. Arthur Yu-Cheng Chiao as Chair and Chin Xin Investment Corp. as Vice Chair. Change of registration was approved on June 27, 2023, by the Central Taiwan Science Park Administration of the National Science and Technology Council via official letter Chung-Shang-Tzu No. 1120014177.

4. Subject matter: Discussion on Removal of Non-Compete Clause for Directors

   Resolution: Passed (For detailed information, please refer to the Market Observation Post System.)

   Implementation: Has been implemented in accordance with the resolution

14.2 Significant Resolutions of the Board Meetings for 2023 and up to March 11, 2024:

Date	Summary of Significant Resolutions
February 16, 2023	1. Approval of Business Report and Financial Statements for 2022 2. Approval of Consolidated Business Reports, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports for 2022 3. Approval of Statement of Internal Control System for 2022 4. Approval of Business Plan and Operating Budget for 2023 5. Approval of Increase in the Company's Capital Expenditure Budget 6. Approval of the Renaming of Indian Subsidiary GLMTD Technology Private Limited as Winbond Electronics India Private Limited 7. Approval of the Company's Appointment of Deloitte & Touche and the Annual Remuneration Paid 8. Approval of the Concurrent Appointment of Mr. Chih-Chung Chou as Corporate Governance Officer 9. Approval of Purchase of Liability Insurance for Directors, Supervisors, and Key Officers 10. Approval of Engagement in Derivative Financial Instrument Transactions 11. Approval of Acquisition of Short-Term Comprehensive Credit Line and Derivative Financial Instruments from Financial Institutions
March 14, 2023	1. Approval of Distribution of Earnings for 2022 2. Approval of Filing of Syndicate Application with Financial Institutions 3. Approval of Annual Shareholder General Meeting Schedule for 2023 4. Approval of Election of Directors (including Independent Directors) 5. Approval of List of Candidates for the Thirteenth Board of Directors (including Independent Directors) Nominated by the Board of Directors 6. Approval of Removal of Non-Compete Restrictions for the Thirteenth Board of Directors (including Independent Directors)

Date	Summary of Significant Resolutions
	7. Approval of Removal of Non-Compete Restrictions for Managers 8. Approval of the Review Procedures for Advance Approval of Non-Assurance Services Provided by the Accounting Firm 9. Approval of the List of Pre-Approved Non-Assurance Service Types and Service Lists Provided by the Accounting Firm for 2023 10. Approval of Amendment to the Sustainable Development Best Practice Principles 11. Approval of Engagement in Derivative Financial Instrument Transactions 12. Approval of Individual Director Remuneration for 2022 for the Twelfth Board of Directors 13. Approval of Individual Remuneration for 2022 for the Twelfth Board of Directors 14. Approval of Disbursement of Quarterly Managerial Remuneration for 2022 15. Approval of Distribution of Employee Remuneration and Individual Managerial Remuneration for 2022 16. Approval of Individual Managerial Remuneration for 2023 17. Approval of Remuneration for Manager Mr. Arthur Yu-Cheng Chiao
April 11, 2023	1. Approval of the Venue for Shareholder General Meetings in 2023 2. Approval of the Company's Engagement in Derivative Financial Instrument Transactions
May 4, 2023	1. Approval of the Company's Consolidated Financial Statements for the First Quarter of 2023 2. Approval of the Company's Procurement of 30MW of offshore wind power from Sustainable Energy Solution Co., Ltd. 3. Approval of Amendment to the Internal Control System 4. Approval of the Amendment to the Corporate Governance Best Practice Principles 5. Approval of the Company's Engagement in Derivative Financial Instrument Transactions
May 30, 2023	1. Election of Mr. Arthur Yu-Cheng Chiao as Chair and the Legal Entity Chin Xin Investment Corp. as Deputy Chair 2. Appointment of all independent directors (Stephen T. Tso, Allen Hsu, Chung-Ming Kuan, and Jong-Peir Li) as members of the Company's Fifth Remuneration Committee 3. Approval of Signing of Industry-Academia Collaboration Agreement and Academic Feedback Fund Agreement with National Taiwan University
August 3, 2023	1. Approval of Consolidated Financial Statements for the Second Quarter of 2023 2. Approval of Non-Distribution of Earnings for the First Half of Fiscal Year 2023 3. Approval of Increase in Capital Expenditure Budget 4. Approval of Removal of Non-Compete Restrictions for Directors 5. Approval of Removal of Non-Compete Restrictions for Managers 6. Approval of Amendment to the *Internal Rules and Regulations* 7. Approval of Engaging in Derivative Financial Instrument Transactions 8. Approval for Obtaining Short-Term General Credit Line and Derivative Financial Instrument Limit from Financial Institutions and the Signing of Required Documents 9. Approval of the Periodic Review of the *Remuneration Committee Organizational Charter*, *Rules for Directors' Remuneration and Board Performance Evaluations*, and *Rules for Remuneration and Performance Evaluations of Managerial Personnel*. 10. Approval of Individual Remuneration for 2023 for the Thirteenth Board of Directors 11. Approval of the Promotion of Ms. Ming-Yi Tsai to the Managerial Position of Assistant Manager, effective on August 16, 2023
August 18, 2023	1. Approval of the Issuance of New Shares in 2023 for Capital Increase 2. Approval of the Acceptance of Non-Assurance Service Provided by the Accounting Firm (Deloitte & Touche) for the Company's Issuance of New Shares in 2023 for Capital Increase 3. Approval of the Establishment of Managerial Personnel Training Committees 4. Approval of Engaging in Derivative Financial Instrument Transactions
October 11, 2023	1. Approval of Acquisition of Right-of-Use Asset from Related Parties from 2020 Through 2021 2. Approval to Engage in Derivative Financial Instrument Transactions 3. Approval of the Retirement of Mr. Pei-Lin Pai from the Company and from the Position of Vice President 4. Approval of Requirements for and Scope of the Company and its Employees' Subscription to New Shares Issued in 2023 for Capital Increase 5. Approval of the Subscription Quota Allocated to Managers for the New Shares Issued in 2023 for Capital Increase 6. Approval of the Subscription Quota Allocated to Mr. Arthur Yu-Cheng Chiao for the New Shares Issued in 2023 for Capital Increase
November 2, 2023	1. Approval of Consolidated Financial Statements for the Third Quarter of 2023 2. Approval of the Continued Acquisition of Real Property Right-of-Use Assets from the Central Taiwan Science Park Administration of the National Science and Technology Council 3. Approval of Amendment to 2024 Audit Plan 4. Approval of Review of the Non-Assurance Service Provided for the Company's Accounting Final Report and Statement of 2023 by CPA Oscar Shih of the Accounting Firm (Deloitte & Touche)

Date	Summary of Significant Resolutions
	5. Approval of Engaging in Derivative Financial Instrument Transactions 6. Approval for Obtaining Short-Term General Credit Line and Derivative Financial Instrument Limit from Financial Institutions and the Signing of Required Documents
December 22, 2023	1. Approval of Increase in Capital Expenditure Budget 2. Approval of the Replacement of Operational Equipment at the CTSP Fab 3. Approval of the Amendment to the *Risk Management Committee Organizational Charter* 4. Approval of the Formulation of *Risk Management Policy and Procedures* 5. Approval of the Formulation of *Operational Guidelines for Financial Affairs with Group Enterprises, Specific Companies, and Related Parties* and Revocation of the Original *Procedures for Transactions with Group Enterprises, Specific Companies, and Related Parties* 6. Approval to Engage in Derivative Financial Instrument Transactions 7. Approval for Obtaining Short-Term General Credit Line and Derivative Financial Instrument Limit from Financial Institutions and the Signing of Required Documents
February 6, 2024	1. Approval of Business Report and Financial Statements for 2023 2. Approval of Consolidated Business Reports, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports for 2023 3. Approval of Distribution of Earnings for 2023 4. Approval of Statement of Internal Control System for 2023 5. Approval of Business Plan and Operating Budget for 2024 6. Approval of Increase in Capital Expenditure Budget 7. Approval of the Signing of Agreement with Chenya Energy Subsidiary Chenhwa Power Co., Ltd. for the Procurement of 27MW of Solar Power 8. Approval of Purchase of Liability Insurance for Directors, Supervisors, and Key Officers 9. Approval of Annual Shareholder General Meeting Schedule for 2024 10. Approval of Engaging in Derivative Financial Instrument Transactions
March 8, 2024	1. Approval of Appointment of Deloitte & Touche for Annual Remuneration 2. Approval of the Long-Term Fundraising Plan 3. Approval of Removal of Non-Compete Restrictions for the Board of Directors 4. Approval of the Scheduling of Additional Shareholder General Meeting in 2024 5. Approval of Amendment to the *Organizational Regulations of the Audit Committee* 6. Approval of Amendment to the *Board of Directors Meeting Regulations* 7. Approval of the List of Pre-Approved Non-Assurance Service Types and Service Lists Provided by the Accounting Firm for 2024 8. Approval to Engage in Derivative Financial Instrument Transactions 9. Approval for Obtaining Short-Term General Credit Line and Derivative Financial Instrument Limit from Financial Institutions and the Signing of Required Documents 10. Approval of Amendment to the *Rules for Directors' Remuneration and Board Performance Evaluations* 11. Approval of Individual Remuneration for 2024 for the Thirteenth Board of Directors 12. Approval of Individual Managerial Remuneration for 2024

15. Dissenting or qualified opinion of directors or supervisors opposing important board-approved resolutions recorded or stated in a written statement in the past year and up to the date of report: None

16. Resignations or dismissals of the chairman, president, chief accounting officer, CFO, chief internal auditor, corporate governance officer, and/or chief R&D officer in the past year and up to the date of report:

March 11, 2024

Title	Name	Date of Appointment	Date of Termination	Reason for Resignation or Termination
Corporate Governance Officer	Kun-Lung Chen	June 17, 2020	February 16, 2023	Reassignment

17. Handling of material information: The Company handles material information in accordance with rigorous internal procedures made publicly accessible via the Spokesperson and Deputy Spokesperson Rules, with added monthly reminders to all insiders and employees on the Procedures for the Prevention of Insider Trading to prevent violations of relevant regulations.

V. Certified public accountant's fee information

1. The Company paid the following fees to the certified public account, the certified public accountant's firm, and its affiliates, of which non-audit fees amounted to less than one quarter of audit fees in 2023.

Unit: TWD in thousands

Name of accounting firm	Name of accountant	Audit period	Audit fees	Non-audit fees	Total	Notes
Deloitte & Touche	Kenny Hung, Wen-Yea Shyu	2023.01.01~2023.12.31	11,071	1,542	12,613	Non-audit services: master file, Country-by-Country Report, transfer pricing report, tax consulting, handling of cash capital increases, non-executive salary reporting and review, investment planning for repatriated offshore funds

2. Change of accounting firm, decrease in amount of paid audit fees after the change of accounting firm compared with that before the change, and the reasons for the decrease: None
3. Amount, percentage, and reasons for a decrease in audit fees of more than 10% from the previous year: None

VI. Change of accountant: None

VII. Chairperson, president, or manager in charge of financial or accounting matters who worked in the firm of the certified public accountant's firm or its affiliates in the past year: None

VIII. Changes in the shareholding of directors, managers, and shareholders holding more than 10% of the shares and pledged shares in the past year as of the publication date of the annual report:

Unit: shares

Title		Name	2023		2024 as of March 11	
			Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares held	Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares held
Chair and CEO		Arthur Yu-Cheng Chiao	5,033,678	-	-	-
Vice Chair	Legal Entity	Chin-Xin Investment Co., Ltd.	20,000,364	-	-	-
	Representative	Tung-Yi Chan (Vice CEO) (Note 3)	200,000			
	Representative	Yuan-Mou Su (Note 3)				
Independent Director		Allen Hsu	-	-	-	-
Independent Director		Stephen T. Tso	-	-	-	-
Independent Director		Chung-Ming Kuan (Note 4)	-	-	-	-
Independent Director		Jong-Peir Li (Note 5)	-	-	-	-
Director		Yung Chin	1,223,519-	-	-	-
Director	Legal Entity and Top 10 Shareholder	Walsin Lihwa Corporation	35,531,593-	-	-	-
	Representative	Fred Pan	-	-	-	-
Director		Chih-Chen Lin	-	-	-	-
Director		Wei-Hsin Ma	-	-	-	-
Director		Elaine Shihlan Chang (Note 6)		-		
President		James Pei-Ming Chen	232,130	-	-	-
Vice President		Chin-Fen Tsai	82,060	-	-	-
Vice President		Hsiang-Yun Fan	158,876	-	-	-
Vice President		Wen-Hua Lu	152,396	-	-	-
Vice President		Wen-Chang Hung	167,161	-	-	-
Vice President (Note 3)		Jen-Lieh Lin	158,195	-	-	-
Assistant Manager		Mao-Hsiang Yan	138,125			
Assistant Manager		Hsiu-Han Liao	127,676	-	-	-
CFO, Financial Officer, Corporate Governance Officer, and Assistant Manager		Chih-Chung Chou	115,624	-	-	-
Assistant Manager and Chief Information Officer		Ming-Yi Tsai (Note 7)	-	-	-	-

Title	Name	2023		2024 as of March 11	
		Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares held	Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares held
Accounting Officer and Division Director	Chin-Feng Yang	89,676	-	-	-
Chief Strategy Officer	Eungjoon Park	-	-	-	-
Chief Technology Officer	Pei-Lin Pai	151,672	-	-	-
Independent Director	Francis Tsai (Note 8)	-	-	-	-
Independent Director	Jerry Hsu (Note 9)	-			
Corporate Governance Officer	Kun-Lung Chen (Note 10)	-	-	-	-

Notes:

1. The above shareholding information is based on actual shareholdings.
2. The shares were transferred to non-related parties and not pledged.
3. Mr. Tung-Yi Chan concluded his tenure as Vice Chair on May 30, 2023 and was appointed the position of legal entity representative on the same day. Mr. Yuan-Mou Su served as the representative of a legal entity director of the Company until May 30, 2023. The information in the above table only discloses information about his shareholdings until the termination date of his appointment to said position.
4. Mr. Chung-Ming Kuan began serving as an independent director of the Company on May 30, 2023.
5. Mr. Jong-Peir Li began serving as an independent director of the Company on May 30, 2023.
6. Ms. Elaine Shihlan Chang began serving as a director of the Company on May 30, 2023.
7. Ms. Ming-Yi Tsai began serving as an assistant manager of the Company on August 16, 2023.
8. Mr. Francis Tsai has served as an independent director of the Company until May 30, 2023. The information in the above table only discloses information about his shareholdings until the termination date of his appointment to said position.
9. Mr. Jerry Hsu has served as an independent director of the Company until May 30, 2023. The information in the above table only discloses information about his shareholdings until the termination date of his appointment to said position.
10. Mr. Kun-Lung Chen served as the corporate governance officer of the company until February 15, 2023. The information in the above table only discloses information about his shareholdings until the termination date of his position as a manager of the Company.

IX. Information on the top ten shareholders who are related to each other or are spouses or second-degree relatives

March 11, 2023; unit: shares

Name	Shares held by the person		Shares held by spouse, minor children		Total shares held in others' names		Names and relationships (note 3) of the top ten shareholders who are related to other top-ten shareholders or are their spouses or second-degree relatives		Notes
	Number of shares	Shareholding percentage (Note 1)	Number of shares	Shareholding percentage (Note 1)	Number of shares	Shareholding percentage (Note 1)	Name	Relationship	
Walsin Lihwa Corporation	919,380,016	21.99%	-	-	-	-	Chin-Xin Investment Co., Ltd. Arthur Yu-Cheng Chiao Pai-Yung Hong Yu-Lon Chiao Yu-Heng Chiao	The chairs of the two legal entities are second-degree relatives Second-degree relative of the chair of the legal entity First-degree relative of the chair of the legal entity The chair of the legal entity Second-degree relative to the chair of the legal entity	-
Walsin Lihwa Corporation (Representative: Yu-Lon Chiao)	25,694,984	0.61%	8,058,475	0.19%	-	-	Arthur Yu-Cheng Chiao Pai-Yung Hong Chin-Xin Investment Co., Ltd. Yu-Heng Chiao	The two individuals are second-degree relatives The two individuals are first-degree relatives The chairs of the two legal entities are second-degree relatives The two individuals are second-degree relatives	-
Chin-Xin Investment Co., Ltd.	260,003,436	6.22%	-	-	-	-	Walsin Lihwa Corporation Arthur Yu-Cheng Chiao	The chairs of the two legal entities are second-degree relatives The chair of the legal entity	-

Name	Shares held by the person		Shares held by spouse, minor children		Total shares held in others' names		Names and relationships (note 3) of the top ten shareholders who are related to other top-ten shareholders or are their spouses or second-degree relatives		Notes
	Number of shares	Shareholding percentage (Note 1)	Number of shares	Shareholding percentage (Note 1)	Number of shares	Shareholding percentage (Note 1)	Name	Relationship	
							Pai-Yung Hong Yu-Lon Chiao Yu-Heng Chiao	First-degree relative to the chair of the legal entity Second-degree relative to the chair of the legal entity Second-degree relative to the chair of the legal entity	
Chin-Xin Investment Co., Ltd. (Representative：Arthur Yu-Cheng Chiao)	68,506,673	1.64%	13,002,316	0.31%	-	-	Walsin Lihwa Corporation Pai-Yung Hong Yu-Lon Chiao	Second-degree relative to the chair of the legal entity The two individuals are first-degree relatives The two individuals are second-degree relatives	-
LGT Bank (Singapore) Ltd. Investment Fund held by the Standard Chartered Bank (Taiwan), Main Branch	77,450,518	1.85%	-	-	-	-	--	-	-
New Labor Pension Fund	70,262,664	1.68%	-	-	-	-	--	-	-
Arthur Yu-Cheng Chiao	68,506,673	1.64%	13,002,316	0.31%	-	-	Walsin Lihwa Corporation Pai-Yung Hong Yu-Lon Chiao Chin-Xin Investment Co. Ltd.	Second-degree relative of the chair of the legal entity The two individuals are first-degree relatives The two individuals are second-degree relatives The chair of the legal entity	Note 2
Cathay Life Insurance Co., Ltd.	53,810,839	1.29%	-	-	-	-			-
Norges Bank Investment Fund held by Citibank (Taiwan)	43,502,899	1.04%	-	-	-	-	--	-	Note 2
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds held by JPMorgan Chase Bank, N.A., Taipei Branch	42,147,950	1.01%	-	-	-	-	--	-	Note 2
Pai-Yung Hong	40,978,847	0.98%	-	-	-	-	--	-	Note 2
Vanguard Emerging Markets Stock Index Fund held by JP Morgan Chase Bank, N.A., Taipei Branch	39,190,439	0.94%	-	-	-	-	Walsin Lihwa Corporation Arthur Yu-Cheng Chiao	First-degree relative of the chair of the legal entity The two individuals are first-degree relatives	-

Name	Shares held by the person		Shares held by spouse, minor children		Total shares held in others' names		Names and relationships (note 3) of the top ten shareholders who are related to other top-ten shareholders or are their spouses or second-degree relatives		Notes
	Number of shares	Shareholding percentage (Note 1)	Number of shares	Shareholding percentage (Note 1)	Number of shares	Shareholding percentage (Note 1)	Name	Relationship	
							Yu-Lon Chiao	The two individuals are first-degree relatives	
							Chin-Xin Investment Co. Ltd.	First-degree relative of the chair of the legal entity	

Notes:

1. The "shareholding percentage" column was calculated using the total number of issued common stock as of March 11, 2024 (4,180,000,193 shares).
2. The custodian bank cannot provide the final list of ultimate beneficiaries.
3. Relationship disclosure made in accordance with the *Regulations Governing the Preparation of Financial Reports by Securities Issuers*.

X. Consolidated shareholding percentage

December 31, 2023; unit: shares

Invested Business (Note)	Investment by the Company (A)		Investment by directors, managers and businesses that are directly and indirectly controlled by the Company (B)		Consolidated Investment (A+B)	
	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)
Atfields Manufacturing Technology Corporation	4,000	100	-	-	4,000	100
Callisto Holdings Limited	40,000,000	100	-	-	40,000,000	100
Miraxia Edge Technology Corporation	4,000	100	-	-	4,000	100
Winbond Electronics Corporation Japan	2,970	100	-	-	2,970	100
Winbond Electronics Germany GmbH	850,000	100	-	-	850,000	100
Winbond Electronics India Private Limited	27,998,400	99	1,600	1	28,000,000	100
Winbond International Corporation	87,960,000	100	-	-	87,960,000	100
Winbond Technology Ltd	100,000	100	-	-	100,000	100
Winbond Electronics (HK) Limited	71,150,000	100	-	-	71,150,000	100
Nuvoton Technology Corporation	214,954,635	51	6,138,181	1	221,092,816	52
Chin-Xin Investment Co., Ltd	182,840,999	38	194,710,785	40	377,551,784	78
Theaceae Conservation Corporation	27,000,000	15	112,000,000	62	139,000,000	77

Note: Long-term investments over which the Company has significant influence and which are accounted for with the equity method

Fundraising Status

I. Capital and Shares

(I) Sources of equity

March 11, 2024; unit: shares; NT$

Month and year	Issue price	Authorized Share Capital		Paid-in Capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of equity	Use of property other than cash to offset payment for shares	Approval date and document number
2014.02	10	6,700,000,000	67,000,000,000	3,694,023,193	36,940,231,930	Exercise of employee stock options: NT$20,560,000	None	2014/02/19 Zhong-Shang-Zi No. 1030003799
2014.05	10	6,700,000,000	67,000,000,000	3,694,466,193	36,944,661,930	Exercise of employee stock options: NT$4,430,000	None	2014/05/14 Zhong-Shang-Zi No. 1030011345
2014.09	10	6,700,000,000	67,000,000,000	3,694,640,193	36,946,401,930	Exercise of employee stock options: NT$1,740,000	None	2014/09/18 Zhong-Shang-Zi No. 1030021668
2014.11	10	6,700,000,000	67,000,000,000	3,694,982,193	36,949,821,930	Exercise of employee stock options: NT$3,420,000	None	2014/11/20 Zhong-Shang-Zi No. 1030026773
2015.11	10	6,700,000,000	67,000,000,000	3,580,000,193	35,800,001,930	Capital reduction by treasury stock: NT$1,149,820,000	None	2015/11/18 Zhong-Shang-Zi No. 1040028089
2017.12	10	6,700,000,000	67,000,000,000	3,980,000,193	39,800,001,930	Follow-on offering: NT$4,000,000,000	None	2017/12/26 Zhong-Shang-Zi No. 1061000748
2023.11	10	6,700,000,000	67,000,000,000	4,180,000,193	41,800,001,930	Follow-on offering: NT$2,000,000,000	None	2023/11/23 Zhong-Shang-Zi No. 1120026814

March 11, 2024; unit: share

Type of shares	Authorized share capital			Note
	Outstanding shares	Unissued shares	Total	
Ordinary shares	4,180,000,193	2,519,999,807	6,700,000,000	Listed stocks of the Company

Notes:

1. Within the total above-mentioned capital amount, a maximum of NT$5 billion in shares with a par value of NT$10 each may be issued through share subscription warrants, preferred share subscriptions, or corporate bonds with warrants to specific creditors, provided that the aggregate total does not exceed 0.5 billion shares and the shares may be issued in installments. The Board of Directors may adjust the quotas for the aforementioned issuances based on capital market conditions and operational needs.
2. Information on shelf registration to issue corporate bonds: None

(II) Shareholder structure

March 11, 2024

Number\ shareholder structure	Government Agencies	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions and Individuals	Total
Number	8	73	412	275,763	764	277,020
Shares held	112,628,273	115,398,183	1,251,554,672	1,781,603,717	918,815,348	4,180,000,193
Shareholding percentage	2.69%	2.76%	29.94%	42.62%	21.99%	100.00%

(III) Share ownership distribution

1. Common Stock:

March 11, 2024; NT$10 per share

Classification	Number of shareholders	Number of shares held	Shareholding percentage (%)
1-999	69,941	16,043,601	0.38
1,000-5,000	152,625	326,966,297	7.82
5,001-10,000	27,883	214,462,430	5.13
10,001-15,000	9,372	115,118,675	2.75
15,001-20,000	5,229	96,057,322	2.30
20,001-30,000	4,550	113,202,129	2.71
30,001-40,000	2,067	72,230,973	1.73
40,001-50,000	1,310	59,867,621	1.43

Classification	Number of shareholders	Number of shares held	Shareholding percentage (%)
50,001-100,000	2,213	156,104,788	3.74
100,001-200,000	948	129,298,987	3.09
200,001-400,000	408	112,811,404	2.70
400,001-600,000	119	59,336,996	1.42
600,001-800,000	71	48,626,671	1.16
800,001-1,000,000	39	34,533,239	0.83
1,000,001 or more	245	2,625,339,060	62.81
total	277,020	4,180,000,193	100

2. Preferred stock: Not applicable

(IV) List of major shareholders

1. Names of the shareholders who hold more than 5% of total shares, along with their shareholding amounts and percentages:

March 11, 2024

Name	Number of shares held	Shareholding percentage
Walsin Lihwa Corporation	919,380,016	21.99%
Chin-Xin Investment Co., Ltd	260,003,436	6.22%

2. For names of the top ten shareholders ranked by shareholding percentage, along with their shareholding amounts and percentages, please refer to pages 48-49.

(V) Stock price, book value, earnings, dividends, and related data for the previous two years

Unit: NT$

Item\Year			2022	2023	2024 as of March 11
Stock price (Note 1)	Highest		36.45	31.8	30.95
	Lowest		18.5	19.35	26.20
	Average		27.77	26.65	27.97
Book value per share (Note 2)	Before distribution		23.66	22.08	-
	After distribution		22.66	(Note 7)	-
Earnings per share	Weighted average number of shares (in thousands)		3,980,000	4,009,041	-
	Earnings per share (Loss)		3.25	(0.29)	-
Dividends per share (Note 3)	Cash dividends		1	(Note 7)	-
	Bonus share issue	Stock Dividend from Retained Earnings	-	(Note 7)	-
		Capital Reserve Shares Distribution	-	(Note 7)	-
	Accumulated unpaid dividends		-	(Note 7)	-
Return on Investment	Price/Earnings ratio (Note 4)		8.54	-91.90	-
	Price/Dividend ratio (Note 5)		27.77	(Note 7)	-
	Cash dividend yield (Note 6)		3.60%	(Note 7)	-

Notes:
1. The highest and lowest stock prices of common stock for each year are listed; the average market price for each year is calculated based on the trading volume and value of that year.
2. The book value per share is calculated based on the number of shares issued at the end of each year and the distribution approved by the board of directors.
3. The distribution for 2022 is based on the resolution of the board of directors on March 14, 2023.
4. Price/Earnings ratio = the average closing price per share of the year / the earnings per share of the year.
5. Price/Dividend ratio = the average closing price per share of the year / the cash dividend per share of the year.
6. Cash dividend yield = the cash dividend per share / the average closing price per share of the year.
7. No distributed earnings due to the Company's accumulated operating losses in 2023.

(VI) Dividend policy and implementation status

1. Dividend policy

Winbond’s dividend policy is described in the Articles of Incorporation as follows:

With taxes and accumulated losses deducted, 10% of pre-tax profits at the end of the current year shall be set aside as legal reserve as per applicable laws and regulations unless equal to paid-in capital, after which any remaining balance may be allocated based on orders of competent authorities or business needs as proposed by the Board of Directors in shareholder meeting for a resolution to determine the distribution of bonuses and dividends.

Where earnings, legal reserve, and capital surplus above are to be distributed in cash, the board shall be granted authority to decide a resolution adopted by a majority vote at a meeting attended by over 2/3 of directors with a distribution report presented at the shareholder meeting.

Winbond’s dividend distribution policy conforms to the Company Act and Articles of Incorporation with due consideration to capital and financial structure, operating status, retained earnings, industry characteristics, and the economic cycle. For future operational scale and cash flow, no less than 30% of current year’s net profit after tax with losses, legal and special reserves deducted shall be distributed conservatively to shareholders either as stock (no less than NT$0.1 per share) or cash dividend (no less than 50% of total) to promote corporate sustainability.

Earnings may be distributed or losses made up at the end of each half of a fiscal year. Statements and proposals set forth in Article 21 herein shall be prepared and resolved by the Board of Directors.

Employees’ and directors’ remuneration and taxes payable shall be estimated and reserved in distributing earnings with losses and legal reserve set aside unless equal to paid-in capital. Cash dividends shall be resolved by the Board of Directors while newly issued shares shall be resolved by the shareholder meeting.

2. Winbond’s Board of Directors convened on February 6, 2024, and resolved that the distribution of earnings for 2023 will not include the distribution of cash dividends. This resolution regarding the distribution of earnings for 2023 will be subject to further approval by the Shareholder General Meeting, which is scheduled to be held on May 9, 2024.

(VII) Impact of stock dividend issuance on the Company's business performance and EPS: Not applicable

(VIII) Employee and director remuneration

1. The percentage or range of employee and director remuneration as stipulated in the Company's Articles of Incorporation is as follows:

Prior to deducting employee and director remuneration for the year, the Company shall set aside not less than 1% of the pre-tax net profit for director remuneration and not less than 1% for employee remuneration, to be distributed to employees in the form of stock or cash as determined by the Board of Directors. Proposals for the distribution of employee and director remuneration shall be reported to the Shareholders Meeting. However, if the Company has accumulated losses, the amount necessary for offsetting such losses shall be reserved in advance, after which employees' and directors' remuneration shall be distributed in the aforementioned proportions.

2. The basis for estimating the amount of employee and director profit-sharing remuneration and calculating the number of shares or cash to be distributed as employee profit-sharing remuneration, and the accounting treatment of discrepancies between the actual distributed amounts and the estimated figures:

Estimated remuneration is not listed due to deficit in the 2023 fiscal year, therefore no IFRS adjustment was required for the 2023 fiscal year.

3. Remuneration distribution approved by the Board of Directors: N/A

4. Actual distribution of employee and director remuneration for the previous year:

Year: 2022							Unit: shares; NT$
Employee profit-sharing remuneration				Director profit-sharing remuneration	If there is any discrepancy between the actual distributed and the recognized employee or director profit-sharing remuneration in the financial statements of the year		
Cash amount	Stock amount	Number of shares	Total	Cash amount	Amount of discrepancy	Cause	Treatment
307,879,824	-	-	307,879,824	153,939,912	-	Not applicable	Not applicable

Note: There is no difference between the aforementioned employee and director remuneration and the employee and director remuneration recognized in the consolidated financial statements for 2021.

(IX) Stock Buyback: None

II. Issuance of corporate bonds

March 11, 2024; Unit: NT$

Type of corporate bond		First Domestic Secured Corporate Bonds Issued in 2018
Date of issuance (processing)		July 17, 2018
Denomination		1,000,000
Issue price		Issued at par value
Total amount		10,000,000,000
Interest rate		Annual interest rate of 1%
Bond period		Maturity date: July 17, 2025 (7-year term)
Guarantors		Taiwan Cooperative Bank, CTBC Bank, Taishin International Bank, Mega International Commercial Bank, DBS Bank Limited, Bank of Taiwan, Chang Hwa Bank, E.SUN Commercial Bank, First Bank, Taiwan Business Bank
Trustee		Bank SinoPac
Underwriter		Taiwan Cooperative Securities
Certified lawyer		Hsin-Lan Hsu, Partner at Lee and Li, Attorneys-at-Law
Certified public accountant		Hung-Pin Yu, Deloitte & Touche
Repayment method		Bullet
Outstanding principle		10,000,000,000
Redemption or early redemption terms		None
Restrictive covenants		None
Name of credit rating agency, rating date, and corporate bond rating		None
Other attached rights	Amount converted (exchanged or subscribed) to common stock, overseas depositary receipts, or other marketable securities as of the publication date of the annual report	Not applicable
	Method of issuance and conversion (exchange or subscription)	Not applicable
Issuance; conversion, exchange, or subscription rules and possibility of dilution of equity under the terms and conditions of issuance and its effect on existing shareholder equity		None
Name of the entrusted custodian of the subject of the exchange		Not applicable

III. Issuance of Preferred stock: None

IV. Issuance of Depository Receipt: None

V. Status of Employee stock option plan: None

VI. Status of Employee restricted stocks: None

VII. Status of issuance of new shares in connection with Mergers and Acquisitions: None

VIII. Status of implementation of the capital utilization plan:

On August 18, 2023, the Company's board of directors approved the capital increase and issuance of new shares, which took effect after approval by the Securities and Futures Bureau of the Financial Supervisory Commission via official letter Chin-Kuan-Cheng-Fa-Tzu No. 1120355788 issued on September 25, 2023. The capital raised was solely utilized for the procurement of machinery and equipment.

(I) Project details:

1. Total amount of capital required: NT$6,598,759 thousand

2. Source of funds:

(1) A total of 200,000,000 new shares were issued as part of the capital increase. Each share was issued at a price of NT$22, and the total amount raised was NT$4,400,000 thousand.

(2) The remaining capital required (NT$2,198,759 thousand) will be funded with the Company's own funds or loans from banks.

3. Project items and projected capital utilization per quarter

(1) Capital utilization plan for the current project

Unit: TWD in thousands

Project item	Estimated date of completion	Total amount of capital required	Projected capital utilization/quarter			
			2023		2024	
			Q3	Q4	Q1	Q2
Manufacturing process improvement and corporate sustainability development	Q2 2024	6,598,759	1,055,261	5,218,661	243,328	81,509

(2) Capital utilization plan for the current cash capital increase

Unit: TWD in thousands

Project item	Date of completion	Total amount of capital raised	Capital utilization
			2023
			Q4
Manufacturing process improvement and corporate sustainability development	Q4 2023	4,400,000	4,400,000

4. Projected benefits

The capital raised for this project will be utilized by the Company for the procurement of equipment to implement energy-saving measures and for improvements in DRAM manufacturing processes. The projected benefits are listed in the table below:

Units: pieces in thousands; TWD in thousands

Year	Improvement in DRAM manufacturing processes	Production output of 20nm products	Sales volume of 20nm products	Increase in sales revenue	Increase in operating profit
2024	From 25Snm to 20nm	97	37	560,023	(44,332)
2025	From 25Snm to 20nm	120	120	2,647,500	1,987,942
2026	From 25Snm to 20nm	120	120	2,964,000	2,260,762
2027	From 25Snm to 20nm	120	120	3,144,000	2,429,734

Note: In addition to improved manufacturing processes, energy-efficient equipment was also incorporated to reduce energy consumption and carbon emissions.

(II) Implementation status:

Unit: TWD in thousands

Data as of:	Declaration deadline on the Market Observation Post System	Implementation status	Current quarter		Cumulative		Reason(s) for early or late implementation and improvement plan
			Estimated	Actual	Estimated	Actual	
2023/09/30	2023/10/06	Amount	0	0	0	0	The amount of capital

		disbursed					required had not been raised as of the end of Q3 2023.
		Implementation progress (%)	0.00%	0.00%	0.00%	0.00%	
2023/12/31	2024/01/10	Amount disbursed	4,400,000	3,475,338	4,400,000	3,475,338	Due to delays in equipment buy-off, the progress of equipment utilization did not meet expectations.
		Implementation progress (%)	100.00%	78.98%	100.00%	78.98%	

Business Overview

I. Description of Business

(1) Scope of Business

1. Main Business and Breakdown of Revenues

Our core products include DRAM and Code Storage Flash Memory. Logic ICs are the main products of Nuvoton Technology Corporation (“Nuvoton”), a major subsidiary of Winbond.

Revenue breakdown of each product as a percentage of consolidated operating revenue for 2023 is as follows:

Unit: TWD in thousands

Main Product	Operating Revenue	%
DRAM	14,036,814	19
Flash Memory	24,047,796	32
Logic IC	34,885,006	46
Others	2,036,462	3
Operating revenue as reported in consolidated financial statements	75,006,078	100

2. Main Products

2.1. DRAM

- Specialty DRAM: Specialty DRAM are mainly applied in computing, communication, and consumer electronics (3C) as well as automotive and industrial electronics. Specifications include 16Mb–4Gb and Known Good Die (KGD).
- Mobile DRAM: Mobile DRAM are used primarily in mobile phones, tablet devices, low-power mobile devices, wearable devices, automotive and industrial electronics, and IoT applications. Specifications include 64Mb–256Mb Pseudo SRAM, 32Mb–512Mb HyperRAM, 128Mb–4Gb Low Power Mobile DRAM, and Known Good Die (KGD).

2.2. Code Storage Flash Memory

- Code Storage Flash Memory are mainly applied in computing and peripheral products, mobile handheld devices and peripheral modules, network communications products, IoT, consumer electronics, automotive and industrial electronics, household appliance modules, etc. Specifications include 512Kb–8Gb.

2.3. Logic IC

- Our subsidiary Nuvoton primarily specializes in IC design and sales and IC foundry services with a wide range of applications in microcontrollers (MCU), audio products, and cloud computing products. Since the acquisition of Nuvoton Technology Corporation Japan (NTCJ), our scope of operations has expanded to include image sensing and battery management, thus further broadening the application of MCU products. Nuvoton also owns a 6-inch IC fab with various process technologies for professional IC foundry services.

3. New products and services under development

3.1. DRAM

- Specialty DRAM: We are developing medium to high-density Specialty DRAM using D25S and 20nm processes. These products mainly have applications in 3C products as well as automotive and industrial electronics. We are also developing next-generation DRAM 16nm process technology.

- Mobile DRAM: We are developing energy-efficient products of varying capacities with high bandwidth and greater data transmission rates for cellphones, tablets, low-power mobile devices, wearable devices, automotive and industrial electronics, and IoT applications.

3.2. Code Storage Flash Memory

- We are continuing to develop next generation process technologies. Currently, we are using NAND Flash 32nm and NOR Flash 45nm processes to produce safe, high-performance, energy-efficient, and value-added Code Storage Flash Memory for computing and peripherals, mobile handheld devices and modules, network communications products, IoT, consumer electronics, automotive and industrial electronics, home appliance modules, information security, etc. In the meantime, we are also developing more advanced process technologies.

3.3 Logic IC

- Our microcontroller product development is focused on high performance, secure encryption, low power consumption, and analog technologies. We are strengthening our product lines to satisfy market demand related to the development of smart IoT and smart homes, and are planning to implement high-end MCUs and MPUs for machine learning inference. These products can be applied in smart IoT devices or systems to identify the shape and color of objects or recognize simple keywords.

(2) Industry Overview

1. Current Industrial Status and Development

1.1 DRAM

- Due to the worldwide semiconductor market recession and the ongoing inventory adjustments within the electronics sector, we saw a significant decrease in DRAM shipments in 2023. With economic recovery remaining unpredictable, memory manufacturers are managing risks resulting from a slowing economy by reducing production, slowing expansion, engaging in R&D, and flexibly adjusting capacity utilization to meet market conditions. In general, user demand fell in each application category; however, demand in the automotive and industrial sectors was relatively stable. While trends in metaverse, self-driving vehicles, AI, 5G, IoT, and other applications remain unchanged, the increase in server demand is projected to propel the growth of the memory industry.

1.2 Code Storage Flash Memory

- Our Code Storage Flash Memory features a serial interface. We are one of the world’s 3 leading suppliers of serial flash memory products and hold over one-third of global market shares. Code Storage Flash Memory is a relatively stable market in terms of size and growth with mature process technology and relatively limited investment. Nevertheless, new supply introduced in recent years did not substantially increase capacity. As a key component in electronic applications; the omnipresent Code Storage Flash Memory applications coupled with the growing number of electronic products and increased content per box has consistently kept the market stable as a whole.

1.3 Logic IC

- Demand for MCUs and MPUs is rising. The 32-bit ARM® Cortex®-M MCU and 64-bit ARM® Cortex®-A MPU have become mainstream architectures in the market owing to their advantages including low power consumption, high performance, Trusted Secure Island (TSI)-based security encryption functions, overarching ecosystems, and wide range of users. As for audio products, the demand for online applications featuring two-way natural language-based communication through human-machine interaction continues to rise. Thanks to improved inventory control and reduced inflation, it is expected that the global computer market will return to its former, healthier state of equilibrium between supply and demand. The major drivers of market recovery and growth include gradually rising business client demand for equipment replacement, the expansion of niche markets (such as Chromebooks and gaming PCs), the Windows 11 upgrades, and the emergence of new platforms, as well as Copilot and other new AI-powered productivity applications.

2. Links between the upstream, midstream, and downstream suppliers

2.1 Memory industry

- The industry supply chain consists of upstream equipment suppliers who provide fabrication equipment and raw material suppliers who produce silicon wafers, masks, chemicals, metal targets, gases, and other raw materials.
- After purchasing equipment and raw materials, midstream memory suppliers use fabrication equipment to develop a series of complex processes including lithography, rapid high-temperature processing, chemical vapor deposition, ion implantation, etching, chemical machinery polishing and grinding, and process control and monitoring. In addition, midstream memory manufacturers will design and develop relevant memory products based on market demand and future market trends. Process technology is used for finished products on wafers to be delivered to downstream suppliers for backend packaging and testing.
- Downstream packaging and testing suppliers are responsible for cutting, grinding, packaging, and completing the final tests of wafers fabricated in the preceding stage before delivering them to memory suppliers. The finished products are distributed to end-product system manufacturers, module manufacturers, or distributors who then apply memory products to end products for end customers.

2.2 Logic IC industry

- The supply chain of the Logic IC industry is roughly composed of upstream IC design companies, midstream IC manufacturers, and downstream IC packaging and testing plants. In terms of the supply chain, MCUs are the core of end products, facilitating control and computing processes. In the area of cloud computing IC, downstream customers consist mainly of industries involved in servers, desktop workstations, personal computers, smart handheld devices, network communications, and industrial computers.

3. Development trends and competition for products

3.1 DRAM

- Just as specialty DRAM product technology has advanced from SDR, DDR, DDR2, DDR3, and DDR4 to DDR5, Mobile DRAM has moved from LP DDR, LP DDR2, LP DDR3, and LP DDR4 to LP DDR5. The current global market is still dominated by three large international DRAM manufacturers that have entered mass production of next-generation DDR5 and LP DDR5, increasing the density of mainstream chips to 16Gb. For this reason, the world semiconductor memory industry has entered a new growth cycle.
- Concerning process technology, international DRAM manufacturers have increased the proportion of high-end process production, such as DRAM 1xnm, in recent years. Manufacturers in Taiwan have implemented DRAM 2xnm through technology licensing while also developing their own DRAM 1xnm processes. Low-volume production commenced in 2023. Our latest DRAM 20nm process has been fully developed and entered mass production in the same year. Furthermore, our next generation 16nm process is currently under development.

3.2 Code Storage Flash Memory

- Demand for high-density code storage flash memory is increasing. The density of NOR flash memory ranges from 512Kb to 2Gb, and the density of NAND flash memory has been expanded to 8Gb, which is the current market trend. Furthermore, the market is becoming oriented toward developing code storage flash memory for end-user applications that offer added value, security, high speed, and low voltage. Currently, code storage flash memory is largely supplied by international manufacturers and a few Taiwanese and Chinese manufacturers.

3.3 Logic IC

- MCU and MPU products must feature low power consumption, high performance, and secure encryption functions. As each application has its own unique peripheral requirements, one single product cannot meet all needs. Therefore, for the layout of embedded products, we developed MCU and MPU platforms that feature highly secure designs and software/hardware reference solutions. We also introduced machine learning to our newly launched operating systems, network connection modules, and cloud connection software development platforms suitable for the IoT ecosystem to satisfy rapidly evolving demand for diversified applications and IoT equipment. We are also committed to developing products for niche fields to provide customers with optimized solutions. Our audio product development is focused on ultra-low power audio microcontrollers (audio MCU/DSP), audio codecs, audio amplifiers (including smart class-D audio amplifiers), audio enhancement, and DSP, which are core audio processing algorithms that provide high-performance solutions for smart vehicles, smart homes, mobile phones, consumer electronics, and personal computers. For our audio product line, we will continue to launch embedded flash-based audio control chips with a view to shortening the cycle for audio product development and addressing inventory issues. In cloud applications, users upload and analyze massive amounts of data. Innovative applications and services have not only led to the deployment of data computing centers but have spurred increased interest from end users in the security of information-gathering infrastructures. Efforts to improve computing performance, optimize energy consumption, and introduce products with more flexible interface channel design and security features will become mainstream in the future.

(3) Technology and R&D Overview

1. R&D expenditures of Winbond and its subsidiaries, including Nuvoton, during the previous fiscal year and the current fiscal year up to the date of publication of the annual report are as follows:

Unit: TWD in thousands

Item	2023	2024 (as of March 11)
R&D expenses	16,957,826	2,892,139

2. Successfully developed technologies and products

2.1 DRAM

- We are the first supplier in Taiwan to successfully develop DRAM process technology. We have completed the development of our in-house DRAM 20nm process, which has already entered mass production, while the ongoing development of our next-generation DRAM 16nm processes will allow us to meet customers' quality, reliability, and process specifications.

2.2 Code Storage Flash Memory

- We continue to develop code storage flash memory products that offer added value, security, high speed, low power consumption, low voltage, or encryption functions, and we have also developed advanced processes to secure our leading position in serial NOR flash memory. In addition, we promoted serial interfaces and cost-effective 1Gb/2Gb/4Gb/8Gb products to meet the needs of different end-user applications.

2.3 Logic IC

- Nuvoton was the first company to pass FIPS 140-3 certification.
- We launched the eBMC, a brand new, innovative chip that brings efficient security and control to edge computing platforms.
- Nuvoton's in-house security control- and IoT-enabled node management peripheral controller (NMPC) for its servers and computer peripherals passed the Industrial Development Administration's review for highly innovative projects.
- For industrial human-machine interface (HMI) applications, we have launched the high-performance, energy-efficient Cortex-A35 dual core 64-/32-bit MA35H0 microprocessor equipped with DDR memory and H.264 video codec. Its industry-grade operating temperature (-40°C – 125°C) makes it the perfect choice for heavy duty industrial IoT workloads.
- We worked with Skymize to integrate our NuMaker-M467HK evaluation board with their ONMC ML to optimize the performance of both products. We now offer the most advanced machine learning solutions for high-performance embedded systems and have pulled well ahead of our competition in the ML PerfTM Tiny benchmark test in the Cortex-M4 MCU category.
- To address demand for wide temperature range industrial control applications, we launched the Cortex M4 core-based M463 wide temperature range control unit, whose operating temperature can reach as high as 125° C.
- To address the need for precision measurement in industrial process control, we launched the high precision, high integration, and high output speed 24-bit delta-sigma ADC chip (NADC24 series).
- For the DDR5 memory module market, we launched the Cortex M23 core-based NUC1263 series to support LED control using our patented LED Light Strip Interface (LLSI) technology.

- To address demand for low voltage applications, Nuvoton launched the N566LP series, a 1-Battery boost control solution that features patented low voltage boost conversion overload protection circuits designed in-house by Nuvoton.
- We launched the NSP2340A, the first ever industry-grade audio SoC, which features the high compression and high audio quality characteristic of Nuvoton's audio products.

(IV) Long- and Short-Term Business Development Plans

1. Short-Term Business Development Plans

1.1 DRAM

- We will increase mass-production yield of DRAM 20nm process technology to reduce costs and improve quality.
- We will develop new products, customers, and applications to improve profitability through increased distribution of chips and revenue.
- We will optimize applications, customers, and product mixes to increase output value and profitability of chips.

1.2 Code Storage Flash Memory

- We have already completed the NOR Flash 45nm process CPR and put it into mass production in order to expand the scope of potential applications.
- We will increase our market share in computing and peripheral products, mobile handheld devices and modules, IoT, automotive and industrial electronics.
- We will optimize applications, customers, and product mixes to increase output value and profitability of chips.
- We will cultivate world-class brand customers to strive for robust profitability.

1.3 Logic IC

- Regarding MCU and MPU, we will enrich our product portfolios and develop platforms and tools to boost our advantages in cost-performance ratio and local services, while actively building an ecosystem of self-designed development platforms and collaborating with third-party vendors to create an optimal development experience for our customers.
- In terms of audio products, we aim to provide clients with a comprehensive audio product line and recommended design solutions. Meanwhile, we are working with third-party design companies to develop the application and algorithm repositories necessary for the relevant applications, including audio-based human-machine interaction, voice recognition, active noise cancellation, and acoustic echo cancellation.
- For our cloud computing products, we will adopt advanced security technologies and utilize our geographical strengths to expand the development of hardware and software solutions suitable for world-leading brands. We will invest resources into enterprise products that are nearing stability, focus on the expansion of edge computing/AI-powered applications and devices, and actively participate in international security standardization organizations and open-source initiatives to maintain our technological edge.

2. Long-Term Business Development Plans

2.1 DRAM

- We will develop advanced processes to increase our core competitiveness.
- We will develop mobile DRAM with new specifications and explore different areas of application.
- We will increase shares in niche markets including KGD, automotive and industrial electronics, MCP, and SiP.

2.2 Code Storage Flash Memory

- We will expand our presence in the high-margin end-product application market including automotive and industrial electronics, IoT, and wearable devices, all certified by leading international manufacturers.
- We will aim for high speed, low voltage, low power, and heightened security to increase product value.

2.3 Logic IC

- We will develop MCU and MPU products and platforms, low-power consumption, analog, and security technologies, thereby enriching our 64-bit microprocessor and 32-bit and 8-bit MCU platform through innovation and process advancement.
- As for audio products, we will develop high-fidelity, high-integration, low-power audio processing controllers and develop audio codecs and audio amplifiers in order to make our audio product offerings even more comprehensive. Furthermore, we are strategically investing resources into audio equipment for the automotive market with the hope of becoming a major automobile parts provider.
- Concerning cloud computing products, the growing popularity of web applications has made cyber security and the security of high-end equipment a critical issue that must be addressed in the future. Through extensive collaboration with customers for a prolonged period, we will actively conduct research on the integration of peripheral components and seek opportunities to launch new products.

II. Market, Production, and Sales

(1) Market Analysis

1. Our consolidated operating revenue, including Nuvoton and other subsidiaries, by sales region for 2023 is as follows:

Unit: TWD in thousands

Region	Sales	%
Asia	69,316,314	92%
North and South America	2,236,890	3%
Europe	3,286,593	5%
Others	166,281	-
Total	75,006,078	100.0%

2. Market share, future supply and demand situation, and market growth potential

2.1 DRAM

- In 2023, our share of the overall DRAM market was approximately 1%. As we enter 2024, the visibility of consumer electronics markets such as television and smartphones remains unclear, leading to the continuation of inventory adjustment strategies. However, benefiting from the transition of server platforms and the ongoing upgrade of AI PC specifications, these have been the main factors recently driving the trend towards a balanced supply and demand for DRAM market. In the long run, the development of AI and 5G technologies will take IoT applications to the next level, and the extensive use of AI in consumer electronics, IoV (Internet of Vehicles), and Industry 4.0 will drive demand for embedded memory chips and content per box. All of these developments will contribute to steady growth in the DRAM sector.

2.2 Code Storage Flash Memory

- We are the global leader in code storage flash memory. In 2023, we held over one-third of the global market share of serial flash. Demand for code storage flash memory is moving toward high-density products. The increase in device density coupled with the advantages of fewer pins and lower overall costs afforded by serial-interface code storage flash memory will enable growth in the serial-interface code storage flash memory market.

2.3 Logic IC

- Our 32-bit Cortex®-M0/M4 MCUs, ARM® 7/9, and 8-bit MCUs are cost-effective and well-received by the market, leading to annual increases in our market share. Our major clients include well-known domestic and foreign manufacturers of consumer, industrial control, power, and communications products. We have also acquired a sizable market share of audio product applications in toys, IoV, IoT, consumer home appliances, healthcare, and manufacturing. Looking into the future, we will continue to work on solutions that offer improved security control, user experience, and energy efficiency.

3. Competitive niche, favorable and unfavorable factors for future development, and countermeasures

3.1 DRAM

- Competitive niche: Process development, new product development, testing technology, FAE capabilities, and marketing and distribution strengths are our core competencies. Currently, other DRAM suppliers in Taiwan acquire their process technology from large foreign DRAM manufacturers through technology licensing. We are one of the few DRAM suppliers in Taiwan with advanced process development capabilities. We have improved R&D efficiency in recent years to shorten process development schedules.
- Favorable factors for future development: An increase in the system space of smartphones, tablets, TVs, set-top boxes, networking, and storage devices will increase DRAM demand. In terms of supply, Moore's law in advanced process technology is entering a bottleneck, slowing down supply growth, which is conducive to industry development.

- Unfavorable factors and countermeasures: Slowing demand for smartphones may prompt other suppliers to reallocate capacity to DRAM, leading to an increased supply and disrupting the market equilibrium. We will optimize application portfolios, thus expanding our presence in automotive and industrial electronics as well as IoT applications. We will also invest in the development and adoption of advanced processes to improve profitability. We are constantly exploring new applications and building strong customer relationships to mitigate risks arising from market uncertainties.

3.2 Code Storage Flash Memory

- Competitive niche: We have been cultivating the flash memory market for many years with a complete series of Code Storage Flash products, ranging from 512Kb to 8Gb.
- Favorable factors for future development: We have steadily held over one-third of the global market share in recent years, gaining recognition from clients for quality and affordability. We currently hold over 40% of market shares in computing and peripheral products and continue to develop high-density products and applications including automotive and industrial electronics, 5G networks, and servers.
- Unfavorable factors and countermeasures: New manufacturers in China will start supplying new capacities, which will affect supply and demand in the low to medium-density product market and in turn impact end-product demand. We will optimize application portfolios, thus further expanding our presence in markets including mobile handheld devices, automotive and industrial electronics, and IoT applications. We will also invest in the development and adoption of advanced processes to improve profitability and develop new applications and customer bases to reduce risks arising from market uncertainties.

3.3 Logic IC

- Competitive niche: Our MCU products, developed by a team of R&D and IT professionals in collaboration with strategic partners, offer a total system solution that lowers costs for customers and enhances their competitive edge. We gained experience in voice and audio processing by integrating audio CODEC and third-party voice recognition with MCU to achieve IoT market application for a diverse range of product options and ideal economic solutions. In terms of cloud computing products, Winbond and customers jointly developed customized chips for non-computer product lines to lower costs and enhance competitive edge.
- Favorable factors for future development: Our new-generation MCUs offer high compatibility, a uniform development platform, and advantages in ease of development and eco-protection certifications. This core competency raises the barrier of competition for rivals. We have also launched high-performance voice/audio MCUs and the world’s first smart amplifier based on non-linear speaker protection for unparalleled sound quality and compatibility with thin speakers. These features enable a simpler and trendier exterior and industrial design in end-customer applications. Our cloud computing products retain a leading position in the market. We are also the only TPM IC supplier in the world that is FIPS (Federal Information Processing Standards), Common Criteria EAL4+, and TCG (Trust Computing Group) certified.
- Unfavorable factors and countermeasures: Fierce competition in the consumer electronics market in recent years, short product life cycles, and rapid replacement of traditional products have all contributed to increased costs. The only way to maintain a leading position in the market is to develop highly integrated products with lower costs while enhancing R&D capabilities. Thus, we will strengthen product optimization and invest in global technical support teams to provide localized customer services and seize opportunities that will put us ahead of others. We will also build a sales team focused on customer applications and vertical integration solutions to replicate our success in other cities and emerging markets.

(II) Usage and Manufacturing Processes for Main Products

1. Usage of Main Products

1.1 DRAM

- SDR/DDR/DDR2/DDR3/DDR4/DDR4X Specialty DRAM in computing and peripheral products, automobile electronics, and consumer electronics.
- Pseudo SRAM, HyperRAM, Mobile DRAM (Low Power DRAM) in mobile devices, computers, and consumer electronics.

1.2 Code Storage Flash Memory

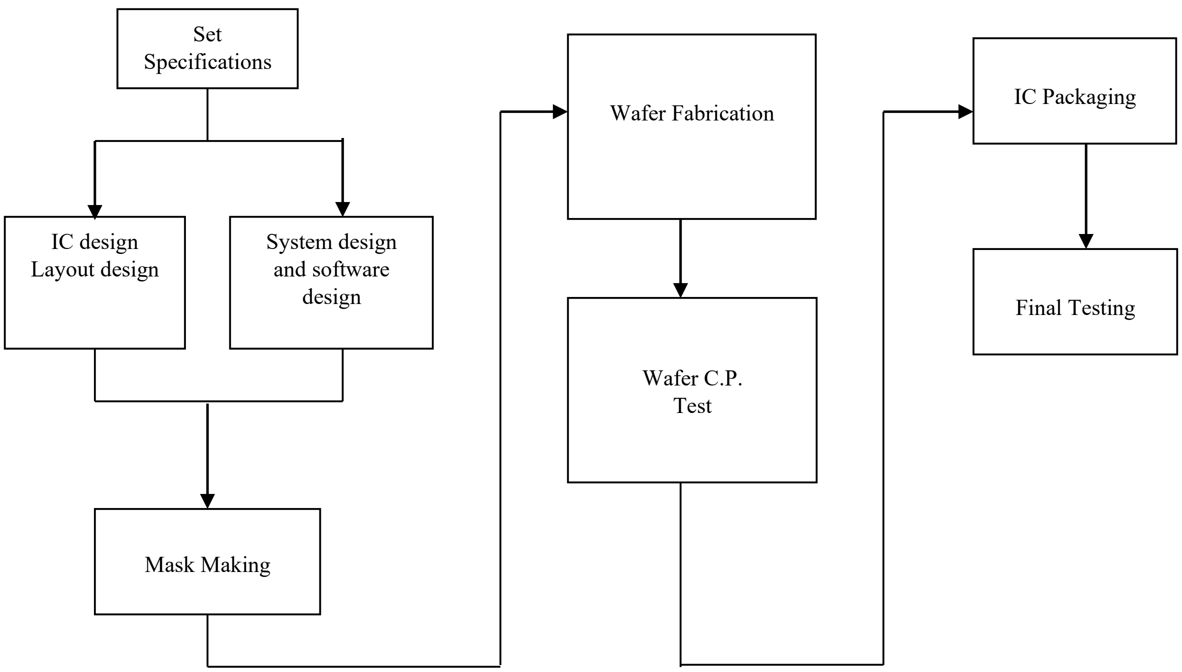
- Used in computing and peripheral products, mobile handheld devices and modules, network communications, IoT, consumer electronics, automotive and industrial electronics, household appliance modules, etc.

1.3 Logic IC

- Provide customers with industrial controls, consumer electronics, smart home appliances, computer equipment, data centers, servers, edge computing devices, vehicle-mounted equipment, and communication products.

2. Manufacturing processes for main products

The integrated circuit manufacturing process consists of five processes: IC design, mask making, wafer fabrication, packaging, and testing. Flowchart is presented below:



(3) Supply of Main Raw Materials

Our main raw materials include silicon chips, process chemicals, special gases, and targets, all of which are supplied by semiconductor manufacturers based in the USA, Japan, South Korea, and Taiwan. Our suppliers provide materials of considerable quality, which ensures supply stability. Outsourced items include testing and packaging, with at least two different qualified suppliers for each item, so as to ensure source and stability of supply.

(4) List of suppliers accounting for 10% or more of the company’s total purchases amount in either of the 2 most recent fiscal years, the amounts bought from each, and the percentage of total purchases accounted for by each

Unit: TWD in thousands

Item	2023 Name	Amount	As a percentage of the year's net purchases (%)	Relationship with Issuer	2022 Name	Amount	As a percentage of the year's net purchases (%)	Relationship with Issuer
1	Supplier K	3,822,301	19.7%	None	Supplier K	4,583,838	20.2%	None
	Supplier M	2,137,522	11.0%	None	Supplier M	3,163,187	13.9%	None
	Supplier S	2,041,062	10.5%	None	Supplier S	1,531,226	6.7%	None
	Other	11,427,674	58.8%		Other	13,463,783	59.2%	
	Net purchase	19,428,559	100.0%		Net purchase	22,742,034	100.0%	

(5) List of clients accounting for 10% or more of the company's total sales amount in either of the 2 most recent fiscal years, the amounts sold to each, and the percentage of total sales accounted for by each

Unit: TWD in thousands

Item	2023 Name	Amount	As a percentage of the year's net sales (%)	Relationship with Issuer	2022 Name	Amount	As a percentage of the year's net sales (%)	Relationship with Issuer
1	Client Y	2,959,218	4.0%	None	Client Y	14,393,996	15.2%	None
	Other	72,046,860	96.0%		Other	80,135,794	84.8%	
	Net sales	75,006,078	100.0%		Net sales	94,529,790	100.0%	

(6) Output volume and value in the most recent two years

Total combined output of the Company and its subsidiaries, including Nuvoton Technology:

Unit: TWD in thousands

Year	2023				2022			
Main Products/Capacity /Output	Production Capacity (Note 1)	Output Volume (Note 2) Wafer	Output Volume (Note 2) Die	Output Value	Production Capacity (Note 1)	Output Volume (Note 2) Wafer	Output Volume (Note 2) Die	Output Value
DRAM products	12-inch wafers: 828	0.9	1,045,499	10,812,181	12-inch wafers: 708	1.9	795,523	10,471,179
Flash products		1.7	2,724,437	12,582,074		0.2	2,601,822	13,059,924
Logic IC products	6-inch wafers: 536	405	3,383,769	32,303,806	6-inch wafers: 752	471	6,337,138	28,142,912
Total		407.6	7,153,705	55,698,061		473.1	9,734,483	51,674,015

Note 1: Wafer production capacity is measured in units of 1,000 pieces.

Note 2: Wafer production is measured in units of 1,000 pieces; die production is measured in units of 1,000 pieces.

(7) Sales volume and value in the most recent two years

Total combined sales of the Company and its subsidiaries, including Nuvoton Technology:

Unit: TWD in thousands

Year	2023						2022					
Main Product/ Sales volume and value	Domestic Sales			Exports			Domestic Sales			Exports		
	Sales Volume (Note)		Value	Sales Volume (Note)		Value	Sales Volume (Note)		Value	Sales Volume (Note)		Value
	Wafer	Die		Wafer	Die		Wafer	Die		Wafer	Die	
DRAM products	-	188,543	2,426,653	1	820,774	11,610,161	-	123,490	3,423,900	2	728,556	18,504,854
Flash products	-	486,230	3,462,610	2	2,273,701	20,585,186	-	583,430	5,359,787	-	2,129,867	24,503,267
Logic IC products	125	269,041	4,366,009	287	3,029,269	30,518,997	154	319,394	6,080,267	312	6,216,262	35,559,906
Others	-	-	1,046	-	-	2,035,416	-	-	465	-	-	1,097,344
Total	125	943,814	10,256,318	290	6,123,744	64,749,760	154	1,026,314	14,864,419	314	9,074,685	79,665,371

Note: Wafer sales are measured in units of 1,000 pieces; die sales are measured in units of 1,000 pieces.

III. Employees

Information about the employees of the Company and its subsidiaries, including Nuvoton Technology:

Year		2022	2023	As of March 11, 2024
Number of Employees	Technicians (Engineers)	5,208	5,431	5,392
	Administration and sales staff	1,832	1,697	1,688
	Assistant technicians	902	858	870
	Total	7,942	7,986	7,950
Average Age		42.03	43.00	42.81
Average Years of Service		10.09	12.32	12.22
Education Level (%)	PhD	1.33	1.41	1.39
	Master’s	42.42	42.97	43.01
	University/College	46.30	46.34	46.33
	Senior High School	9.38	9.03	8.92
	Junior High School and below	0.44	0.24	0.36

IV. Information on Environmental Protection Expenditure

(1) Any losses suffered by Winbond in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation and violations of environmental protection laws or regulations found in inspection with disposition dates, reference numbers, articles and substances violated, and contents), disclosing an estimate of possible current and future expenses incurred with measures: None

(2) Preventive measures taken to ensure a safe working environment and protect employee safety

We uphold the spirit of the ISO 14001 environmental management system and pledges to maintain a working environment superior to statutory requirements and general industry practice. We also strive to comply with international environmental protection standards and seek to eliminate possible environmental risks through iterative improvement.

As a member of the global village in line with the principle of eco-friendly design, we are committed to developing green products and energy-efficient, low-pollution electronic applications to fulfill our vision of corporate sustainability.

Throughout operations, we rely on process optimization to reduce water/power consumption, use of raw materials, and carbon footprint per output unit. Concerning organizational management, we have established a Quality & ESH Center to oversee environmental, health, and safety management. We have also appointed suitable environmental management specialists to oversee air/water pollution control, waste disposal, and toxic chemicals management. We have obtained all environmental protection permits and licenses required by law. Proper recycling systems for wastewater, exhaust gases, and solid wastes were incorporated during the initial stage of plant design to reduce resource losses and emissions.

Furthermore, we have integrated ISO45001 and CNS45001 into safety, health, and loss control management tasks to form an environmental safety and health management system in hopes of improving our overall performance. We conduct biannual internal and annual external audits of environmental, health, and safety management to ensure proper implementation.

Thanks to our commitment to environmental protection, we have won various awards from EPA and MOEA including the Annual Enterprises Protection Award (AEEPA), National Industrial Waste Minimization Excellent Performance and Group Performance Award, and Industry Outstanding Voluntary Greenhouse Gas Emission Reduction Factory Award. Over the years, we have been rated as a Friendly Workplace by the Ministry of Labor; an Excellent Rating for Labor Health and Safety by the Central Taiwan Science Park Administration; and an Outstanding Healthy Workplace by the Health Promotion Administration.

Going forward, we will continue to strengthen our spirit of corporate sustainability, respond to growing environmental awareness by investing in appropriate environmental protection expenditure when needed, adopt innovative technologies to improve the efficiency of pollution control, and strive to minimize the environmental impact of our activities.

V. Labor relations

(1) Employee benefit plans, continuing education, training, retirement systems, and implementation status

1. Employee benefit plans

(1) We have established an Employee Welfare Committee, Retirement Reserve Fund Supervisory Committee, and Environmental, Health, Safety, and Risk Management Committee. Labor management meetings, feedback boxes, complaint hotlines, and Sexual Harassment Complaints Committee are channels for maintaining effective communication with employees.

(2) We provide a comprehensive and high-quality benefit package for our employees and their families. In addition to statutory benefits including labor insurance, national health insurance, and pension reserve, we also have an above-average child care subsidy system.

A. Child care subsidy: In support of the government's efforts to increase birth rates, we have set up child care subsidies for employees to support their family. Employees who have been with Winbond for over one year are entitled to a subsidy of NT$6,000 per month for each newborn until the child reaches the age of four. Such measure makes us one of the best companies to work for.

B. Marriage and childbirth subsidies: In addition to child care subsidies, marriage and childbirth allowances are also provided when employees get married or have children.

2. Employee training and continuing education

In accordance with the Company's *Education and Training Management Procedures*, we have established a well-equipped learning environment with an expansive range of learning modes that include in-person training, live streaming, and digital courses. In addition, external resources are utilized to train employees, cultivate in-house lecturers and employee competencies, thereby promoting a learning-oriented corporate culture. The Company has adopted the following learning channels:

(1) In-person courses: Each year, the Company plans and implements professional, QC, workplace safety, management, and general education training programs as needed. Employees may sign up for these courses according to their needs. The types of courses offered are summarized as follows:

A. Management training involves a range of training exercises related to management skills development that are based on the company's management competency blueprint. These exercises include courses that help junior managers establish correct management concepts and hone their management skills, seminars in which in-house managers share their work experiences, and lectures on a variety of topics given by experts from industry, government, and academia. The wide range of training activities are aimed at enhancing the managerial capabilities of all management levels.

B. General education, QC, and workplace safety training programs are designed and established as needed by the company in accordance with the company's quality policy and government laws and regulations. These programs include work skills training, awareness-raising courses on the Act of Gender Equality in Employment and sexual harassment prevention, statistical analysis methods, and emergency response safety training classes.

C. Professional training is planned as per each unit's specific needs. Examples of professional training courses include R&D design, process testing, international seminars, and experience-sharing sessions. In-house employees and external experts are invited to share their knowledge and experience.

D. Orientation training covering job systems and rules, corporate culture, and work adaptation to help new employees assimilate into their new work environment. Courses related to ESG, workplace safety, and unlawful infringement in the workplace are also provided to create a positive work environment that ensures the health and safety of employees.

E. Basic training assessments and continuing advanced skills assessments are conducted on direct employees, including new employees.

(2) Learning platform: Information on online courses is provided on the Company's training platform to encourage learning. Employees can learn anywhere at any time and choose courses according to their needs. A diverse range of courses are offered, including general education courses on the corporate environment and management system, laws and regulations and code of conduct, process R&D development and quality training, data science, languages, and other elective courses.

(3) Lifelong learning: To encourage continuous development and personal growth, we provide reference to employees studying for a domestic or international Master's or PhD degree accredited or approved by the Ministry of Education as per our In-service Continuing Education Regulations. Tuition fees are covered by Winbond. We also provide subsidies for employees to hone their work skills at external or foreign organizations.

3. Retirement system

We have established retirement regulations as per Labor Standards Law and Labor Pension Act with pension fund for employees under the old or new system:

(1) Employees applicable to the old pension system under the Labor Standards Act: *Employees who qualify for retirement under the Labor Standards Act may apply to retire from the Company.* The base amount of an employee's pension payment is their average monthly salary in the six-month period prior to the retirement date. Employees who have served at the Company for 15 years or less are entitled to a pension payment of two base amounts for every year served. Employees who have served for more than 15 years at the Company shall receive an additional pension payment of one base amount for every additional year served (up to a combined total of up to 45 base amounts). Pension payments will begin within 30 days of the retirement date. The contribution rate, in addition to 2% of monthly salary, is regularly audited every year along with application reviews by the Retirement Reserve Fund Supervisory Committee.

(2) Employees applicable to the new pension system under the Labor Pension Act: Monthly contributions are 6% of the pay grade into personal pension accounts with an another optional 6% from the employees themselves.

(2) Certifications obtained by personnel responsible for financial transparency

Certification obtained by the employees of the Company and its subsidiaries, including Nuvoton Technology, is as follows:

Certification	Number of People
Certified Internal Auditor (CIA)	5
Certification in Control Self-Assessment (CCSA)	1
Certification in Risk Management Assurance (CRMA)	1
Certified Information Systems Auditor (CISA)	2
Certified Information Security Manager (CISM)	1
CPA of the Republic of China	6
CPA of the United States of America	2

(3) The status of labor-management agreements and measures for preserving employees' rights and interests

1. We have established Rules for Labor-Management Meetings and regularly convenes meetings to discuss and mediate related issues. Items resolved must be addressed by relevant units within a limited time.

2. We have established Internal Grievance Rules to safeguard employees' legal rights and interests, eliminate illegal and unreasonable treatment, and provide a compliant, reasonable, and fair working environment.

(4) List any losses suffered by Winbond in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in inspection with disposition dates, reference numbers, articles and substances violated, and contents): None

(5) An estimate of possible current and future expenses incurred with measures

We hold regular labor meetings to promote opinions exchange between employers and employees. Both parties have consistently maintained consensus since the founding of Winbond without disputes occurring. We also continue to reiterate the importance of regulatory compliance and strengthened overtime management.

(6) Employee Code of Conduct

We have established the Employee Code of Conduct to regulate work ethics, protection of intellectual property rights/business secrets, and workplace order, etc. This is accessible for review via our documentation system, Intranet announcements or bulletin boards as detailed below:

1. Work ethics

(1) Work Rules: service rules and general principles for prevention of sexual harassment.
(2) Workplace Sexual Harassment Prevention Regulations: established as per relevant government laws with a dedicated awareness website, and appropriate prevention, correction, and punishment for events.
(3) Employment contracts: specifies agreements with respect to faithful duty performances.
(4) Code of Conduct for Human Resource Management: a series of courses set up as per relevant government laws and regulations with topics on eliminating discrimination, fair treatment, and prohibition of involuntary work. All employees are made aware to ensure that everyone can work in a fair and lawful environment.

2. Rules for protection of intellectual property rights and business secret confidentiality

(1) Work Rules: general principles for confidentiality.
(2) Employment contracts: specify agreements concerning duties, document ownership, confidential information, ownership of intellectual or industrial property, and non-compete terms.

3. Order of work

(1) Allocation of responsibilities: Guidelines for Stratification of Responsibilities specify the division of labor, providing a basis for performance of duties.
(2) Duties of individual units: clearly allocate mission and tasks
(3) Restrictions on employment of relatives: Rules on Avoiding Employment of Relatives state that relatives shall not be hired to fill certain positions to ensure effectiveness and efficiency of internal management is not unnecessarily compromised by nepotism.
(4) Attendance management
A. Leave Rules: specify principles and regulations regarding leave of absence.
B. Rules on Business Travel in Taiwan and Rules on Foreign Business Travel: To facilitate personnel management and substitute mechanism, we have established operating procedures for business travel applications to grant appropriate subsidies and facilitate task completion.
C. Overtime Rules: specify principles and regulations regarding overtime.
D. Rules for Cancellation of Work in the Event of Natural Disasters and Emergency Incidents: criteria for cancelling work in the event of (or after) a natural disaster and emergency incident.
(5) Performance management

Performance Management and Evaluation Regulations: aim to determine employees' strengths and weaknesses based on the degree of target achievement, and in turn help develop capabilities. Employees' contributions to the organization are determined based on peer comparison, while improvement guidance and measures will be provided for underperformance.

(6) Reward and disciplinary actions

Reward and Punishment Rules: prescribe appropriate rewards for excellent performance or disciplinary actions against violators of regulations to encourage and maintain morale and workplace order.

(7) Workforce development
A. In-service Continuing Education Regulations: channels are established to build a pool of high-caliber talents needed for our long-term development.
B. Rules on Application for Participation in Academic Organizations: promotes diffusion of knowledge and experience with access to latest information on various areas of expertise.
C. Rules for Attending and Managing Conferences and Seminars: Participation in international conferences or seminars enables employees to acquire the latest information on their area of expertise.
(8) Communication channels

A. Rules for Labor-Management Meetings: to establish consensus on moral conducts, promote teamwork for business development and employee well-being, maintain effective two-way communication, eliminate disputes, ensure harmonious relations, and encourage maximal productivity.
B. Internal Grievance Rules: provide channels for employees to express opinions, file complaints directly to protect their rights and interests, and promote feedback.
C. Employee Suggestion Rules: Employees' ideas and creative thinking can help us improve continuously. Employees are rewarded for making suggestions that benefit our overall operations to encourage them to contribute their wisdom and experience.

VI. Cybersecurity Management

(1) Information security policy and organization

Winbond is committed to ensuring the confidentiality, integrity, and availability of data, both in physical and digital form, to satisfy regulatory requirements, operational needs, and client demand. We have an *Information Security Policy* and *Management Rules for Technical and Confidential Information* in place to keep our IT environment secure, protect the Company's information and computer systems, and ensure that customer privacy is properly protected. We sign confidentiality agreements with our suppliers and customers to collectively protect confidential information and prevent the disclosure of sensitive information.

In addition, to ensure information security, the Company has implemented an information security management system (ISMS) to conduct annual regulatory audits of information security compliance in accordance with the Plan-Do-Check-Act (PDCA) framework described in ISO/IEC 27001. Furthermore, Company executives are updated on information security issues during management meetings so that security-related issues and strategies can be reviewed on a regular basis.

In 2022, we established a dedicated unit to oversee information security operations, and appointed a Chief Information Security Officer (CISO) to oversee the effectiveness of the company's cybersecurity operations and cybersecurity risk management mechanisms.

(2) Information security management framework and tangible achievements

Winbond obtained ISO 27001 Information Security Management System certification in 2021, adopted the system in our Kaohsiung Fab plant in November 2022, and passed a subsequent certification review in December 2023. Currently, the certification covers only our Zhubei Building, CTSP Fab, and the Kaohsiung Fab. We have set up an information security organization in compliance with ISMS to review cybersecurity issues and incidents and discuss and formulate improvement measures.

To tighten control of cybersecurity risks associated with the electrical and electronic systems of road vehicles, we obtained the ISO 21434 Road vehicles—Cybersecurity engineering certification in August 2022, becoming the first memory manufacturer in the world to obtain this certification.

In addition, the design and development, production, delivery, and operating environments of our secure memory products are Common Criteria EAL 5+ certified, which means that Winbond's control over product information security meets the Common Criteria, and that Winbond is able to manufacture internationally trusted products that ensure the security of customer information and assets.

In 2022, Winbond launched a business secret management system to prevent theft or leaks of trade secrets and intellectual property. The system received TIPS Grade-A certification in November 2023.

For the purpose of safeguarding critical product information, we work continuously to strengthen access control and monitoring systems, IT access authorization management, and access record keeping and review. We exercise stringent control of both personnel access and data access to prevent unauthorized access to company information and data tampering.

In response to remote work models, the Company reduced the cybersecurity risks of remote Internet connections by adopting such mechanisms as device management, identity verification, multi-factor authentication, and source IP addresses. We also strengthen the monitoring and reporting of cloud services to minimize the probability of cyberattacks.

To strengthen the cybersecurity awareness of employees, the Company organizes monthly awareness campaigns on cybersecurity topics and conducts social engineering training exercises every three months. Each year, employees are required to undergo education and training in cybersecurity and pass the relevant tests. The Company sends out periodic bulletins on emerging technologies and applications to keep employees up to date.

Systems that provide external services are scanned in real time using cloud monitoring tools. When major risks are identified, updates are scheduled immediately and vulnerabilities patched as soon as possible. Internal systems are subject to vulnerability scanning in conjunction with major risk alerts provided by our IT suppliers; monthly updates are scheduled to repair any vulnerabilities.

(3) Information security management resources

The Company has established a Cybersecurity Department to reinforce its defense architecture against cyberattacks and data leaks. By using a cloud-based service security mechanism, we have enhanced identity verification and detection of irregular login activities to reduce the risk of cyberattacks. Our self-designed SIEM system, external SOC services, and cloud monitoring services have bolstered the monitoring and reporting of suspicious behavior. Cybersecurity is managed through regular internal audits, backup recovery, remote backup, cybersecurity drills, and business continuity exercises.

In addition, the Company shares business information with certain third-party service providers to enable them to provide services, and we require all third-party service providers to sign confidentiality agreements. As such, should the systems, equipment, or services of our providers become subject to cyberattack, we are able to work with them to resolve the issue in a timely manner and, in turn, mitigate any adverse effect that such issues might have on Company operations.

In 2023 alone, the Company and Nuvoton invested a total of NT$ 93.2 million and had 164 employees involved in information security management.

(4) Impacts of major cybersecurity incidents and response measures

In 2023 and up to the release date of this annual report, the Company has not experienced any cybersecurity incidents that have caused or are likely to produce materially adverse impacts on company business and operations.

VII. Important Contracts

Nature of Contract	Parties	Contract Commencement and Expiration Dates	Content	Restrictive Covenants
Engineering/ Construction Contract	TASA Construction Corporation	2016.05–2024.12	Procurement of construction materials for basement, above-ground structure, and exterior glass curtain walls of Zhubei Building	None
		2016.05–2024.12	Construction of Zhubei Building basement, above-ground structure, and exterior glass curtain walls	
		2018.11–2024.06	Contract services for Kaohsiung FAB_A and CUB substructure	
		2018.11–2024.06	Material procurement for Kaohsiung FAB_A and CUB substructure	
		2018.12–2025.09	Contract services for building the main structure of Kaohsiung Fab	
		2018.12–2025.09	Procurement of materials for building the main structure of Kaohsiung Fab	
		2019.03–2024.12	Contract services for steel structure of Kaohsiung Fab A	
		2019.03–2024.12	Procurement of materials for steel structure of Kaohsiung Fab A	
		2019.05–2024.05	Contract services for building renovation at Kaohsiung Fab A	
		2019.05–2024.05	Material procurement for building renovation at Kaohsiung Fab A	
		2019.07–2025.11	Contract services for exterior wall work at Kaohsiung Fab	
		2019.07–2025.11	Material procurement for exterior wall work at Kaohsiung Fab	

Nature of Contract	Parties	Contract Commencement and Expiration Dates	Content	Restrictive Covenants
	Nomura Micro Science Co., Ltd.	2019.03–2022.09	Contract services for pure water system work at Kaohsiung Fab	
		2019.03–2022.09	Material procurement for pure water system work at Kaohsiung Fab	
	Mega Union Technology Inc.	2019.09– 2 years after project acceptance	Contract services for wastewater collection and treatment system work at Winbond Electronics Kaohsiung Fab-A	
		2019.09– 2 years after project acceptance	Material procurement for wastewater collection and treatment system work at Winbond Electronics Kaohsiung Fab-A	
	L&K Engineering Co., Ltd.	2019.11–2024.04	Contract services for Phase 1 of mechanical, electrical, and plumbing (MEP) system work at Kaohsiung Fab	
		2019.11–2024.04	Material procurement for Phase 1 of mechanical, electrical, and plumbing (MEP) system work at Kaohsiung Fab	
	Exyte Taiwan Co., Ltd.	2019.12–2024.04	Contract services for clean room work at Winbond Electronics Kaohsiung Fab	
		2019.12–2024.04	Material procurement for clean room work at Winbond Electronics Kaohsiung Fab	
	Uangyih-Tech Industrial Co., Ltd.	2021.10– 1 year after project acceptance	Material procurement for 10.5K Exhaust Hookup work at Kaohsiung Fab	
		2021.10– 1 year after project acceptance	Service procurement for 10.5K Exhaust Hookup work at Kaohsiung Fab	
	Laien Parts Technology	2021.10– 1 year after project acceptance	Service procurement for 10.5K Hookup—gas piping system work at Kaohsiung Fab	
		2021.10– 1 year after project acceptance	Material procurement for 10.5K Hookup—gas piping system work at Kaohsiung Fab	
	J-YIH Electrical & Plumbing Co., Pte. Ltd.	2021.10– 1 year after project acceptance	Contract services for 10.5K Hookup—electrical system work at Kaohsiung Fab	
		2021.10– 1 year after project acceptance	Material procurement for 10.5K Hookup—electrical system work at Kaohsiung Fab	
	Tun Yi Industrial Co., Ltd.	2021.10– 1 year after project acceptance	Material procurement for 10.5K Hookup—high vacuum piping system work at Kaohsiung Fab	
		2021.10– 1 year after project acceptance	Contract services for 10.5K Hookup—high vacuum piping system work at Kaohsiung Fab	
	Rayzher Industrial Co., Ltd.	2021.10– 1 year after project acceptance	Contract services for 10.5K Hookup—gas piping system work at Winbond Electronics Kaohsiung Fab	
		2021.10– 1 year after project acceptance	Material procurement for 10.5K Hookup—gas piping system work at Winbond Electronics Kaohsiung Fab	
	Swift Engineering Co., Ltd.	2021.10– 1 year after project acceptance	Material procurement for 10.5K Hookup—UPW, chemical, and solvent drainage system work at Winbond Electronics Kaohsiung Fab	

Nature of Contract	Parties	Contract Commencement and Expiration Dates	Content	Restrictive Covenants
		2021.10– 1 year after project acceptance	Contract services for 10.5K Hookup—UPW, chemical, and solvent drainage system work at Winbond Electronics Kaohsiung Fab	
	Wholetech System Hitech Limited	2021.10– 1 year after project acceptance	Material procurement for 10.5K Hookup work at Winbond Electronics Kaohsiung Fab: Piping facility hookup –drainage, PCW, PV, HV, and onsite management	
		2021.10– 1 year after project acceptance	Contract services for 10.5K Hookup work at Winbond Electronics Kaohsiung Fab: Piping facility hookup –drainage, PCW, PV, HV, and onsite management	
Sale/Purchase Contract	Nanzong Construction Developments, Co., Ltd.	2019.09–2024.06	Acquisition of Floors 13 and 14 of Building H and 13 parking spaces in the Taipei Nankang World Pearl construction project	
Investment Contract	JVP Growth Opportunity X. L.P.	2020.10–2028.12	Investment of US$15 million in venture capital fund to be made in installments over the next five years after fund establishment	
Supply Contract	Linde Lienhwa Industrial Gases Co., Ltd.	2021.04–2036.03	Bulk gas supply at CTSP Fab	None
		2023.01–2036.03	Bulk gas supply at CTSP Fab (supplementary contract)	None
	Air Liquide Far Eastern Ltd.	2022.04–2025.03	Gas supply contract	The Company shall not sublicense rights to any third party. The Company is bound by a duty of confidentiality.
	Company T	2022.07–2026.12	Purchase of materials	The Company is bound by a duty of confidentiality.
		2023.07–Contract fulfillment	Contract revision agreement	The Company is bound by a duty of confidentiality.
Joint Guarantee	10 banks including Taiwan Cooperative Bank	2018.06–2025.07	Joint guarantee of NT$10.15 billion	Financial ratios, etc.
Syndicated Loan	19 banks including the Bank of Taiwan	2019.09–2026.09	NT$42 billion syndicated loan	
	11 banks including the Bank of Taiwan	2023.12–2030.12	NT$20 billion syndicated loan	Financial ratios, etc.
Licensing Agreement	Company A	2008.07–indefinite	Technology licensing	The Company shall not sublicense rights to any third party. The Company is bound by a duty of confidentiality.
	Company B	2009.06–indefinite	Technology licensing	
		2012.06–indefinite	Technology licensing	
		2016.03–indefinite	Technology licensing	
	Company C	2009.11–indefinite	Technology licensing	
	Company M	2023.06–2026.06	Software licensing	The Company is bound by a duty of confidentiality.
Sales Contract	Company D	2017.08–2022.07	Product sales	The Company is bound by a duty of confidentiality when providing product warranties.

Nature of Contract	Parties	Contract Commencement and Expiration Dates	Content	Restrictive Covenants
Share Sale/Purchase Agreement	Autotalks Ltd. and other investors	2019.07–indefinite	Equity investment	Payment of share capital according to agreement.
		2023.05–indefinite		The Company is bound by a duty of confidentiality.
Lease Agreement	Hsinchu Science Park Administration, Ministry of Science and Technology (now National Science and Technology Council)	2019.08–2027.12	Lease	Payment of rent according to contract.
Merger & Acquisition Contract	Panasonic Corporation	2019.11–indefinite	Merger & acquisition	Payment of M&A cost according to contract.
Procurement Contract	Company E	2020.04–PO is no longer issued	Software licensing	The Company is bound by a duty of confidentiality.
Sales Service Contract	Company F	2020.09–2023.08	Product sales	
Procurement /Sales Contract	Company F	2020.09–2023.08	Product purchases and sales	
Asset Sale/Purchase Agreement	Panasonic Asia Pacific Pte. Ltd.	2020.09–indefinite	Sales and purchases of assets	Purchases of machinery, products and other assets.
	Panasonic Semiconductor (Suzhou) Co., Ltd.	2020.09–indefinite	Sales and purchases of assets	Payment of asset price in accordance with contract
Licensing Contract	Microchip Technology Incorporated	2020.03–Expiration of patent	Patent license	The Company shall not sublicense rights to any third party.
	Company B	2021.08–2024.07	Use of all IPs in the subscribed software is allowed	The Company is bound by a duty of confidentiality.
Loan Contract	Export–Import Bank of the Republic of China	2020.05–2027.08	Loan	Payment of interest and repayment according to contract.
		2019.09–2026.09	Loan	
Service Provision Agreement	Panasonic Corporation	2020.09–indefinite	Provision of services	Payment for services in accordance with contract
Asset Transfer Contract	HSMC (Suzhou) Co., Ltd.	2021.04–indefinite	Sale and purchase of assets	Sale and transfer of assets in accordance with contract
M&A Price Adjustment Contract	Panasonic Corporation Industrial Solutions Company	2021.04–indefinite	Description of M&A price adjustments	Payment of adjusted M&A prices as per contract
Contractor Agreement	Company D	2021.12–2025.12	Contracted to develop and design ICs	Development and design of ICs as per contract
Sales Contract	Company G	2022.02–indefinite	Sale of equipment	The Company is bound by a duty of confidentiality.
Joint Loan Contract	7 banks	2021.05–2026.05	Loan	
Wafer	Company H	2022.1–2025.12	Wafer procurement	

Nature of Contract	Parties	Contract Commencement and Expiration Dates	Content	Restrictive Covenants
Production Procurement Contract	Company I	2022.2–2026.1		
Price Adjustment Contract	Company J	2022.6–indefinite	Price adjustment	
Wafer Procurement Contract	Company K	2023.05–2026.04	(Wafer Supply Agreement)	
Discounted Loan Contract	Company L	2023.03–2026.02	Discounted loan	

VIII. Material impact on the company's financial situation of financial difficulties experienced by the company and its affiliates in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

Financial Overview

I. Condensed balance sheets, statements of income, names of CPAs, and audit opinions for the last 5 years

(I) Condensed consolidated balance sheet and statements of income

1. Condensed consolidated balance sheet

Unit: TWD in thousands

Item\Year		Financial information for the past 5 years				
		2019	2020	2021	2022	2023
Current assets		37,557,286	47,530,801	72,506,733	68,537,523	66,505,389
Property, plant, and equipment		56,977,114	61,452,516	61,079,605	93,806,639	102,147,688
Intangible assets		407,722	891,380	1,072,985	782,603	603,829
Other assets		9,862,778	16,168,543	18,080,961	21,038,228	21,531,038
Total Assets		104,804,900	126,043,240	152,740,284	184,164,993	190,787,944
Current liabilities	Before distribution	17,515,468	25,475,006	28,644,931	27,776,754	36,032,759
	After distribution	17,913,468	26,271,006	32,624,931	31,756,754	36,032,759
Non-current liabilities		23,432,245	29,975,547	34,061,841	53,654,523	54,295,007
Total liabilities	Before distribution	40,947,713	55,450,553	62,706,772	81,431,277	90,327,766
	After distribution	41,345,713	56,246,553	66,686,772	85,411,277	90,327,766
Equity attributable to owners of parent		61,020,622	65,449,119	82,444,113	94,162,996	92,296,817
Capital		39,800,002	39,800,002	39,800,002	39,800,002	41,800,002
Capital surplus		7,536,396	7,770,865	7,786,124	7,785,918	10,135,865
Accumulated profit (loss)	Before distribution	8,793,542	10,008,070	22,808,020	32,215,117	27,475,627
	After distribution	8,395,542	9,212,070	18,828,020	28,235,117	27,475,627
Other interests		4,890,682	7,870,182	12,049,967	14,361,959	12,885,323
Treasury stock		-	-	-	-	-
Non-controlling interests		2,836,565	5,143,568	7,589,399	8,570,720	8,163,361
Total equity	Before distribution	63,857,187	70,592,687	90,033,512	102,733,716	100,460,178
	After distribution	63,459,187	69,796,687	86,053,512	98,753,716	100,460,178

Notes:

1. The above financial information was audited and certified by the CPA. The 2023 financial report has been approved by the Board of Directors, but has not yet been submitted to the shareholders meeting.
2. The proposal to cancel distribution of cash dividends for 2023 was approved by the Board of Directors on February 6, 2024.

2. Condensed consolidated income statement

Unit: TWD in thousands

Item\Year	Financial information for the past 5 years				
	2019	2020	2021	2022	2023
Operating revenue	48,771,434	60,683,171	99,569,924	94,529,790	75,006,078
Gross profit	12,913,852	17,040,136	42,481,067	43,051,083	22,395,726
Operating profit (loss)	1,255,209	1,627,291	18,427,922	16,534,581	(1,630,232)
Non-operating income and expenses	497,308	185,117	(204,832)	1,511,591	932,569
Net income (loss) before tax	1,752,517	1,812,408	18,223,090	18,046,172	(697,663)
Less income tax expense (profit)	275,230	293,365	3,222,968	3,059,620	(732,112)
Current period net profit	1,477,287	1,519,043	15,000,122	14,986,552	34,449
Other comprehensive income for the current period	1,294,756	3,291,251	4,186,931	2,717,903	(1,304,665)
Total comprehensive income for the current period	2,772,043	4,810,294	19,187,053	17,704,455	(1,270,216)
Net profit (loss) attributable to owners of parent	1,256,387	1,304,019	13,594,643	12,927,165	(1,146,522)
Net profit attributable to noncontrolling interests	220,900	215,024	1,405,479	2,059,387	1,180,971
Total comprehensive income attributable to owners of parent	2,560,295	4,592,028	17,775,735	15,699,089	(2,236,126)
Total comprehensive income attributable to non-controlling interests	211,748	218,266	1,411,318	2,005,366	965,910
Earnings (losses) per share (NT$)	0.32	0.33	3.42	3.25	(0.29)

Note: The above financial information was audited and certified by the CPA. The 2023 financial report has been approved by the Board of Directors, but has not yet been submitted to the shareholders meeting.

(II) Condensed standalone balance sheet and income statement

1. Condensed standalone balance sheet

Unit: TWD in thousands

Item\Year		Financial information for the past 5 years				
		2019	2020	2021	2022	2023
Current assets		27,470,545	27,459,041	48,915,599	42,250,662	44,889,894
Property, plant, and equipment		55,691,405	54,399,180	55,352,300	87,575,274	95,830,976
Intangible assets		123,949	57,563	43,999	18,158	11,327
Other assets		14,963,032	18,137,516	21,632,681	26,162,500	26,600,653
Total Assets		98,248,931	100,053,300	125,944,579	156,006,594	167,332,850
Current liabilities	Before distribution	15,267,599	13,992,019	18,688,022	16,711,449	27,796,691
	After distribution	15,665,599	14,788,019	22,668,022	20,691,449	27,796,691 (Note 2)
Non-current liabilities		21,960,710	20,612,162	24,812,444	45,132,149	47,239,342
Total liabilities	Before distribution	37,228,309	34,604,181	43,500,466	61,843,598	75,036,033
	After distribution	37,626,309	35,400,181	47,480,466	65,823,598	75,036,033 (Note 2)
Capital		39,800,002	39,800,002	39,800,002	39,800,002	41,800,002
Capital surplus		7,536,396	7,770,865	7,786,124	7,785,918	10,135,865
Accumulated profit (loss)	Before distribution	8,793,542	10,008,070	22,808,020	32,215,117	27,475,627
	After distribution	8,395,542	9,212,070	18,828,020	28,235,117	27,475,627 (Note 2)
Other interests		4,890,682	7,870,182	12,049,967	14,361,959	12,885,323
Total equity	Before distribution	61,020,622	65,449,119	82,444,113	94,162,996	92,296,817
	After distribution	60,622,622	64,653,119	78,464,113	90,182,996	92,296,817 (Note 2)

Notes:
1. The above financial information has been audited and certified by the CPA. The 2023 financial report has been approved by the Board of Directors, but has not yet been submitted to the shareholders meeting.
2. The proposal to cancel distribution of cash dividends for 2023 was approved by the Board of Directors on February 6, 2024.

2. Condensed standalone balance sheet

Unit: TWD in thousands

Item\Year	Financial information for the past 5 years				
	2019	2020	2021	2022	2023
Operating revenue	37,884,848	39,649,875	57,532,802	51,139,171	37,561,043
Gross profit	8,239,412	8,807,169	24,757,188	23,958,018	5,820,693
Operating profit (loss)	379,841	1,090,583	14,678,137	11,484,680	(3,819,060)
Non-operating income and expenses	980,011	259,243	1,362,609	3,447,491	1,430,315
Net income (loss) before tax	1,359,852	1,349,826	16,040,746	14,932,171	(2,388,745)
Less income tax expense (profit)	103,465	45,807	2,446,103	2,005,006	(1,242,223)
Current period net profit (loss)	1,256,387	1,304,019	13,594,643	12,927,165	(1,146,522)
Other comprehensive income for the current period	1,303,908	3,288,009	4,181,092	2,771,924	(1,089,604)
Total comprehensive income for the current period	2,560,295	4,592,028	17,775,735	15,699,089	(2,236,126)
Earnings (losses) per share (NT$)	0.32	0.33	3.42	3.25	(0.29)

Note: The above financial information was audited and certified by the CPA. The 2023 financial report has been approved by the Board of Directors, but has not yet been submitted to the shareholders meeting.

(III) Names of CPAs and audit opinions of the last 5 years

Year	CPA Name	Audit opinion
2019	Wen-Yea Shyu Hung-Bin Yu	Unqualified opinion
2020	Wen-Yea Shyu Hung-Bin Yu	Unqualified opinion
2021	Kenny Hung Wen-Yea Shyu	Unqualified opinion
2022	Kenny Hung Wen-Yea Shyu	Unqualified opinion
2023	Kenny Hung Wen-Yea Shyu	Unqualified opinion

II. Financial analysis of the last 5 years

1. Financial ratio analysis of consolidated financial statements

Item\Year		Financial information for the past 5 years				
		2019	2020	2021	2022	2023
Financial structure	Debt-to-asset ratio (%)	39.07	43.99	41.05	44.21	47.34
	Long-term funds in PP&E (fixed asset) ratio (%)	153.20	163.65	203.16	166.71	151.5
Solvency	Current ratio (%)	214.42	186.57	253.12	246.74	184.56
	Quick ratio (%)	150.85	128.17	193.89	164.77	113.11
	Times interest earned	9.00	7.11	89.51	191.21	0.29
Operating capacity	Receivables turnover ratio (times)	7.71	7.62	9.07	8.58	7.63
	Average collection period (days)	47	48	40	43	48
	Inventory turnover rate (times)	3.37	3.56	3.79	2.75	2.32
	Payables turnover ratio (times)	6.73	6.26	7.20	7.35	7.68
	Average sale period (days)	108	102	96	133	157
	Property, plant and equipment turnover ratio (times)	0.89	1.02	1.62	1.22	0.76
	Total assets turnover ratio (times)	0.48	0.52	0.71	0.56	0.4
Profitability	Return on assets (%)	1.64	1.52	10.87	8.94	0.44
	Return on equity (%)	2.31	2.25	18.67	15.54	0.03
	Income before tax to paid-in capital ratio (%)	4.40	4.55	45.78	45.34	(1.66)
	Net profit margin (%)	3.02	2.50	15.06	15.85	0.04
	Earnings per share (NT$)	0.32	0.33	3.42	3.25	(0.29)
Cash flow	Cash flow ratio (%)	60.38	43.64	106.04	56.50	9.99
	Cash flow adequacy ratio (%)	75.01	77.35	95.71	70.94	63.98
	Cash reinvestment ratio (%)	3.30	3.66	9.35	3.31	(0.11)
Leverage	Operating leverage	16.22	14.26	2.65	2.95	(20.63)
	Financial leverage	1.21	1.22	1.01	1.00	0.62

Reasons for changes in financial ratios exceeding 20%:
1. Decrease in solvency: mainly due to an increase in long-term borrowings and payables on equipment to expire within a year.
2. Decreases in property, plant, and equipment turnover ratio, total asset turnover ratio, profitability, cash flow ratio, and leverage: mainly due to weakening end user market demand, industry adjustments to inventory level, and decline in sales.

Note: Financial ratios were computed based on audited financial information. The computation formulas used in the financial analysis:

1. Financial structure
   (1) Ratio of liabilities to assets = Total liabilities/Total assets
   (2) Ratio of long-term capital to real estate properties, factories, and equipment = (Total equity + Non-current liabilities)/net amount of real estate properties, factories, and equipment
2. Solvency
   (1) Current ratio = current assets / current liabilities
   (2) Quick Ratio = (Current assets - Inventories-Prepaid expenses)/Current liabilities
   (3) Times interest earned = net income before income tax and interest expense / current interest expense
3. Operating capacity
   (1) Receivable (including accounts receivable and business-related notes receivable) turnover ratio = net operating revenue / average balance of receivables for the period (including accounts receivable and business-related notes receivable)
   (2) Average days of collection = 365 / receivables turnover ratio
   (3) Inventory turnover ratio = cost of goods sold / average inventory amount
   (4) Payable (including accounts payable and business-related notes payable) turnover ratio = cost of goods sold / average balance of payables for the period (including accounts payable and business-related notes payable).
   (5) Average sale period = 365 / inventory turnover ratio.
   (6) Turnover of real estate properties, factories, and equipment = net sales/average net amount of real estate properties, factories, and equipment
   (7) Total assets turnover = net sales/average total assets
4. Profitability
   (1) Return on assets = [after-tax profit + interest cost (1-tax rate)] / average total assets
   (2) ROE = income after tax/net average equity
   (3) Net profit margin = after-tax profit / net operating income
   (4) Earnings per share = (income attributable to owners of parent – dividends paid to preferred stock) / weighted average of shares issued
5. Cash flow
   (1) Cash flow ratio = cash flows from operating activities / current liabilities
   (2) Cash flow adequacy ratio = net cash flows from operating activities in the past 5 years / (capital expenditure + increase in inventory + cash dividend) in the past 5 years
   (3) Cash reinvestment ratio = (net cash flow of operating activities - cash dividend)/ (gross amount of real estate properties, factories, and equipment + long-term investment + other non-current assets + operating capital)
6. Leverage:
   (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income
   (2) Financial leverage = operating income / (operating income – interest expense)

2. Financial ratio analysis of individual financial statements

Item\Year		Financial information of the last 5 years				
		2019	2020	2021	2022	2023
Financial structure	Debt-to-asset ratio (%)	37.89	34.58	34.53	39.64	44.84
	Long-term fund to PP&E (fixed asset) ratio (%)	149.00	158.20	193.77	159.05	145.60
Solvency	Current ratio (%)	179.92	196.24	261.74	252.82	161.49
	Quick ratio (%)	118.37	136.26	208.91	169.69	98.44
	Times interest earned	7.66	7.00	118.80	251.84	-
Operating capacity	Receivables turnover ratio (times)	7.93	8.50	9.27	8.33	8.05
	Average collection period (days)	46	43	39	44	45
	Inventory turnover rate (times)	3.27	3.70	3.82	2.44	2.17
	Payables turnover ratio (times)	6.85	6.84	7.34	7.01	7.48
	Average sales period (days)	112	99	96	150	168
	Property, plant, and equipment turnover ratio (times)	0.70	0.72	1.04	0.71	0.40
	Total assets turnover ratio (times)	0.39	0.39	0.50	0.36	0.23
Profitability	Return on assets (%)	1.49	1.49	12.12	9.20	(0.24)
	Return on equity (%)	2.03	2.06	18.38	14.63	(1.22)
	Income before tax to paid-in capital ratio (%)	3.41	3.39	40.30	37.51	(5.71)
	Net profit margin (%)	3.31	3.28	23.62	25.27	(3.05)
	Earnings per share (NT$)	0.32	0.33	3.42	3.25	(0.29)
Cash flow	Cash flow ratio (%)	66.35	71.31	130.13	78.39	17.83
	Cash flow adequacy ratio (%)	73.83	75.06	88.23	64.25	59.12
	Cash reinvestment ratio (%)	3.41	5.01	10.57	3.49	0.36
Leverage	Operating leverage	42.17	14.22	2.17	2.65	(4.50)
	Financial leverage	2.16	1.25	1.00	1.00	0.80

Reasons for changes in financial ratios exceeding 20%:

1. Times interest earned was excluded from calculations as it was net loss after tax in 2023.
2. Decreases in current ratio, quick ratio, inventory turnover rate, average sale period, property, plant and equipment turnover ratio, total asset turnover ratio, return on assets, return on equity, income before tax to paid-in capital ratio, net profit margin, cash flow ratio, and cash reinvestment ratio: mainly due to a decline in sales and increases in inventory, prepaid accounts, and capital expenditures.
3. Decrease in operating leverage: mainly due to a decline in sales and net losses after tax in 2023.

Note: Financial ratios were computed based on audited financial information. The computation formulas used in financial analysis:

1. Financial structure
   (1) Ratio of liabilities to assets = Total liabilities/Total assets
   (2) Ratio of long-term capital to real estate properties, factories, and equipment = (Total equity + Non-current liabilities)/net amount of real estate properties, factories, and equipment
2. Solvency
   (1) Current ratio = current assets / current liabilities
   (2) Quick Ratio = (Current assets - Inventories-Prepaid expenses)/Current liabilities
   (3) Times interest earned = net income before income tax and interest expense / current interest expense
3. Operating capacity
   (1) Receivable (including accounts receivable and business-related notes receivable) turnover ratio = net operating revenue / average balance of receivables for the period (including accounts receivable and business-related notes receivable)
   (2) Average collection period = 365 / receivables turnover ratio
   (3) Inventory turnover ratio = cost of goods sold / average inventory amount
   (4) Payable (including accounts payable and business-related notes payable) turnover ratio = cost of goods sold / average balance of payables for the period (including accounts payable and business-related notes payable)
   (5) Average sales period = 365 / inventory turnover ratio
   (6) Turnover of real estate properties, factories, and equipment = net sales/average net amount of real estate properties, factories, and equipment
   (7) Total assets turnover = net sales/average total assets
4. Profitability
   (1) Return on assets = [after-tax profit + interest cost (1-tax rate)] / average total assets
   (2) ROE = income after tax/net average equity
   (3) Net profit margin = after-tax profit / net operating income
   (4) Earnings per share = (income attributable to owners of parent – dividends paid to preferred stock) / weighted average of shares issued
5. Cash flow
   (1) Cash flow ratio = cash flows from operating activities / current liabilities
   (2) Cash flow adequacy ratio = net cash flows from operating activities in the past 5 years / (capital expenditure + increase in inventory + cash dividends) in the past 5 years
   (3) Cash reinvestment ratio = (net cash flow of operating activities - cash dividends) / (gross amount of real estate properties, factories, and equipment + long-term investment + other non-current assets + operating capital)
6. Leverage:
   (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income
   (2) Financial leverage = operating income / (operating income – interest expense)

III. Report of the Audit Committee on the 2023 Financial Report

Report of the Audit Committee

We have examined the 2023 financial statements (including consolidated financial statements) together with the business report and earnings distribution proposal prepared by the Board of Directors and audited and certified by CPAs Kenny Hong and Wen-Yea Shyu of Deloitte & Touche, who issued an unqualified opinion, and have found no discrepancies. The aforesaid financial statements, business report, and earnings distribution proposal have been reviewed by the Audit Committee and all content was found to be appropriate. We therefore submit it for your review in accordance with the applicable provisions of the *Securities Exchange Act* and the *Company Act*.

T o :

Winbond Electronics Corp. 2024 General Shareholders Meeting

Winbond Electronics Corporation

Convenor of Audit Committee: Allen Hsu

February 6, 2024

Winbond Electronics Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies that are required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

WINBOND ELECTRONICS CORPORATION

By

YU-CHENG CHIAO
Chairman

February 6, 2024

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Winbond Electronics Corporation

Opinion

We have audited the accompanying consolidated financial statements of Winbond Electronics Corporation (the "Company") and its subsidiaries (collectively referred as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Occurrence of Sales Revenue from Specific Series of Flash Memory Products

The sales revenue of Winbond Electronics Corporation and its subsidiaries is mainly from the sale of DRAM IC products, Flash Memory products and Logic IC products.

As the gross profit margin and the proportion of sales revenue from the specific series of flash memory products are higher than those of other product series, and given that the gross profit of the specific series is significant to the net income for the year ended December 31, 2023, we considered the occurrence of sales revenue from the specific series of products as a key audit matter of the Company's consolidated financial statements for the year ended December 31, 2023.

The audit procedures that we performed in response to the abovementioned key audit matter included understanding the design and implementation of the key internal controls and testing the effectiveness of the relevant controls over sales revenue and selecting samples of revenue items to verify the occurrence of the transactions.

Other Matter

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

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Kuo-Tyan Hong and Wen-Yea Shyu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 6, 2024

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

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

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 16,962,598	9	$ 20,402,936	11
Current financial assets at fair value through profit or loss (Notes 4 and 7)	408,987	-	223,532	-
Current financial assets at fair value through other comprehensive income (Notes 4 and 8)	12,760,052	7	14,587,832	8
Accounts receivable, net (Notes 4 and 9)	9,738,820	5	9,137,746	5
Accounts receivable due from related parties, net (Note 32)	44,707	-	735,659	-
Finance lease receivables - current (Notes 4, 10 and 32)	92,088	-	96,731	-
Other receivables (Notes 11 and 32)	710,059	-	558,836	-
Inventories (Notes 4, 5 and 12)	23,869,969	13	21,448,078	12
Other current assets	1,918,109	1	1,346,173	1
Total current assets	66,505,389	35	68,537,523	37
NON-CURRENT ASSETS				
Non-current financial assets at fair value through profit or loss (Notes 4 and 7)	76,763	-	121,775	-
Non-current financial assets at fair value through other comprehensive income (Notes 4 and 8)	3,117,125	2	3,056,829	2
Investments accounted for using equity method (Notes 4 and 13)	10,951,997	6	9,971,440	5
Property, plant and equipment (Notes 4 and 14)	102,147,688	53	93,806,639	51
Right-of-use assets (Notes 4 and 15)	2,050,173	1	2,224,481	1
Investment properties (Notes 4 and 16)	1,549,000	1	1,798,160	1
Intangible assets (Notes 4 and 17)	603,829	-	782,603	1
Deferred income tax assets (Notes 4 and 25)	2,116,898	1	1,191,547	1
Finance lease receivables - non-current (Notes 4, 10 and 32)	23,289	-	123,451	-
Other non-current assets (Notes 6 and 32)	1,645,793	1	2,550,545	1
Total non-current assets	124,282,555	65	115,627,470	63
TOTAL	$ 190,787,944	100	$ 184,164,993	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 1,064,280	1	$ 1,069,040	-
Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	786	-	7,412	-
Notes and accounts payable	5,983,415	3	5,202,743	3
Accounts payable due to related parties (Note 32)	1,314,474	1	1,188,928	1
Payables on machinery and equipment	9,282,165	5	3,535,586	2
Other payables (Note 32)	7,619,337	4	9,735,007	5
Current tax liabilities (Notes 4 and 25)	805,011	-	2,123,413	1
Provisions - current (Notes 4 and 20)	-	-	132,473	-
Lease liabilities - current (Notes 4 and 15)	255,282	-	276,015	-
Long-term borrowings - current portion (Note 18)	8,980,184	5	3,171,429	2
Other current liabilities	727,825	-	1,334,708	1
Total current liabilities	36,032,759	19	27,776,754	15
NON-CURRENT LIABILITIES				
Bonds payable (Note 19)	9,980,978	5	9,968,462	5
Long-term borrowings (Notes 18 and 28)	36,024,538	19	34,278,073	19
Provisions - non-current (Notes 4 and 20)	2,402,789	1	2,733,351	2
Lease liabilities - non-current (Notes 4 and 15)	1,895,615	1	2,052,762	1
Net defined benefit liabilities - non-current (Notes 4 and 21)	1,683,585	1	1,892,594	1
Other non-current liabilities (Note 32)	2,307,502	1	2,729,281	1
Total non-current liabilities	54,295,007	28	53,654,523	29
Total liabilities	90,327,766	47	81,431,277	44
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 4 and 22)				
Share capital	41,800,002	22	39,800,002	22
Capital surplus	10,135,865	5	7,785,918	4
Retained earnings				
Legal reserve	4,772,874	3	3,434,165	2
Unappropriated earnings	22,702,753	12	28,780,952	15
Exchange differences on translation of the financial statements of foreign operations	(1,007,855)	-	(654,652)	-
Unrealized gains on financial assets measured at fair value through other comprehensive income	13,893,178	7	15,016,611	8
Total equity attributable to owners of the parent	92,296,817	49	94,162,996	51
NON-CONTROLLING INTERESTS (Note 22)	8,163,361	4	8,570,720	5
Total equity	100,460,178	53	102,733,716	56
TOTAL	$ 190,787,944	100	$ 184,164,993	100

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 23 and 32)	$ 75,006,078	100	$ 94,529,790	100
OPERATING COSTS (Notes 12 and 32)	52,610,352	70	51,478,707	54
GROSS PROFIT	22,395,726	30	43,051,083	46
OPERATING EXPENSES (Note 32)				
Selling expenses	2,128,764	3	2,547,825	3
General and administrative expenses	4,915,171	6	8,301,233	9
Research and development expenses	16,957,826	23	15,818,706	17
Expected credit (gain) loss (Note 9)	24,197	-	(151,262)	-
Total operating expenses	24,025,958	32	26,516,502	29
INCOME (LOSS) FROM OPERATIONS	(1,630,232)	(2)	16,534,581	17
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 32)	334,058	-	154,580	-
Dividend income (Note 32)	548,920	1	634,979	1
Other income (Notes 15, 28 and 32)	341,761	-	540,182	1
Share of profit (loss) of associates	456,040	1	512,295	1
Gains (losses) on disposal of property, plant and equipment (Note 32)	716,701	1	357,146	-
Gains (losses) on disposal of intangible assets (Note 32)	(591)	-	91	-
Gains (losses) on disposal of non-current assets held for sale	-	-	36,181	-
Gains (losses) on foreign exchange (Note 35)	170,900	-	968,662	1
Gains (losses) on financial instruments at fair value through profit or loss	(276,176)	-	(962,983)	(1)
Interest expense (Notes 15, 28 and 32)	(991,919)	(1)	(94,874)	-
Other expenses (Notes 14 and 32)	(367,125)	(1)	(634,668)	(1)
Total non-operating income and expenses	932,569	1	1,511,591	2
INCOME (LOSS) BEFORE INCOME TAX	(697,663)	(1)	18,046,172	19
INCOME TAX (BENEFIT) EXPENSE (Notes 4 and 25)	(732,112)	(1)	3,059,620	3
NET INCOME (LOSS)	34,449	-	14,986,552	16

(Continued)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
Gains on remeasurement of defined benefit plans (Note 21)	$ 139,302	-	$ 215,816	-
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	(1,592,356)	(2)	2,811,664	3
Share of other comprehensive income (loss) of associates accounted for using equity method	774,469	1	(529,691)	-
Income tax expense related to remeasurement of defined benefit plans	(4,206)	-	(5,812)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(621,874)	(1)	225,926	-
Other comprehensive income (loss)	(1,304,665)	(2)	2,717,903	3
TOTAL COMPREHENSIVE INCOME (LOSS)	$ (1,270,216)	(2)	$ 17,704,455	19
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the parent	$ (1,146,522)	(2)	$ 12,927,165	14
Non-controlling interests	1,180,971	2	2,059,387	2
	$ 34,449	-	$ 14,986,552	16
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the parent	$ (2,236,126)	(3)	$ 15,699,089	17
Non-controlling interests	965,910	1	2,005,366	2
	$ (1,270,216)	(2)	$ 17,704,455	19
EARNINGS (LOSSES) PER SHARE (Note 26)				
Basic	$ (0.29)		$ 3.25	
Diluted	$ (0.29)		$ 3.23	

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Parent								
			Retained Earnings		Other Equity				
	Share Capital	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE AT 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									
Legal reserve appropriated	-	-	1,359,595	(1,359,595)	-	-	-	-	-
Cash dividends	-	-	-	(3,980,000)	-	-	(3,980,000)	-	(3,980,000)
Total appropriations	-	-	1,359,595	(5,339,595)	-	-	(3,980,000)	-	(3,980,000)
Net income for the year ended December 31, 2022	-	-	-	12,927,165	-	-	12,927,165	2,059,387	14,986,552
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	159,408	206,737	2,405,779	2,771,924	(54,021)	2,717,903
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	13,086,573	206,737	2,405,779	15,699,089	2,005,366	17,704,455
Changes in ownership interests in subsidiaries	-	8	-	-	-	-	8	8	16
Changes in equity of associates accounted for using equity method	-	(214)	-	-	-	-	(214)	-	(214)
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Note 8)	-	-	-	300,524	-	(300,524)	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	(1,024,053)	(1,024,053)
BALANCE AT DECEMBER 31, 2022	39,800,002	7,785,918	3,434,165	28,780,952	(654,652)	15,016,611	94,162,996	8,570,720	102,733,716
Appropriation of 2022 earnings									
Legal reserve appropriated	-	-	1,338,709	(1,338,709)	-	-	-	-	-
Cash dividends	-	-	-	(3,980,000)	-	-	(3,980,000)	-	(3,980,000)
Total appropriations	-	-	1,338,709	(5,318,709)	-	-	(3,980,000)	-	(3,980,000)
Net income (loss) for the year ended December 31, 2023	-	-	-	(1,146,522)	-	-	(1,146,522)	1,180,971	34,449
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	116,035	(353,203)	(852,436)	(1,089,604)	(215,061)	(1,304,665)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	(1,030,487)	(353,203)	(852,436)	(2,236,126)	965,910	(1,270,216)
Issuance of ordinary shares for cash	2,000,000	2,389,599	-	-	-	-	4,389,599	-	4,389,599
Share-based payment (Notes 24 and 27)	-	70,017	-	-	-	-	70,017	-	70,017
Changes in ownership interests in subsidiaries	-	(97,592)	-	-	-	-	(97,592)	60,405	(37,187)
Changes in equity of associates accounted for using equity method	-	(12,077)	-	-	-	-	(12,077)	-	(12,077)
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Notes 8 and 13)	-	-	-	270,997	-	(270,997)	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	(1,433,674)	(1,433,674)
BALANCE AT DECEMBER 31, 2023	$ 41,800,002	$ 10,135,865	$ 4,772,874	$ 22,702,753	$ (1,007,855)	$ 13,893,178	$ 92,296,817	$ 8,163,361	$ 100,460,178

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ (697,663)	$ 18,046,172
Adjustments for:		
Depreciation expense	11,469,317	9,195,254
Amortization expense	387,093	354,103
Carbon offset	42	174
Expected credit (gain) loss recognized on accounts receivable	24,197	(151,262)
(Gains) losses on financial assets and liabilities at fair value through profit or loss	(81)	10,041
Interest expense	991,919	94,874
Interest income	(334,058)	(154,580)
Dividend income	(548,920)	(634,979)
Share-based payment	70,017	-
Share of (profit) loss of associates	(456,040)	(512,295)
(Gains) losses on disposal of property, plant and equipment	(716,701)	(357,146)
(Gains) losses on disposal of non-current assets held for sale	-	(36,181)
(Gains) losses on disposal of intangible assets	591	(91)
Impairment loss on property, plant and equipment	-	112,266
(Gains) on lease modification	(26,036)	(111,231)
Other income under government grants	(56,527)	(47,599)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets and liabilities at fair value through profit or loss	(218,431)	51,928
(Increase) decrease in accounts receivable	(1,140,548)	2,452,548
(Increase) decrease in accounts receivable due from related parties	690,952	(96,397)
(Increase) decrease in other receivables	(212,685)	540,209
(Increase) decrease in inventories	(2,966,122)	(5,507,390)
(Increase) decrease in other current assets	44,861	(221,754)
(Increase) decrease in other non-current assets	(260,421)	(1,904,413)
Increase (decrease) in notes and accounts payable	1,361,016	(1,038,754)
Increase (decrease) in accounts payable due to related parties	125,546	(155,267)
Increase (decrease) in other payables	(1,982,214)	140,930
Increase (decrease) in other current liabilities	(158,514)	308,338
Increase (decrease) in other non-current liabilities	(283,693)	(917,350)
Cash flows generated by (used in) operations	5,106,897	19,460,148
Interest received	321,487	150,955
Dividends received	768,329	726,400
Interest paid	(1,126,230)	(552,169)
Income taxes paid	(1,469,010)	(4,031,232)
Net cash flows generated by (used in) operating activities	3,601,473	15,754,102

(Continued)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investments accounted for using equity method	$ (89,586)	$ (568,772)
Acquisitions of financial assets at fair value through profit or loss	-	(96,958)
Proceeds from disposal of financial assets at fair value through profit or loss	26,418	-
Acquisitions of financial assets at fair value through other comprehensive income	(69,086)	(1,521,393)
Proceeds from disposal of financial assets at fair value through other comprehensive income	287,024	18,535
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,000	1,000
Proceeds from disposal of non-current assets held for sale	-	55,200
Acquisitions of property, plant and equipment	(13,786,982)	(42,164,653)
Proceeds from disposal of property, plant and equipment	767,554	369,674
Increase in unearned receipts - disposal of assets	95,862	-
Acquisitions of right-of-use assets	-	(2,167)
(Increase) decrease in refundable deposits	(75,799)	(29,160)
(Increase) decrease in other receivables - time deposits	48,830	128,267
Acquisitions of intangible assets	(327,194)	(380,405)
Acquisitions of intangible assets - carbon credits	(5,083)	(937)
Proceeds from disposal of intangible assets	-	356
Increase (decrease) in investment payable	-	(362,643)
(Increase) decrease in finance lease receivables	94,491	71,848
Net cash flows generated by (used in) investing activities	(13,031,551)	(44,482,208)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	70,080	(361,377)
Proceeds from long-term borrowings	12,239,430	23,150,000
Repayments of long-term borrowings	(4,700,000)	-
Cash dividends paid	(3,980,000)	(3,980,000)
Change in non-controlling interests	(1,433,674)	(1,024,053)
Proceeds from issuance of ordinary shares	4,389,599	-
Repayments of lease liabilities	(300,051)	(339,177)
Increase (decrease) in guarantee deposits	64,943	433,932
Net cash flows generated by (used in) financing activities	6,350,327	17,879,325
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(360,587)	337,290

(Continued)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	2023	2022
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (3,440,338)	$ (10,511,491)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	20,402,936	30,914,427
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 16,962,598	$ 20,402,936

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 YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Winbond Electronics Corporation (the "Company") was incorporated in the Republic of China (ROC) in September 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.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on February 6, 2024.

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

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

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

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

Basis of Consolidation

a. Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the 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

			% of Ownership	
			December 31	
Investor	Investee	Main Business	2023	2022
The Company	Winbond International Corporation ("WIC")	Investment holding	100.00	100.00
The Company	Landmark Group Holdings Ltd. ("Landmark") (Note 1)	Investment holding	-	100.00
The Company	Winbond Electronics Corporation Japan ("WECJ") (Note 2)	Research, development, sales and after-sales service of semiconductor	100.00	100.00
The Company	Winbond Electronics (HK) Limited ("WEHK")	Sales of semiconductor and investment holding	100.00	100.00
The Company	Pine Capital Investment Limited ("PCI") (Note 3)	Investment holding	-	100.00
The Company	Winbond Technology Ltd. ("WTL")	Design and service of semiconductor	100.00	100.00
The Company	Callisto Holding Limited ("Callisto")	Electronic commerce and investment holding	100.00	100.00
The Company	Winbond Electronics Germany GmbH ("WEG")	Marketing service of semiconductor	100.00	100.00
The Company	Great Target Development Ltd. ("GTD") (Note 4)	Investment holding	-	100.00
The Company	Winbond Electronics India Private Limited ("WEIL") (Note 4)	Sales and service of semiconductor	99.99	-
The Company	Atfields Manufacturing Technology Corporation ("AMTC") (Note 5)	Manufacture of semiconductor and smart factory solutions	100.00	-
The Company	Miraxia Edge Technology Corporation ("METC")	Software and hardware integration design of semiconductor	100.00	100.00
The Company	Nuvoton Technology Corporation ("NTC")	Research, design, development, manufacture and marketing of Logic IC, 6 inch wafer product, test, and OEM	51.21	51.21
WIC	Winbond Electronics Corporation America ("WECA")	Design, sales and service of semiconductor	100.00	100.00
WEHK	Winbond Electronics (Suzhou) Limited ("WECN")	Design, development and marketing of VLSI integrated ICs	100.00	100.00
Callisto	Callisto Technology Limited ("CTL")	Electronic commerce and investment holding	100.00	100.00
GTD	Winbond Electronics India Private Limited ("WEIL") (Note 4)	Sales and service of semiconductor	-	99.99

(Continued)

Investor	Investee	Main Business	% of Ownership December 31 2023	2022
METC	Miraxia Technology Taiwan Corporation ("MTTC") (Note 6)	Development of software and services for automotive and industrial control	100.00	100.00
NTC	Marketplace Management Limited ("MML")	Investment holding	100.00	100.00
NTC	Nuvoton Technology Corporation America ("NTCA")	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Investment Holding Ltd. ("NIH")	Investment holding	100.00	100.00
NTC	Nuvoton Electronics Technology (H.K.) Limited ("NTHK")	Sales of semiconductor	100.00	100.00
NTC	Song Yong Investment Corporation ("SYI")	Investment holding	100.00	100.00
NTC	Nuvoton Technology India Private Limited ("NTIPL")	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Technology Singapore Pte. Ltd. ("NTSG")	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Technology Korea Limited ("NTKL")	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Technology Holdings Japan ("NTHJ")	Investment holding	100.00	100.00
NTC	Nuvoton Technology Germany GmbH ("NTG") (Note 7)	Customer service and technical support of semiconductor	100.00	-
MML	Goldbond LLC ("GLLC")	Investment holding	100.00	100.00
GLLC	Nuvoton Electronics Technology (Shanghai) Limited ("NTSH")	Provide projects for sale in China and repairing, testing, consulting of software and equipment leasing business	100.00	100.00
GLLC	Winbond Electronics (Nanjing) Ltd. ("WENJ") (Note 8)	Computer software service (except I.C. design)	-	100.00
NTSH	Song Zhi Electronics Technology (Suzhou) ("Song Zhi Suzhou")	Provide development of semiconductor and technology, consult service and equipment leasing business	100.00	100.00
NIH	Nuvoton Technology Israel Ltd. ("NTIL")	Design and service of semiconductor	100.00	100.00
NTHK	Nuvoton Electronics Technology (Shenzhen) Limited ("NTSZ")	Computer software service (except I.C. design), wholesale business for computer, supplement and software	100.00	100.00
NTHJ	Nuvoton Technology Corporation Japan ("NTCJ")	Design, sales and service of semiconductor	100.00	100.00
NTCJ	Atfields Manufacturing Technology Corporation ("AMTC") (Note 5)	Manufacture of semiconductor and smart factory solutions	-	100.00

(Concluded)

Note 1: Landmark completed the liquidation and legal procedures in June 2023.

Note 2: The company acquired 100% of ownership interest of WECJ from its subsidiary, Landmark, in November 2022. The transaction was a reorganization under common control. Refer to Note 29 to the consolidated financial statements.

Note 3: PCI completed the liquidation and legal procedures in September 2023.

Note 4: GTD completed the liquidation and legal procedures in October 2023. Due to the dissolution of GTD, the company changed its 99.99% ownership interest in WEIL (former GLMTD Technology Private Limited) from indirect to direct. The transaction was a reorganization under common control. Refer to Note 29 to the consolidated financial statements.

Note 5: The Company acquired 100% of ownership interest of AMTC from its sub-subsidiary, NTCJ, in January 2023. The transaction was a reorganization under common control. Refer to Note 29 to the consolidated financial statements.

Note 6: MTTC was established in November 2022.

Note 7: NTC established NTG in Germany in December 2023 and acquired 100% of ownership.

Note 8: WENJ completed the liquidation and legal procedures in May 2023.

Classification of Current and Non-current Assets and Liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized, sold or consumed within twelve months after the reporting period, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the reporting period and liabilities that the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Except as otherwise mentioned, assets and liabilities that are not classified as current are classified as non-current.

Business Combinations Involving Reorganization under Common Control

The Group adopt the carrying amount method for business combinations involving reorganization under common control.

Foreign Currencies

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

Exchange differences arising on the retranslation of non-monetary items measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Cash Equivalents

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

Financial Instruments

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

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

a. Financial assets measurement category

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

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

1) Financial asset at FVTPL

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

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

2) Financial assets at amortized cost

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

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

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

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

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

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

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

3) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets

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

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

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

The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

d. Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company’s own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company’s own equity instruments.

e. Financial liabilities

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses

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

f. Derecognition of financial liabilities

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

g. Derivative financial instruments

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

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

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

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

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

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

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

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

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

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before reaching its intended use, such assets are measured at the lower of cost or net realizable value, and any proceeds from selling those assets and the cost of those assets are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The Group's property, plant and equipment with residual values were depreciated straight-line basis over the estimated useful life of the asset:

Buildings	7-50 years
Machinery and equipment	3-14 years
Other equipment	3-5 years

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss, and depreciated over 20 years useful lives after considered residual values, using the straight-line method. Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

Intangible Assets

a. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

b. Derecognition of intangible assets

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

Impairment of Property, Plant and Equipment, Right-of-use Asset, Investment Properties, Intangible Assets

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

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset and cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Non-current Assets Classified as Held for Sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event and at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

For potential product risk, the Group accrues reserve for products guarantee based on commitment to specific customers.

Revenue Recognition

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

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

Leasing

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

a. The Group as lessor

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

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

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

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

b. The Group as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, and there is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

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

Borrowing Costs

Borrowing costs directly attributable to the acquisition of qualifying assets are added to the cost of those assets, until such time that the assets are substantially ready for their intended use or sale.

Other than state above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government Grants

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

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Government grants that take the form of a transfer of a non-monetary asset for the use of the entity are recognized and measured at the fair value of the non-monetary asset.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

Share-based Payment Arrangements

The fair value at the grant date of the equity-settled share-based payment/employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

Taxation

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

a. Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

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

b. Deferred tax

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions 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.

When developing material accounting estimates, the Group considers possible impact on relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

The Group's material accounting judgments and key sources of estimation uncertainty is valuation of inventory. Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and the historical experience from selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash and deposits in banks	$ 16,199,098	$ 18,642,936
Repurchase agreements collateralized by bonds	763,500	1,760,000
	$ 16,962,598	$ 20,402,936

a. The Group has time deposits pledged to secure land and building leases and customs tariff obligations which are reclassified to "other non-current assets". The amounts were as follows:

	December 31	
	2023	2022
Time deposits	$ 301,821	$ 236,938

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 11 to the consolidated financial statements):

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets at FVTPL - current		
Derivative financial assets		
Forward exchange contracts	$ 218,979	$ 7,173
Non-derivative financial assets		
Domestic listed and emerging shares	14,994	44,433
Overseas unlisted shares	61,410	61,420
Mutual funds	113,604	110,506
	$ 408,987	$ 223,532
Financial assets at FVTPL - non-current		
Mandatorily measured at FVTPL		
Foreign currency warrants	$ 76,763	$ 121,775
Financial liabilities at FVTPL - current		
Derivative financial liabilities		
Forward exchange contracts	$ 786	$ 7,412

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

	Currencies	Maturity Date	Contract Amount (In Thousands)
December 31, 2023			
Sell forward exchange contracts	USD to NTD	2024.01.03-2024.03.15	USD300,000/NTD9,412,386
Sell forward exchange contracts	USD to JPY	2024.01.12-2024.02.14	USD28,200/JPY4,041,691
Buy forward exchange contracts	NTD to USD	2024.01.05-2024.03.07	NTD4,063,899/USD131,000
Buy forward exchange contracts	NTD to EUR	2024.01.22-2024.01.25	NTD2,406,005/EUR71,412
December 31, 2022			
Sell forward exchange contracts	USD to NTD	2023.01.06-2023.03.17	USD244,500/NTD7,492,601
Sell forward exchange contracts	USD to JPY	2023.01.23-2023.02.21	USD17,400/JPY2,300,582
Buy forward exchange contracts	NTD to USD	2023.01.13-2023.02.17	NTD1,552,375/USD50,500

b. 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.

c. NTC acquired 5,625 thousand preference shares of Allxon Inc. through the conversion of share warrants in June 2023. The investment in equity instruments is held for long-term strategic purposes and expected profitability. Accordingly, these preference shares were recorded in financial assets at FVTOCI.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity Instruments at FVTOCI

	December 31	
	2023	**2022**
Domestic listed and emerging shares	$ 12,894,135	$ 14,705,736
Domestic unlisted shares	1,184,259	1,081,708
Overseas unlisted shares	625,180	625,340
Beneficiary certificates	1,173,603	1,231,877
	$ 15,877,177	$ 17,644,661
Current	$ 12,760,052	$ 14,587,832
Non-current	3,117,125	3,056,829
	$ 15,877,177	$ 17,644,661

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 years ended December 31, 2023 and 2022, the Group disposed partial shares for the investment position adjustment. The unrealized gain and loss on financial assets at fair value through other comprehensive income of NT$188,513 thousand and NT$300,524 thousand were transferred to retained earnings, respectively, refer to Note 22 to the consolidated financial statements.

9. ACCOUNTS RECEIVABLE

	December 31	
	2023	**2022**
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 9,908,308	$ 9,283,776
Less: Allowance for impairment loss	(169,488)	(146,030)
	$ 9,738,820	$ 9,137,746

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 overdue aging ratio and individual customer evaluation method.

December 31, 2023

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Overdue Over 180 Days	Total
Expected credit loss rate	0.1-2%	2%	10%	20%	50%	
Gross carrying amount	$ 9,639,669	$ 250,866	$ 9,717	$ 8,056	$ -	$ 9,908,308
Loss allowance (lifetime ECL)	(153,572)	(4,976)	(815)	(395)	-	(159,758)
Loss allowance (individual customer ECL)	-	(2,083)	(1,564)	(6,083)	-	(9,730)
Amortized cost	$ 9,486,097	$ 243,807	$ 7,338	$ 1,578	$ -	$ 9,738,820

December 31, 2022

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Overdue Over 180 Days	Total
Expected credit loss rate	0.1-2%	2%	10%	20%	50%	
Gross carrying amount	$ 9,038,364	$ 226,155	$ 7,407	$ 11,850	$ -	$ 9,283,776
Loss allowance (lifetime ECL)	(138,396)	(4,523)	(741)	(2,370)	-	(146,030)
Amortized cost	$ 8,899,968	$ 221,632	$ 6,666	$ 9,480	$ -	$ 9,137,746

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 146,030	$ 303,792
Recognized (reversal of) impairment loss	24,197	(151,262)
Effect of exchange rate changes	(739)	(6,500)
Balance at December 31	$ 169,488	$ 146,030

10. FINANCE LEASE RECEIVABLES

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

NTC leased out its property, plant and equipment and intangible assets to its associate, TPSCo., under finance leases with an average lease term for 3 years. In 2023 and 2022, the average implied interest rates were both 1.85% per annum. Refer to Note 32 to the consolidated financial statements for details of finance lease contracts.

11. OTHER RECEIVABLES

	December 31	
	2023	2022
Business tax refund receivable	$ 508,712	$ 229,680
Interest receivable	21,516	12,262
Income tax refund receivable (Note 25)	15,293	38,037
Time deposits (Note 6)	7,384	56,214
Others	157,154	222,643
	$ 710,059	$ 558,836

12. INVENTORIES

	December 31	
	2023	2022
Finished goods	$ 3,413,806	$ 3,095,173
Work-in-process	18,163,933	16,393,699
Raw materials and supplies	2,281,194	1,958,690
Inventories in transit	11,036	516
	$ 23,869,969	$ 21,448,078

The detail of the operating costs related to inventories was as follows:

	For the Year Ended December 31	
	2023	2022
The operating cost of goods sold	$ 44,348,640	$ 48,535,925
Recognition of inventory write-downs (reversed) and scrap of inventories, etc.	3,166,060	650,800
Unallocated production overhead	5,095,652	2,291,982
Operating costs	$ 52,610,352	$ 51,478,707

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	December 31	
	2023	2022
Associates that are not individually material		
Chin Xin Investment Co., Ltd. ("Chin Xin")	$ 8,842,850	$ 7,996,268
Tower Partners Semiconductor Co., LTD. ("TPSCo.")	1,824,673	1,710,869
Theaceae Conservation Corporation ("ThCC")	284,474	264,303
	$ 10,951,997	$ 9,971,440

On December 15, 2022 (the capital increase was completed at the end of May 2023) and May 27, 2022, the board of directors of ThCC resolved to issue 100,000 thousand and 60,000 thousand ordinary shares, respectively. The Company subscribed for 3,000 thousand and 21,000 thousand ordinary shares in total, with a par value of NT$10. As of December 31, 2023, the Company held 27,000 thousand shares of ThCC, which equals 15% ownership interest, and adopted the equity method.

As of December 31, 2023, the Company held 182,841 thousand shares of Chin Xin with a 38% ownership interest.

Under the business acquisition agreement, if TPSCo. turns a net profit for the period from the acquisition date (September 1, 2020) to March 31, 2022, NTCJ is required to return Panasonic Corporation's share of profit based on its ownership interest. Thus, NTCJ had no significant influence over TPSCo. during the period, and the investment in TPSCo. was recognized as non-current financial assets at fair value through other comprehensive income. Starting in April 2022, the restriction is no longer effective, and hence NTCJ has significant influence over TPSCo. Therefore, TPSCo. has been accounted for using equity method. On December 31, 2022, NTCJ owned 45,619 shares of TPSCo. During the first quarter of 2023, NTCJ subscribed for 3,920 shares issued in the cash capital increase by TPSCo. As of December 31, 2023, NTCJ owned 49,539 shares of TPSCo. with an ownership percentage of 49%.

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

For the year ended December 31, 2023, the associates disposed partial shares for the investment position adjustment. The unrealized gain and loss on financial assets at fair value through other comprehensive income of NT$82,484 thousand was transferred to retained earnings, refer to Note 22 to the consolidated financial statements.

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 years ended December 31, 2023 and 2022 were based on the associates' financial statements audited by independent auditors.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
Cost						
Balance at January 1, 2023	$ 3,086,647	$ 47,711,881	$ 177,689,968	$ 8,354,654	$ 53,686,085	$ 290,529,235
Additions	34,120	660,862	16,240,891	395,281	2,416,177	19,747,331
Disposals	-	(28,437)	(9,553,666)	(335,712)	-	(9,917,815)
Transfer to non-current assets held for sale	-	-	(5,706,116)	-	-	(5,706,116)
Reclassified	-	18,769,796	34,511,965	882,940	(54,163,328)	1,373
Effect of exchange rate changes	(123,687)	(1,096,237)	(2,830,374)	(196,802)	(1,354)	(4,248,454)
Balance at December 31, 2023	$ 2,997,080	$ 66,017,865	$ 210,352,668	$ 9,100,361	$ 1,937,580	$ 290,405,554
Accumulated depreciation and impairment						
Balance at January 1, 2023	$ -	$ 37,412,680	$ 152,515,222	$ 6,794,694	$ -	$ 196,722,596
Depreciation expense	-	2,276,837	8,108,994	646,386	-	11,032,217
Disposals	-	(27,464)	(9,507,311)	(332,187)	-	(9,866,962)
Transfer to non-current assets held for sale	-	-	(5,702,110)	-	-	(5,702,110)
Reclassified	-	(4,557)	-	4,557	-	-
Effect of exchange rate changes	-	(986,474)	(2,755,723)	(185,678)	-	(3,927,875)
Balance at December 31, 2023	$ -	$ 38,671,022	$ 142,659,072	$ 6,927,772	$ -	$ 188,257,866
Carrying amount at December 31, 2023	$ 2,997,080	$ 27,346,843	$ 67,693,596	$ 2,172,589	$ 1,937,580	$ 102,147,688
Cost						
Balance at January 1, 2022	$ 3,069,658	$ 47,939,867	$ 177,909,476	$ 7,586,418	$ 16,799,212	$ 253,304,631
Additions	61,407	162,805	9,245,321	799,415	31,497,094	41,766,042
Disposals	-	(23,611)	(2,177,698)	(173,299)	-	(2,374,608)
Reclassified	12,248	181,258	(5,818,573)	232,207	5,392,860	-
Effect of exchange rate changes	(56,666)	(548,438)	(1,468,558)	(90,087)	(3,081)	(2,166,830)
Balance at December 31, 2022	$ 3,086,647	$ 47,711,881	$ 177,689,968	$ 8,354,654	$ 53,686,085	$ 290,529,235
Accumulated depreciation and impairment						
Balance at January 1, 2022	$ -	$ 36,156,742	$ 149,511,902	$ 6,556,382	$ -	$ 192,225,026
Depreciation expense	-	1,774,774	6,528,059	425,455	-	8,728,288
Disposals	-	(22,100)	(2,167,485)	(99,962)	-	(2,289,547)
Impairment loss	-	-	112,266	-	-	112,266
Reclassified	-	-	(3)	3	-	-
Effect of exchange rate changes	-	(496,736)	(1,469,517)	(87,184)	-	(2,053,437)
Balance at December 31, 2022	$ -	$ 37,412,680	$ 152,515,222	$ 6,794,694	$ -	$ 196,722,596
Carrying amount at December 31, 2022	$ 3,086,647	$ 10,299,201	$ 25,174,746	$ 1,559,960	$ 53,686,085	$ 93,806,639

a. As of December 31, 2023 and 2022, the carrying amounts of NT$61,427,153 thousand and NT$52,365,644 thousand of property, plant and equipment were pledged to secure long-term borrowings and corporate bonds.

b. Information about capitalized interest

	For the Year Ended December 31	
	2023	2022
Capitalized interest amounts	$ 213,770	$ 528,129
Interest rates under capitalization	2.43%-2.78%	1.89%-1.92%

c. In 2022, NTC disposed of other equipment for finance lease amounted to NT$72,533 thousand. Refer to Note 32 to the consolidated financial statements for details of finance lease contracts.

d. For the year ended December 31, 2022, the Group recognized an impairment loss of NT$112,266 thousand for certain machinery and equipment which will not be used in the future after evaluation.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Land	$ 1,559,391	$ 1,667,604
Buildings	323,814	383,165
Machinery and equipment	118,495	139,758
Other equipment	48,473	33,954
	$ 2,050,173	$ 2,224,481

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 185,283	$ 369,518
Depreciation charge for right-of-use assets		
Land	$ 111,059	$ 110,896
Buildings	149,815	153,474
Machinery and equipment	12,398	32,999
Other equipment	25,894	28,925
	$ 299,166	$ 326,294
Income from the subleasing of right-of-use assets (recorded in “other income”)	$ 2,115	$ 1,999

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	$ 255,282	$ 276,015
Non-current	$ 1,895,615	$ 2,052,762

Range of discount rate for lease liabilities are as follows:

	December 31	
	2023	2022
Land	1.76%-2.47%	1.76%-2.47%
Buildings	0.14%-5.24%	0.14%-3.55%
Machinery and equipment	0.48%-0.80%	0.48%-0.80%
Other equipment	0.14%-5.10%	0.14%-3.62%

For the years ended December 31, 2023 and 2022, the interest expense under lease liabilities amounted to NT$49,697 thousand and NT$51,349 thousand, respectively.

c. Material lease-in activities and terms

The Company and NTC leased lands from Science Park Bureau, and the lease term will expire in 2027, 2037 and 2043, 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 32 to the consolidated financial statements.

The Group leased office spaces in the United States, China, Hong Kong, Japan, Israel, India, Korea and part in Taiwan, and the lease terms will expire between 2024 and 2028.

d. Subleases

In addition to those disclosed in Notes 10 and 16 to the consolidated financial statements, NTC also subleases its right-of-use assets for buildings under operating leases. The maturity analysis of lease payments receivable under operating subleases is as follows:

	December 31	
	2023	2022
Year 1	$ 2,105	$ 1,988
Year 2	2,105	1,326
	$ 4,210	$ 3,314

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

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 262,751	$ 191,498
Expenses relating to low-value asset leases	$ 654	$ 1,941
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 11,395	$ 11,660
Total cash outflow for leases	$ 622,795	$ 597,501

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 16 to the consolidated financial statements.

16. INVESTMENT PROPERTIES

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

As of December 31, 2022, the fair values of investment properties held by NTC were NT$2,443,494 thousand, and the fair values of NT$2,243,494 thousand were evaluated by independent appraisal agencies, others were evaluated based on Level 3, a commonly used evaluation model, by NTC's management. As of December 31, 2023, 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.

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

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

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

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

To reduce the residual asset risk related to the subleased asset at the end of the relevant sublease, the lease contract between 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 December 31, 2023 and 2022, the carrying amounts of NT$324,873 thousand and NT$381,219 thousand of investment properties of NTC were pledged to secure long-term borrowings, respectively.

17. INTANGIBLE ASSETS

	Deferred Technical Assets	Other Intangible Assets	Carbon Credits	Total
Cost				
Balance at January 1, 2023	$ 19,977,381	$ 1,327,601	$ 763	$ 21,305,745
Additions	29,588	155,509	5,083	190,180
Disposals	-	(71,955)	-	(71,955)
Carbon offset	-	-	(42)	(42)
Reclassified	41,255	(42,628)	-	(1,373)
Effect of exchange rate changes	(8,161)	(69,487)	-	(77,648)
Balance at December 31, 2023	$ 20,040,063	$ 1,299,040	$ 5,804	$ 21,344,907
Accumulated amortization and impairment				
Balance at January 1, 2023	$ 19,418,642	$ 1,104,500	$ -	$ 20,523,142
Amortization expenses	268,435	91,658	-	360,093
Disposals	-	(71,364)	-	(71,364)
Effect of exchange rate changes	(5,011)	(65,782)	-	(70,793)
Balance at December 31, 2023	$ 19,682,066	$ 1,059,012	$ 5,804	$ 20,741,078
Carrying amount at December 31, 2023	$ 357,997	$ 240,028	$ 5,804	$ 603,829

(Continued)

	Deferred Technical Assets	Other Intangible Assets	Carbon Credits	Total
Cost				
Balance at January 1, 2022	$ 19,801,638	$ 1,495,795	$ -	$ 21,297,433
Additions	170,807	91,340	937	263,084
Disposals	-	(206,865)	-	(206,865)
Carbon offset	-	-	(174)	(174)
Reclassified	-	(763)	-	(763)
Effect of exchange rate changes	4,936	(51,906)	-	(46,970)
Balance at December 31, 2022	$ 19,977,381	$ 1,327,601	$ 763	$ 21,305,745
Accumulated amortization and impairment				
Balance at January 1, 2022	$ 19,184,777	$ 1,039,671	$ -	$ 20,224,448
Amortization expenses	228,037	99,066	-	327,103
Disposals	-	(1,743)	-	(1,743)
Effect of exchange rate changes	5,828	(32,494)	-	(26,666)
Balance at December 31, 2022	$ 19,418,642	$ 1,104,500	$ -	$ 20,523,142
Carrying amount at December 31, 2022	$ 558,739	$ 223,101	$ 763	$ 782,603

(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 lives 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.

The Company's carbon credits were purchased from the TCX platform in Taiwan and the CIX platform in Singapore, which were certified by third parties regarding forest carbon rights, etc. The carbon credits are used to offset carbon emissions to achieve a net-zero emission plan.

In 2022, NTC disposed of intangible assets for finance leases amounted to NT$204,857 thousand. Refer to Note 32 to the consolidated financial statements for details of finance lease contracts.

18. BORROWINGS

a. Short-term borrowings

	December 31			
	2023		2022	
	Interest Rate %	Amount	Interest Rate %	Amount
Secured borrowings				
Bank loans	1.17%-1.18%	$ 847,080	1.15%	$ 952,840
Unsecured borrowings				
Bank lines of credit	1.00%-1.01%	217,200	1.02%	116,200
		$ 1,064,280		$ 1,069,040

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 JPY30 billion. This syndicated loan requires the Company to act as a joint guarantor and hold ownership of NTCJ with NTC by no less than 100% with maintenance operational control as stated in the agreement. According to the financial covenants, NTCJ and the Company are required to maintain their financial ratios not lower than a specific threshold over the effective period, and there is no breach of the terms of the contract. The financial ratios mentioned above are computed based on the audited (reviewed) consolidated financial statements.

b. Long-term borrowings

	Period	Interest Rate	December 31 2023	December 31 2022
Secured borrowings				
Bank of Taiwan syndicated loan (V)	2019.09.19-2026.09.19	2.78%	$ 37,800,000	$ 31,000,000
Bank of Taiwan syndicated loan (VI)	2023.12.15-2030.12.15	2.72%	1,300,000	-
Unsecured borrowings				
The Export - Import Bank of ROC	2019.09.20-2026.09.21	-	-	500,000
The Export - Import Bank of ROC	2020.08.25-2027.08.25	0.92%-1.94%	1,000,000	1,000,000
Government grants (Note 28)	2020.12.28-2028.11.15	1.25%-1.45%	5,131,600	5,131,600
			45,231,600	37,631,600
Less: Current portion			(8,980,184)	(3,171,429)
Less: Syndication agreement management fee			(80,820)	(47,250)
Less: Government loan discount (Note 28)			(146,058)	(134,848)
			$ 36,024,538	$ 34,278,073

1) 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 build up and procure equipment for its fab. The credit line amounted to NT$42 billion. The principal will be repaid every six months from September 19, 2023 until maturity.

b) The amounts of 12-inch building, fab facilities, machinery and equipment and related ancillary equipment pledged as collateral for bank borrowings are disclosed in Note 14 to the consolidated financial statements.

c) The Company is required to maintain certain financial covenants, including current ratio, debt ratio, interest coverage ratio, and total equity, on June 30 and December 31 during the tenors of the loans. The Company was in compliance with the agreed financial ratio requirements. The computations of financial ratios mentioned above are done based on the audited (reviewed) consolidated financial statements.

2) Bank of Taiwan Syndicated Loan (VI)

a) On April 12, 2023, the Company entered into a syndicated loan with a group of financial institutions to procure equipment and related ancillary equipment for its fab. The credit line was divided into parts A and B, which amounted to NT$15 billion and NT$20 billion, respectively; the total line of credit should not exceed NT$20 billion.

b) Part A will be repaid every month from December 15, 2026 until maturity; part B will be repaid every six months from December 15, 2026 until maturity.

c) The amounts of 12-inch building, fab facilities, machinery and equipment and related ancillary equipment pledged as collateral for bank borrowings are disclosed in Note 14 to the consolidated financial statements.

d) The Company is required to maintain certain financial covenants, including current ratio, debt ratio, interest coverage ratio, and total equity, on June 30 and December 31 during the tenors of the loans. The Company was in compliance with the agreed financial ratio requirements. 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. One of the loan was early repaid in the third quarter of 2023.

The loan is secured by property, plant and equipment of NTC, refer to Note 14 to the consolidated financial statements.

19. BONDS PAYABLE

	December 31	
	2023	2022
Domestic secured bonds	$ 9,980,978	$ 9,968,462

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

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

Refer to Note 14 to the consolidated financial statements for collateral of 12-inch Fab Manufacturing facilities on corporate bonds.

20. PROVISIONS

	December 31	
	2023	2022
Current		
Decommissioning liabilities	$ -	$ 132,473
Non-current		
Employee benefits	$ 1,360,661	$ 1,485,268
Warranties	564,722	737,268
Decommissioning liabilities	477,406	510,815
	$ 2,402,789	$ 2,733,351

	Decommissioning Liabilities	Employee Benefits	Warranties	Total
Balance at January 1, 2023	$ 643,288	$ 1,485,268	$ 737,268	$ 2,865,824
Decreased	(133,148)	(27,208)	(142,519)	(302,875)
Effects of foreign currency exchange differences	(32,734)	(97,399)	(30,027)	(160,160)
Balance at December 31, 2023	$ 477,406	$ 1,360,661	$ 564,722	$ 2,402,789

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.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

The employees of the Group's subsidiaries in the United States, Japan, Hong Kong, Germany, Israel, Korea, Singapore and China are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plan

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

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

The amount included in the consolidated balance sheet in respect of the Group's obligation to its defined benefit plan was as follows:

	December 31	
	2023	2022
Present value of the defined benefit obligation	$ 4,174,363	$ 4,306,648
Fair value of the plan assets	(2,490,778)	(2,414,054)
Net defined benefit liabilities, non-current	$ 1,683,585	$ 1,892,594

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2023	$ 4,306,648	$ (2,414,054)	$ 1,892,594
Service cost			
Current service cost	80,772	-	80,772
Net interest expense (income)	78,071	(54,792)	23,279
Others	-	872	872
Recognized in profit or loss	158,843	(53,920)	104,923
Remeasurement			
Actuarial (gain) loss			
- realized rate greater than the discounted rate	-	(27,902)	(27,902)
- changes in financial assumptions	60,198	26	60,224
- experience adjustments	(130,896)	(40,728)	(171,624)
Recognized in other comprehensive income	(70,698)	(68,604)	(139,302)
Contributions from the employer	-	(91,036)	(91,036)
Benefits paid	(119,055)	117,152	(1,903)
Effect of exchange rate changes	(101,375)	19,684	(81,691)
Balance at December 31, 2023	$ 4,174,363	$ (2,490,778)	$ 1,683,585

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	$ 4,500,536	$ (1,879,521)	$ 2,621,015
Service cost			
Current service cost	93,035	-	93,035
Net interest expense (income)	40,834	(26,586)	14,248
Others	(3,204)	602	(2,602)
Recognized in profit or loss	130,665	(25,984)	104,681
Remeasurement			
Actuarial (gain) loss			
- realized rate greater than the discounted rate	-	(54,752)	(54,752)
- changes in demographic assumptions	(28,724)	-	(28,724)
- changes in financial assumptions	(328,218)	21,261	(306,957)
- experience adjustments	169,198	5,419	174,617
Recognized in other comprehensive income	(187,744)	(28,072)	(215,816)
Contributions from the employer	-	(572,037)	(572,037)
Benefits paid	(80,740)	79,423	(1,317)
Effect of exchange rate changes	(56,069)	12,137	(43,932)
Balance at December 31, 2022	$ 4,306,648	$ (2,414,054)	$ 1,892,594

(Concluded)

Amounts recognized in profit or loss in respect of these defined benefit plans analyzed by function were as follows:

	For the Year Ended December 31	
	2023	2022
Operating costs	$ 19,470	$ 16,830
Selling expenses	1,892	2,028
General and administrative expenses	17,435	21,134
Research and development expenses	66,126	64,689
	$ 104,923	$ 104,681

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

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

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

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

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

	December 31	
	2023	2022
Discount rates	1.40%-3.30%	1.25%-2.62%
Expected rates of salary increase	1.00%-3.50%	1.00%-3.50%

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

	December 31	
	2023	2022
Discount rates		
0.25%-0.50% increase	$ (68,893)	$ (82,728)
0.25%-0.50% decrease	$ 76,088	$ 90,773
Expected rates of salary increase/decrease		
0.25%-0.50% increase	$ 73,121	$ 86,317
0.25%-0.50% decrease	$ (67,829)	$ (80,577)

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

	December 31	
	2023	2022
The expected contribution to the plan for the next year	$ 125,194	$ 135,886
The average duration of defined benefit obligation	7.00-11.60 years	7.35-11.84 years

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	6,700,000	6,700,000
Shares authorized	$ 67,000,000	$ 67,000,000
Number of shares issued and fully paid (in thousands)	4,180,000	3,980,000
Shares issued	$ 41,800,002	$ 39,800,002

On August 18, 2023, the Company’s board of directors resolved to issue 200,000 thousand shares with a par value of NT$10 for cash capital increase, and the price of the issue at premium was set at NT$22. The issuance of shares was approved by the Financial Supervisory Commission, Taiwan, R.O.C. on September 25, 2023. The record date of the cash capital increase, which was determined by the chairman, was set for November 9, 2023. The relevant issuance costs amounted to NT$10,401 thousand and were recognized as the deduction of capital surplus - arising from the issuance of share capital.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Arising from issuance of share capital	$ 7,486,489	$ 5,026,873
Arising from treasury share transactions	2,342,036	2,342,036
Arising from conversion of bonds	136,352	136,352
May only be used to offset a deficit		
Arising from changes in percentage of ownership interest in subsidiaries	154,142	251,734
Arising from share of changes in capital surplus of associates	16,846	28,923
	$ 10,135,865	$ 7,785,918

The capital surplus generated from the excess of the issuance price over the par value of share capital (including the shares 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 share 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

According to the Company's Articles of Incorporation, the Company's dividend distribution policy is 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 shares 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 dividends are less than NT$0.1.), which may be distributed in share dividend or cash dividend, and the distribution of cash dividend shall not be less than 50% of total dividends, so as to maintain continuous growth.

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

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

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset 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 earnings and cash dividends per share for 2022 and 2021 were as follows:

	Appropriation of Earnings		Cash Dividends Per Share (NT$)	
	For Year 2022	For Year 2021	For Year 2022	For Year 2021
Legal reserve appropriated	$ 1,338,709	$ 1,359,595		
Cash dividends	3,980,000	3,980,000	$ 1.0	$ 1.0
	$ 5,318,709	$ 5,339,595		

The above 2022 and 2021 appropriations for cash dividends were resolved by the board of directors on March 14, 2023 and March 15, 2022, respectively; legal reserve appropriated for 2022 and 2021 were resolved by the shareholders meeting on May 30, 2023 and May 31, 2022, respectively.

The Company's board meeting on February 6, 2024 resolved not to distribute cash dividends. The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on May 9, 2024.

d. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (654,652)	$ (861,389)
Exchange differences arising on translating the financial statements of foreign operations	(353,203)	206,737
Balance at December 31	$ (1,007,855)	$ (654,652)

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 15,016,611	$ 12,911,356
Unrealized gains (losses) on revaluation of financial assets at FVTOCI	(1,626,905)	2,935,470
Share of unrealized gains (losses) on revaluation of financial assets at FVTOCI of associates accounted for using equity method	774,469	(529,691)
Disposal of investments in equity instruments designated at FVTOCI	(270,997)	(300,524)
Balance at December 31	$ 13,893,178	$ 15,016,611

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 8,570,720	$ 7,589,399
Share attributable to non-controlling interests		
Profit for the year	1,180,971	2,059,387
Exchange differences on translation of the financial statements of foreign operations	(268,671)	19,189
Remeasurement of defined benefit plans	19,061	50,596
Unrealized gains (losses) on financial assets measured at FVTOCI	34,549	(123,806)
Cash dividends issued by subsidiaries to non-controlling interests	(1,433,674)	(1,024,053)
Changes in ownership interests in subsidiaries	60,405	8
Balance at December 31	$ 8,163,361	$ 8,570,720

23. REVENUE

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

24. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION, AND AMORTIZATION

	For the Year Ended December 31, 2023			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	$ 4,381,219	$ 11,443,962	$ -	$ 15,825,181
Post-employment benefits	$ 205,622	$ 674,053	$ -	$ 879,675
Share-based payment	$ 32,141	$ 37,876	$ -	$ 70,017
Depreciation	$ 10,309,038	$ 1,015,150	$ 145,129	$ 11,469,317
Amortization	$ 6,815	$ 353,278	$ 27,000	$ 387,093

	For the Year Ended December 31, 2022			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	$ 4,479,421	$ 14,349,752	$ -	$ 18,829,173
Post-employment benefits	$ 158,664	$ 717,826	$ -	$ 876,490
Depreciation	$ 7,906,136	$ 1,143,992	$ 145,126	$ 9,195,254
Amortization	$ 5,362	$ 321,741	$ 27,000	$ 354,103

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 shares 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 year ended December 31, 2022, the employees' compensation and remuneration of directors were as follows: (There was no estimation of employees' compensation and remuneration to the directors in 2023 due to a net loss before income tax.)

	For the Year Ended December 31, 2022	
	Amounts	**Accrual Rate**
Employees' compensation	$ 307,880	2%
Remuneration of directors	$ 153,940	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 2022 and 2021 were approved by the Company's board of directors on March 14, 2023 and March 15, 2022, respectively, were as below:

	For the Year Ended December 31	
	2022	**2021**
Employees' compensation in cash	$ 307,880	$ 330,737
Remuneration of directors	$ 153,940	$ 165,369

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, 2022 and 2021.

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.

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax (benefit) expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current income tax expense (benefit)		
Current tax expense and others	$ 153,623	$ 3,476,330
Adjustment for prior years	(25,128)	24,139
Deferred income tax		
Change in current year	(860,607)	(440,849)
Income tax (benefit) expense recognized in profit or loss	$ (732,112)	$ 3,059,620

Reconciliation of accounting profit and income tax (benefit) expense were as follows:

	For the Year Ended December 31	
	2023	2022
Income tax (benefit) expense from continuing operations at the statutory rate	$ 340,720	$ 4,435,666
Tax effect of adjustment item		
Permanent differences	(445,580)	(732,576)
Others	(300,319)	(358,609)
Income tax on unappropriated earnings	383,566	428,283
Loss carryforwards, investment credits and deductible temporary differences	(684,015)	(737,283)
Adjustment for prior years' income tax expense	(25,128)	24,139
Others	(1,356)	-
Tax (benefit) expense recognized in profit or loss	$ (732,112)	$ 3,059,620

Based on the Income Tax Act in the ROC, the corporate income tax rate is 20%. For Group entities in Japan, the corporate income tax rate ranges from 30.04% to 30.60%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Current tax assets and liabilities

	December 31 2023	December 31 2022
Current tax assets		
Income tax refund receivable (Note 11)	$ 15,293	$ 38,037
Current tax liabilities		
Income tax payables	$ 805,011	$ 2,123,413

c. Deferred tax assets

As of December 31, 2023 and 2022, deferred income tax assets of NT$2,116,898 thousand and NT$1,191,547 thousand, respectively, were mainly generated from idle capacity, unrealized inventory losses and asset impairment losses.

d. Deferred tax liabilities

As of December 31, 2023 and 2022, deferred income tax liabilities of NT$77,953 thousand and NT$13,209 thousand, respectively, were mainly generated from unrealized valuation gains or losses on financial assets at FVTOCI.

e. Tax return assessments

The tax returns of the Company and NTC through 2021 have been assessed by the tax authorities.

f. Income tax act of Pillar Two

In March 2023, the Japanese government, where some of the subsidiaries of the Company are incorporated, substantively legislated the Pillar Two income tax legislation, effective from April 1, 2024. Since the Pillar Two income tax legislation was not effective at the reporting date, the Group has no related current tax exposure.

Under the legislation, the Company's Japanese subsidiaries are required to pay a top-up tax in Japan on the profits of each of their subsidiaries that are taxed below the effective tax rate of 15%. As of December 31, 2023, no country has enforced the Pillar Two income tax legislation, so the Group has no related current tax exposure. However, the Group continues to assess the impact of the Pillar Two income tax legislation on future financial performance.

26. EARNINGS (LOSSES) PER SHARE

	For the Year Ended December 31					
	2023			2022		
	Amounts (Numerator) Net Loss After Income Tax (Attributable to Owners of the Parent)	Shares (Denominator) (In Thousands)	Losses Per Share (NT$) Net Loss After Income Tax (Attributable to Owners of the Parent)	Amounts (Numerator) Net Income After Income Tax (Attributable to Owners of the Parent)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT$) Net Income After Income Tax (Attributable to Owners of the Parent)
Basic earnings (losses) per share						
Net income (loss) attributed to ordinary shareholders	$ (1,146,522)	4,009,041	$ (0.29)	$ 12,927,165	3,980,000	$ 3.25
Effect of dilutive potential ordinary shares						
Employees' compensation	-	-		-	17,642	
Diluted earnings (losses) per share						
Net income (loss) attributed to ordinary shareholders	$ (1,146,522)	4,009,041	$ (0.29)	$ 12,927,165	3,997,642	$ 3.23

The issuance of ordinary shares for cash was included in the computation of the weighted average number of shares outstanding, which was 4,009,041 thousand shares. The Company may settle the compensation or bonuses paid to employees by cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares will be 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.

For the year ended December 31, 2023, the Company had a net loss. If the effects of the compensation or bonuses paid to employees were included in the computation of diluted EPS, there will be an anti-dilutive effect; therefore, the compensation or bonuses paid to employees were excluded from the computation of diluted losses per share.

27. SHARE-BASED PAYMENT ARRANGEMENTS

The Company was approved by the FSC on September 25, 2023 to issue 20,000 thousand shares for cash capital increase. The board of directors resolved to retain 10% of the issued shares for employees' subscription (including NTC's employees). The number of shares retained for employees' subscriptions was confirmed on November 2, 2023. The fair value of such share options subscribed for by the Company's employees on the grant date was measured using the Black-Scholes Option Pricing Model and amounted to NT$70,017 thousand which was recorded as compensation costs with a corresponding increase in capital surplus.

a. The Company's share-based payment agreements were as follows:

Agreement	Grant Date	Number of Shares Confirmed on Grant Date	Vesting Conditions
Cash capital increase reserved for employee share options	2023.11.2	19,723 thousand shares	Vested immediately

b. The fair value of share options acquired by employees on grant day, November 2, 2023, was measured using the Black-Scholes Option Pricing Model. Relevant information is as follows:

Share Price (NT$)	Exercise Price (NT$)	Expected Price Volatility	Expected Vesting Period	Risk-free Interest Rate	Fair Value Per Share (NT$)
$25.55	$22	34.57%	2 days	0.98%	$3.55

28. GOVERNMENT GRANTS

As of December 31, 2023, the Company received government loan of NT$5,131,600 thousand at a below-market interest rate. It will be used in the purchase of machinery and equipment and for supporting working capital. The first installment will be made in the 36th-37th month of the principal, and each month thereafter, the principal will be repaid in 48-49 equal installments. Using the prevailing market interest rates of 1.79%-1.89% for an equivalent loan, 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 over time. For the years ended December 31, 2023 and 2022, the other income under government grants were amounts of NT$56,527 thousand and NT$47,599 thousand, respectively, and the interest expense under loans were amounts of NT$125,251 thousand and NT$94,824 thousand, respectively.

29. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
WECJ	Research, development, sales and after-sales service of semiconductor	November 2022	100.00	$ 190,070
AMTC	Manufacture of semiconductor and smart factory solutions	January 2023	100.00	$ 237,052
WEIL	Sales and service of semiconductor	September 2023	99.99	$ 106,939

The Company acquired 100% ownership interest in WECJ and AMTC from the subsidiary Landmark and the sub-subsidiary NTCJ, respectively. Also, the Company acquired a 99.99% ownership interest of WEIL due to the liquidation of subsidiary GTD. The transaction was a reorganization under common control and was recognized as an equity transaction.

b. Assets acquired and liabilities assumed

	WECJ	AMTC	WEIL
Current assets			
Cash and cash equivalents	$ 76,255	$ 197,863	$ 22,027
Accounts receivable and other receivables	797,517	104,826	515
Inventories	-	11,310	-
Other current assets	6,328	3,235	294
Non-current assets			
Financial assets at FVTOCI	-	-	11,644
Property, plant and equipment	4,064	1,976	-
Right-of-use assets	17,505	-	-
Intangible assets	1,934	540	-
Deferred income tax assets	37,709	13,798	-
Other non-current assets	6,270	-	72,939
Total assets	$ 947,582	$ 333,548	$ 107,419
Current liabilities			
Accounts payable and other payables	$ 716,492	$ 86,298	$ 115
Current tax liabilities	18,329	-	365
Other current liabilities	14,261	10,198	-
Other non-current liabilities	8,430	-	-
Total liabilities	$ 757,512	$ 96,496	$ 480
Net assets	$ 190,070	$ 237,052	$ 106,939

c. Equity transaction difference under common control

	WECJ	AMTC	WEIL
Fair value of identifiable net assets acquired	$ 190,070	$ 237,052	$ 106,939
Less: Consideration transferred	(190,070)	(394,661)	(106,939)
Equity transaction difference	$ -	$ (157,609)	$ -
Equity transaction difference adjustment account			
Investments accounted for using equity method - NTC	$ -	$ 80,709	$ -
Capital surplus - changes in ownership interests in subsidiaries	-	76,900	-
Equity transaction difference	$ -	$ 157,609	$ -

30. CAPITAL MANAGEMENT

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

31. 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 fair value of financial instruments is grouped into Levels 1 to 3 based on the degree to observability of inputs.

- 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 inputs are unobservable inputs for an asset or liability.

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

Fair value hierarchy as of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities at amortized cost				
Bonds payable (secured)	$ -	$ 9,980,978	$ -	$ 9,980,978

Fair value hierarchy as of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities at amortized cost				
Bonds payable (secured)	$ -	$ 9,968,462	$ -	$ 9,968,462

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

Fair value hierarchy as of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 218,979	$ 76,763	$ 295,742
Non-derivative financial assets				
Domestic listed and emerging securities	14,994	-	-	14,994
Overseas unlisted securities	-	-	61,410	61,410
Mutual funds	113,604	-	-	113,604
	$ 128,598	$ 218,979	$ 138,173	$ 485,750
Financial assets at FVTOCI				
Equity securities				
Domestic listed and emerging securities	$ 12,894,135	$ -	$ -	$ 12,894,135
Domestic and overseas unlisted securities	-	23,460	1,785,979	1,809,439
Beneficiary certificates	-	-	1,173,603	1,173,603
	$ 12,894,135	$ 23,460	$ 2,959,582	$ 15,877,177
Financial liabilities				
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 786	$ -	$ 786

Fair value hierarchy as of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 7,173	$ 121,775	$ 128,948
Non-derivative financial assets				
Domestic listed and emerging securities	44,433	-	-	44,433
Overseas unlisted securities	-	-	61,420	61,420
Mutual funds	110,506	-	-	110,506
	$ 154,939	$ 7,173	$ 183,195	$ 345,307

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Equity securities				
Domestic listed and emerging securities	$ 14,705,736	$ -	$ -	$ 14,705,736
Domestic and overseas unlisted securities	-	22,560	1,684,488	1,707,048
Beneficiary certificates	-	-	1,231,877	1,231,877
	$ 14,705,736	$ 22,560	$ 2,916,365	$ 17,644,661
Financial liabilities				
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 7,412	$ -	$ 7,412

(Concluded)

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

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 3,099,560	$ 3,327,302
Additions	69,086	800,383
Recognized in other comprehensive income	(68,680)	190,439
Recognized in profit or loss	(12)	7,575
Reclassified to investments accounted for using equity method	-	(1,289,679)
Proceeds from capital reduction of investment	(2,000)	(1,000)
Effect of exchange rate changes	(199)	64,540
Balance at December 31	$ 3,097,755	$ 3,099,560

b. Categories of financial instruments

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

	December 31			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Measured at amortized cost				
Cash and cash equivalents	$ 16,962,598	$ 16,962,598	$ 20,402,936	$ 20,402,936
Accounts receivable (included related parties)	9,783,527	9,783,527	9,873,405	9,873,405
Finance lease receivables (current and non-current)	115,377	115,377	220,182	220,182
Other receivables	710,059	710,059	558,836	558,836
Refundable deposits (recorded in other non-current assets)	580,508	580,508	573,743	573,743
Financial assets at FVTPL (current and non-current)	485,750	485,750	345,307	345,307
Financial assets at FVTOCI (current and non-current)	15,877,177	15,877,177	17,644,661	17,644,661
Financial liabilities				
Measured at amortized cost				
Short-term borrowings	1,064,280	1,064,280	1,069,040	1,069,040
Notes and accounts payable (included related parties)	7,297,889	7,297,889	6,391,671	6,391,671
Payable on equipment and other payables	16,901,502	16,901,502	13,270,593	13,270,593
Bonds payable	9,980,978	9,980,978	9,968,462	9,968,462
Long-term borrowings (included current portion)	45,004,722	45,004,722	37,449,502	37,449,502
Guarantee deposits (recorded in other non-current liabilities)	1,968,423	1,968,423	2,473,353	2,473,353
Financial liabilities at FVTPL	786	786	7,412	7,412

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$37,917 thousand and NT$68,271 thousand for the years ended December 31, 2023 and 2022, respectively.

b) Interest rate risk

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

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

	December 31	
	2023	**2022**
Cash flow interest rate risk		
Financial assets	$ 8,413	$ 8,413
Financial liabilities	46,295,880	38,700,640

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 1%, the Group's cash flows would increase by NT$462,875 thousand and NT$386,922 thousand for the years ended December 31, 2023 and 2022, respectively.

2) Credit risk

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

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

3) Liquidity risk

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

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

	December 31, 2023			
	Within 1 Year	**1-2 Years**	**Over 2 Years**	**Total**
Non-interest bearing	$ 24,199,391	$ 1,968,423	$ -	$ 26,167,814
Lease liabilities	292,682	257,258	1,936,710	2,486,650
Variable interest rate liabilities	10,044,464	9,966,699	26,284,717	46,295,880
Fixed interest rate liabilities	-	10,000,000	-	10,000,000
	$ 34,536,537	$ 22,192,380	$ 28,221,427	$ 84,950,344

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	**2-5 Years**	**Over 5 Years**
Non-derivative financial liabilities			
Lease liabilities	$ 549,940	$ 522,116	$ 1,414,594

	December 31, 2022			
	Within 1 Year	**1-2 Years**	**Over 2 Years**	**Total**
Non-interest bearing	$ 19,662,264	$ 2,473,353	$ -	$ 22,135,617
Lease liabilities	313,517	258,010	2,129,430	2,700,957
Variable interest rate liabilities	4,240,468	6,923,041	27,537,131	38,700,640
Fixed interest rate liabilities	-	-	10,000,000	10,000,000
	$ 24,216,249	$ 9,654,404	$ 39,666,561	$ 73,537,214

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	**2-5 Years**	**Over 5 Years**
Non-derivative financial liabilities			
Lease liabilities	$ 571,527	$ 572,922	$ 1,556,508

32. RELATED PARTY TRANSACTIONS

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

Related Party	Relationship with the Group
Walsin Lihwa Corporation ("Walsin Lihwa")	Investor that exercises significant influence over the Group
ThCC	Associate
Chin Xin	Associate
TPSCo.	Associate (Note)
Nyquest Technology Co., Ltd. ("Nyquest")	Related party in substance
Walton Advanced Engineering Inc. ("Walton")	Related party in substance
Walton Advanced Engineering Ltd. (Suzhou) ("Walton (Suzhou)")	Related party in substance
Chin Cherng Construction Co., Ltd. ("Chin Cherng")	Related party in substance
Walsin Technology Corporation ("Walsin Technology")	Related party in substance
United Industrial Gases Co., Ltd. ("United Industrial Gases")	Related party in substance
Hannstar Display Corporation ("Hannstar Display")	Related party in substance
Waltech Advanced Engineering (Suzhou) Ltd. ("Waltech (Suzhou)")	Related party in substance
CHIA-HO Green Energy Corporation ("CHIA-HO")	Related party in substance
Taiwan Cement Corporation ("Taiwan Cement")	Related party in substance

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

b. Operating activities

	For the Year Ended December 31	
	2023	2022
1) Operating revenue		
Associate	$ 274,774	$ 251,640
Related party in substance	145,914	3,506,794
	$ 420,688	$ 3,758,434

Price and terms were determined in accordance with mutual agreements.

	For the Year Ended December 31	
	2023	2022
2) Purchases of goods		
Associate		
TPSCo.	$ 3,822,301	$ 3,099,787
Related party in substance		
TPSCo.	-	1,498,020
	$ 3,822,301	$ 4,597,807

Price and terms were determined in accordance with mutual agreements.

	For the Year Ended December 31	
	2023	2022
3) Manufacturing expenses		
Related party in substance	$ 5,194,380	$ 4,964,320
Associate	1,865,936	1,408,002
	$ 7,060,316	$ 6,372,322
4) Operating expenses		
Associate	$ 278,254	$ 233,901
Related party in substance	31,028	125,172
Investor that exercises significant influence over the Group	11,139	14,078
	$ 320,421	$ 373,151
5) Dividend income		
Investor that exercises significant influence over the Group		
Walsin Lihwa	$ 445,550	$ 355,200
Related party in substance		
United Industrial Gases.	59,840	67,118
Others	38,436	207,818
	$ 543,826	$ 630,136
6) Other income and expenses		
Related party in substance		
Waltech (Suzhou)	$ (82,442)	$ (1,138)
Others	1,299	2,115
Associate	(2,488)	12,190
	$ (83,631)	$ 13,167

	December 31	
	2023	2022
7) Accounts receivable		
Associate	$ 24,082	$ 35,222
Related party in substance	20,625	700,437
	$ 44,707	$ 735,659
8) Accounts payable		
Related party in substance	$ 928,614	$ 936,286
Associate	385,860	252,642
	$ 1,314,474	$ 1,188,928

	December 31	
	2023	2022
9) Other receivables		
Associate	$ 36,518	$ 54,318
Other	555	340
	$ 37,073	$ 54,658
10) Other payables		
Related party in substance	$ 270,284	$ 155,132
Associate	100,102	188,807
Investor that exercises significant influence over the Group	2,614	-
	$ 373,000	$ 343,939
11) Refundable deposits (recorded in "other non-current assets")		
Related party in substance	$ 1,722	$ 1,722
Investor that exercises significant influence over the Group	203	203
	$ 1,925	$ 1,925
12) Guarantee deposits (recorded in "other non-current liabilities")		
Related party in substance		
Nyquest	$ 244,800	$ 250,594

The Group's transactions with the related party were conducted in accordance with bilateral contracts, covering transaction price and payment terms.

c. Acquisition of property, plant and equipment

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

d. Disposal of property, plant and equipment

	Disposal Price		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Related party in substance	$ 5	$ 68	$ 5	$ 68
Associate	-	127,949	-	36,336
	$ 5	$ 128,017	$ 5	$ 36,404

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

Refer to Note 32 (g) to the consolidated financial statements for details of finance lease contracts.

e. Disposal of intangible assets

	Disposal Price		**Gain (Loss) on Disposal**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2023	**2022**	**2023**	**2022**
Associate				
TPSCo.	$ -	$ 204,873	$ -	$ 16

The prices of the above transactions were determined based on the acquisition cost of the intangible asset and reference to the recent quoted market price.

Refer to Note 32 (g) to the consolidated financial statements for details of finance lease contracts.

f. Lease arrangements - the Group is lessee

	For the Year Ended December 31	
	2023	**2022**
1) Acquisition of right of use assets		
Investor that exercises significant influence over the Group	$ -	$ 8,672

	Disposal of Right-of-use Assets		**Gain (Loss) on Disposal of Right-of-use Assets**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2023	**2022**	**2023**	**2022**
Investor that exercises significant influence over the Group	$ 5,845	$ -	$ 36	$ -

	December 31	
	2023	**2022**
2) Lease liabilities		
Investor that exercises significant influence over the Group	$ -	$ 5,845

	For the Year Ended December 31	
	2023	**2022**
3) Interest expense		
Investor that exercises significant influence over the Group	$ -	$ 89
Related party in substance	-	87
	$ -	$ 176

g. Lease arrangements - the Group is lessor/sublease arrangements

Lease arrangements - sublease arrangement under operating leases

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.

	December 31	
	2023	2022
1) Operating lease receivables		
Associate		
TPSCo.	$ 12,842	$ 19,770
2) Future lease payment receivables		
Associate		
TPSCo.	$ 1,155,776	$ 1,402,999
3) Lease income		
Associate		
TPSCo.	$ 175,386	$ 155,271
Related party in substance		
TPSCo.	-	55,912
	$ 175,386	$ 211,183

Least arrangements under finance leases

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

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

h. Transfer of right-of-use assets contract

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

i. Acquisition of financial assets

For the year ended December 31, 2023

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Associate				
TPSCo.	Investments accounted for using equity method	3,920	Ordinary shares of TPSCo.	$ 59,586
ThCC	Investments accounted for using equity method	3,000,000	Ordinary shares of ThCC	30,000
				$ 89,586

For the year ended December 31, 2022

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Investor that exercises significant influence over the Group				
Walsin Lihwa	Current financial assets at FVTOCI	25,527,493	Ordinary shares of Walsin Lihwa	$ 765,825
Related party in substance				
CHIA-HO	Non-current financial assets at FVTOCI	55,500,000	Ordinary shares of CHIA-HO	555,000
Associate				
TPSCo.	Investments accounted for using equity method	30,919	Ordinary shares of TPSCo.	358,772
ThCC	Investments accounted for using equity method	21,000,000	Ordinary shares of ThCC	210,000
				$ 1,889,597

j. Guarantee

Acquisition of guarantee

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

k. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employment benefits	$ 614,544	$ 964,014
Post-employment benefits	9,749	9,447
Share-based payment	12,652	-
	$ 636,945	$ 973,461

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.

33. PLEDGED AND COLLATERALIZED ASSETS

Refer to Notes 6, 14 and 16 to the consolidated financial statements.

34. 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 December 31, 2023 and 2022 were approximately US$21,484 thousand and US$3,957 thousand, JPY302,640 thousand and JPY321,200 thousand, respectively.

b. Unrecognized commitments were as follows:

	December 31, 2023
Acquisition of property, plant and equipment	$ 9,926,602

c. The board of directors of NTC agreed to sell 4,500,553 preference shares (including the shares that were transferred from SAFE) of Autotalks. The transaction price of US$23,925 thousand would be adjusted by the function of the contract mentioned on the effective date. Settlement of this transaction will take effect within 5 working days or at a mutually agreed upon date by the parties and is subject to the fulfillment of the preconditions stipulated in the contract.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

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

	December 31					
	2023			2022		
	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollars (In Thousands)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollars (In Thousands)
Financial assets						
Monetary items						
USD	$ 429,937	30.705	$ 13,201,226	$ 417,963	30.71	$ 12,835,638
USD	301,613	141.37 (Note2)	2,683,675	145,498	132.14 (Note 2)	1,794,970
EUR	6,614	33.98	224,727	1,546	32.72	50,594
JPY	11,489,304	0.2172	2,495,477	3,612,672	0.2324	839,585
RMB	21,947	4.327	94,967	13,695	4.408	60,366
ILS	10,874	8.4694	92,097	9,720	8.7301	84,860
Financial liabilities						
Monetary items						
USD	306,450	30.705	9,409,545	195,653	30.71	6,008,507
USD	38,058	141.37 (Note2)	1,091,184	31,253	132.14 (Note 2)	959,778
EUR	78,331	33.98	2,661,690	3,530	32.72	115,492
JPY	10,771,001	0.2172	2,339,461	3,615,868	0.2324	840,328
ILS	17,226	8.4694	145,895	14,046	8.7301	122,624

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.

For the years ended December 31, 2023 and 2022, refer to the consolidated statements of comprehensive income for details on realized and unrealized net foreign exchange profit (loss). It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

A magnitude 7.6 earthquake occurred on the Noto Peninsula in Ishikawa Prefecture, Japan, on January 1, 2024. NTCJ's production plant in Toyama Prefecture, Hokuriku, Japan, including the front-end wafer fab TPSCo., a joint venture with Tower, and the back-end assembly and testing plant of NTC. The factory immediately initiated emergency safety procedures. It has been confirmed that all employees are safe, and the office and factory buildings have not been significantly damaged. Subsequent maintenance and other related costs are still being assessed.

37. ADDITIONAL DISCLOSURE

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

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

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

c. Information on investment in mainland China

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

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

38. SEGMENT INFORMATION

a. Basic information about operating segment

1) Classification of operating segments

The Group's reportable segments under IFRS 8 "Operating Segments" 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 For the Year Ended December 31		Segment Profit and Loss For the Year Ended December 31	
	2023	2022	2023	2022
DRAM IC product	$ 14,036,814	$ 21,928,754	$ (3,400,903)	$ 7,071,962
Flash Memory product	24,047,796	29,863,054	7,253,619	13,294,130
Logic IC product	34,885,006	41,640,173	5,483,048	8,689,183
Total of segment revenue	72,969,616	93,431,981	9,335,764	29,055,275
Other revenue	2,036,462	1,097,809	2,036,462	1,097,809
Operating revenue	$ 75,006,078	$ 94,529,790		
Unallocated expenditure				
Administrative and supporting expenses			(4,915,171)	(8,301,233)
Sales and other common expenses			(8,087,287)	(5,317,270)
Income (loss) from operations			(1,630,232)	16,534,581
Non-operating income and expenses				
Interest income			334,058	154,580
Dividend income			548,920	634,979
Other income			341,761	540,182
Share of profit (loss) of associates			456,040	512,295
Gains (losses) on disposal of property, plant and equipment			716,701	357,146
Gains (losses) on disposal of intangible assets			(591)	91
Gains (losses) on disposal of non-current assets held for sale			-	36,181
Gains (losses) on foreign exchange			170,900	968,662
Gains (losses) on financial instruments at fair value through profit or loss			(276,176)	(962,983)

(Continued)

	Segment Revenue		Segment Profit and Loss	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Interest expense			$ (991,919)	$ (94,874)
Other expenses			(367,125)	(634,668)
Income (loss) before income tax			$ (697,663)	$ 18,046,172

(Concluded)

c. Geographical information

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Asia	$ 69,316,314	$ 85,135,882	$ 118,142,800	$ 110,330,939
America	2,236,890	5,412,842	199,683	203,979
Europe	3,286,593	3,584,558	-	-
Others	166,281	396,508	-	-
	$ 75,006,078	$ 94,529,790	$ 118,342,483	$ 110,534,918

d. Major customer information

For the years ended December 31, 2023 and 2022, the Group's operating revenue were NT$75,006,078 thousand and NT$94,529,790 thousand and single customer contacting 10% or more to the Group's operating revenue were NT$6,896,845 thousand and NT$14,393,996 thousand, respectively. For the years ended December 31, 2023 and 2022, there was no other individual customer exceeded 10% of the Group's operating revenue.

TABLE 1

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	WEC	NTCJ	NTC's indirect subsidiary with 100% ownership	$ 17,543,955 (Note 1)	$ 6,516,000 (Note 3)	$ 6,516,000 (Note 3)	$ 847,080	$ -	7.06	$ 46,148,408 (Note 5)	Y	N	N	
1	NTC	NTCJ	Subsidiary	16,731,044 (Note 2)	2,185,365 (Note 4)	2,185,365 (Note 4)	196,922	-	13.06	16,731,044 (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 the 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.

TABLE 2

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(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	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
WEC	Shares							
	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 21.99% ownership interest in WEC	Current financial assets at FVTOCI	247,527,493	$ 9,566,938	6	$ 9,566,938	
	Hannstar Display Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	〃	150,000,210	1,777,502	5	1,777,502	
	Walsin Technology Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	〃	5,300,117	651,914	1	651,914	
	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	763,455	10	763,455	
	Cathay Financial Holdings Co., Ltd.	None	〃	5,305	243	-	243	
	Shares							
	Hsin Chu Golf Country Club	None	Non-current financial assets at FVTOCI	3	12,660	-	12,660	
	Linkou Golf Course	None	〃	1	10,800	-	10,800	
	Intellectual Property Innovation Corporation	WEC as the investee's director	〃	1,000,000	8,292	10	8,292	
	Harbinger III Venture Capital Corp.	WEC as the investee's supervisor	〃	5,440	145	5	145	
	Smart Catch International Co., Ltd.	None	〃	4,000,000	-	16	-	
	CHIA-HO Green Energy Corporation	WEC's chairman as an independent director of the investee's parent company	〃	55,500,000	551,988	15	551,988	
	Preference shares							
	Fubon Financial Holding Co., Ltd. Preference Shares B (2881A)	None	Current financial assets at FVTPL	182,000	11,120	-	11,120	
	Cathay Financial Holding Co., Ltd. Preference Shares B (2882A)	None	〃	65,000	3,874	-	3,874	
WECA	Shares							
	Kneron Holding Company	None	Current financial assets at FVTPL	377,808	USD 2,000	1	USD 2,000	
	Funds							
	Vanguard Short-Term Corporate Bond ETF (VCSH)	None	Current financial assets at FVTPL	24,000	USD 1,857	-	USD 1,857	

(Continued)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
WECA	Funds							
	iShares National Muni Bond ETF (MUB)	None	Current financial assets at FVTPL	17,000	USD 1,843	-	USD 1,843	
	Beneficiary certificates							
	JVP VIII, L.P.	None	Non-current financial assets at FVTOCI	-	USD 23,086	7	USD 23,086	
	JVP X Funds	None	〃	-	USD 15,135	N/A	USD 15,135	
WECJ	Shares							
	Nihon Computer Co., Ltd.	None	Non-current financial assets at FVTOCI	10	JPY -	1	JPY -	
WEIL	Shares							
	TEGNA Electronics Private Limited	The held company as the investee's director	Non-current financial assets at FVTOCI	3,001,000	INR 30,010	10	INR 30,010	
NTC	Shares							
	Yu-Ji Venture Capital Co., Ltd.	The held company as the investee's director	Non-current financial assets at FVTOCI	375,000	7,324	5	7,324	
	Brightek Optoelectronic Co., Ltd.	None	〃	34,680	1,423	-	1,423	
	United Industrial Gases Co., Ltd.	The held company as the investee's director	〃	8,800,000	536,800	4	536,800	
	Autotalks Ltd. - Preference E. Share	None	〃	3,932,816	614,100	9	614,100	
	Allxon Inc.	None	〃	5,625,000	56,250	15	56,250	
	Warrants							
	Autotalks Ltd.	None	Non-current financial assets at FVTPL	-	76,763	-	76,763	
SYI	Shares					-		
	Nyquest Technology Co., Ltd.	The held company as the investee's director	Non-current financial assets at FVTOCI	1,650,000	132,660	5	132,660	
NTCJ	Shares							
	Symetrix Corporation	None	Non-current financial assets at FVTOCI	50,268	-	1	-	

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

(Concluded)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Cost Amount	Number of Shares	Cost Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Cost Amount
WEC	AMTC	Investments accounted for using equity method	NTCJ	Sub-subsidiary	-	$ -	4,000	$ 394,661 (Note 1) Investments accounted for using equity method - NTC (80,709) Capital surplus - changes in ownership interests in subsidiaries (76,900)	-	$ -	$ -	$ -	4,000	$ 237,052
NTCJ	AMTC	Investments accounted for using equity method	WEC	Parent company	4,000	233,534	-	-	4,000	394,661 (JPY 1,673,000)	237,052	(Note 2)	-	-

Note 1: The acquisition of 100% ownership of AMTC from NTCJ was approved by WEC's board meeting in November 2022. The acquisition date was set in January 2023.

Note 2: In January 2023, NTCJ sold 100% of its shares in AMTC to WEC for JPY1,673,000 thousand. The transaction was a reorganization under common control. Therefore, NTC increased the capital surplus of $120,401 thousand for the difference between consideration (purchase price less related income tax expense of $37,208 thousand) and carrying amount of TPSCo, and the cumulative translation adjustment of NT$3,518 thousand.

TABLE 4

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
WEC	WEHK	Direct subsidiary with 100% ownership	Sales	$ 7,869,748	21	Net 90 days from invoice date	N/A	N/A	$ 717,591	16	
	WECJ	Direct subsidiary with 100% ownership	Sales	3,883,542	10	Net 90 days from invoice date	N/A	N/A	265,616	6	
	WECN	Indirect subsidiary with 100% ownership	Sales	2,061,742	5	Net 90 days from invoice date	N/A	N/A	(5,303)	Note	
	WECA	Indirect subsidiary with 100% ownership	Sales	1,241,952	3	Net 90 days from invoice date	N/A	N/A	114,601	3	
AMTC	TPSCo.	NTC's associate with 49% ownership	Sales	JPY 1,189,403	34	Net 15 days end of the month	N/A	N/A	JPY 103,855	21	
	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	JPY 1,153,575	33	Net 30 days end of the month	N/A	N/A	JPY 268,880	55	
NTC	NTHK	NTC's direct subsidiary with 100% ownership	Sales	7,952,135	42	Net 50 days from invoice date	N/A	N/A	1,213,476	50	
	NTCA	NTC's direct subsidiary with 100% ownership	Sales	125,605	1	Net 50 days end of the month	N/A	N/A	34,326	1	
	NTSG	NTC's direct subsidiary with 100% ownership	Sales	661,206	3	Net 10 days end of the month	N/A	N/A	88,124	4	
	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	908,377	5	Net 10 days end of the month	N/A	N/A	207,534	9	
	NTSZ	NTC's indirect subsidiary with 100% ownership	Sales	191,873	1	Net 50 days from invoice date	N/A	N/A	22,577	1	
	Nyquest Technology Co., Ltd.	Related party in substance	Sales	127,399	1	Net 45 days from invoice date	N/A	N/A	18,433	1	
	NTSG	NTC's direct subsidiary with 100% ownership	Purchases	596,847	7	Net 8 days end of the month	N/A	N/A	(47,516)	(3)	
	NTCJ	NTC's indirect subsidiary with 100% ownership	Purchases	6,372,549	70	Net 8 days end of the month	N/A	N/A	(600,655)	(33)	
NTSG	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	USD 174,949	65	Net 10 days end of the month	N/A	N/A	USD 9,991	49	
	NTHK	NTC's direct subsidiary with 100% ownership	Sales	USD 14,528	5	Net 10 days end of the month	N/A	N/A	USD 1,517	7	
NTCJ	NTSG	NTC's direct subsidiary with 100% ownership	Sales	JPY 23,048,973	25	Net 10 days end of the month	N/A	N/A	JPY 1,260,807	9	
	NTHK	NTC's direct subsidiary with 100% ownership	Sales	JPY 12,988,745	14	Net 10 days end of the month	N/A	N/A	JPY 1,098,239	8	
	TPSCo.	NTC's associate with 49% ownership	Purchases	JPY 17,287,331	41	Net 10 days end of the month	N/A	N/A	JPY (1,776,518)	(29)	

Note: The Company's unearned receipts.

TABLE 5

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
WEC	WEHK	Direct subsidiary with 100% ownership	$ 717,591	12.39	$ -	-	$ 626,066	$ -
	WECJ	Direct subsidiary with 100% ownership	265,616	10.68	-	-	-	-
	WECA	Indirect subsidiary with 100% ownership	114,601	9.73	-	-	-	-
WECA	WEC	Parent company	USD 5,345	(Note)	-	-	USD 1,894	-
NTC	NTHK	NTC's direct subsidiary with 100% ownership	1,213,476	11.74	-	-	730,020	-
	NTCJ	NTC's indirect subsidiary with 100% ownership	207,534	8.75	-	-	195,949	-
NTSG	NTCJ	NTC's indirect subsidiary with 100% ownership	USD 9,991	13.01	-	-	USD 9,991	-
NTCJ	NTSG	NTC's direct subsidiary with 100% ownership	JPY 1,260,807	14.72	-	-	JPY 1,260,807	-
	NTHK	NTC's direct subsidiary with 100% ownership	JPY 1,098,239	23.65	-	-	JPY 1,098,239	-
	NTC	Parent company	JPY 2,767,586	16.77	-	-	JPY 2,767,586	-
NTIL	NTC	Parent company	ILS 16,642	(Note)	-	-	ILS 16,642	-

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

TABLE 6

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
WEC	NTC	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	51.21	$ 8,549,443	$ 2,420,434	$ 1,239,455	
	WIC	British Virgin Islands	Investment holding	2,758,517	2,758,517	87,960,000	100.00	1,961,148	34,213	34,213	
	WEHK	Hong Kong	Sales of semiconductor and investment holding	278,158	278,158	71,150,000	100.00	679,024	111,401	111,398	
	METC	Japan	Software and hardware integration design of semiconductor	167,660	167,660	4,000	100.00	296,766	75,019	75,019	
	AMTC	Japan	Manufacture of semiconductor and smart factory solutions	237,052	-	4,000	100.00	285,056	68,281	68,281	Note 1
	Landmark	British Virgin Islands	Investment holding	-	168,755	-	-	-	(21,983)	(21,983)	Note 2
	WECJ	Japan	Research, development, sales and after-sales service of semiconductor	190,070	190,070	2,970	100.00	346,194	55,369	55,369	
	GTD	Seychelles	Investment holding	-	155,663	-	-	-	(82)	(82)	Note 3
	WEIL	India	Sales and service of semiconductor	133,617	-	27,998,400	99.99	131,382	(62)	(23)	Note 3
	Callisto	Hong Kong	Electronic commerce and investment holding	156,292	156,292	40,000,000	100.00	76,792	(19,164)	(19,164)	
	WTL	Israel	Design and service of semiconductor	21,242	21,242	100,000	100.00	102,148	9,312	9,312	
	WEG	Germany	Marketing service of semiconductor	28,679	28,679	850,000	100.00	29,002	2,303	2,303	
	PCI	Hong Kong	Investment holding	-	2,967	-	-	-	19	19	Note 4
	Chin Xin	Taiwan	Investment holding	1,874,825	1,874,825	182,840,999	38.00	8,842,850	778,816	293,542	
	ThCC	Taiwan	Agriculture and forestry botanic conservation	270,000	240,000	27,000,000	15.00	284,474	4,480	228	Note 5
WIC	WECA	United States of America	Design, sales and service of semiconductor	1,683,207	1,683,207	3,067	100.00	2,003,939	34,345	34,345	
Callisto	CTL	Hong Kong	Electronic commerce and investment holding	30,895	30,895	1,000,000	100.00	30,725	385	385	
				USD 1,000	USD 1,000			USD 1,001	USD 12	USD 12	
GTD	WEIL	India	Sales and service of semiconductor	-	135,415	-	-	-	(62)	(39)	Note 3
METC	MTTC	Taiwan	Development of software and services for automotive and industrial control	3,000	3,000	300,000	100.00	2,838	(162)	(162)	
NTC	NTHK	Hong Kong	Sales of semiconductor	427,092	427,092	107,400,000	100.00	703,987	101,154	101,154	
	MML	British Virgin Islands	Investment holding	274,987	274,987	8,897,789	100.00	282,496	4,262	4,262	
	NIH	British Virgin Islands	Investment holding	515,251	590,953	15,633,161	100.00	370,049	71,938	71,938	Note 6
	SYI	Taiwan	Investment holding	38,500	38,500	3,850,000	100.00	161,693	11,260	11,260	
	NTIPL	India	Design, sales and service of semiconductor	30,211	30,211	600,000	100.00	21,564	30	30	
	NTCA	United States of America	Design, sales and service of semiconductor	190,862	190,862	60,500	100.00	219,309	8,827	8,827	
	NTSG	Singapore	Design, sales and service of semiconductor	1,319,054	1,319,054	45,100,000	100.00	2,021,289	59,001	59,001	
	NTKL	Korea	Design, sales and service of semiconductor	30,828	30,828	125,000	100.00	13,804	1,402	1,402	
	NTHJ	Japan	Investment holding	5,927,849	5,927,849	100	100.00	8,527,820	1,368,696	1,368,696	
	NTG	Germany	Customer service and technical support of semiconductor	67,980	-	2,000,000	100.00	67,960	-	-	Note 7
MML	GLLC	United States of America	Investment holding	1,473,559	1,473,559	-	100.00	282,622	4,661	4,661	
NIH	NTIL	Israel	Design and service of semiconductor	46,905	46,905	1,000	100.00	369,080	69,907	69,907	
NTHJ	NTCJ	Japan	Design, sales and service of semiconductor	111,520	111,520	9,480	100.00	11,695,970	1,368,454	1,368,454	
NTCJ	AMTC	Japan	Manufacture of semiconductor and smart factory solutions	-	55,760	-	-	-	-	-	Note 1
	TPSCo.	Japan	Foundry and sales of semiconductor	1,708,037	1,648,451	49,539	49.00	1,824,673	363,783	162,270	Note 8

Note 1: The acquisition of 100% ownership of AMTC from NTCJ was approved by WEC's board meeting in November 2022. The acquisition date was set in January 2023.

Note 2: Landmark completed the liquidation and legal procedures in June 2023.

Note 3: GTD completed the liquidation and legal procedures in October 2023. Due to the dissolution of GTD, the Company changed its 99.99% of ownership interest in WEIL from indirect to direct.

Note 4: PCI completed the liquidation and legal procedures in September 2023.

Note 5: WEC participated in ThCC's cash capital increase of 100,000 thousand shares and subscribed for 3,000 thousand shares at a par value of NT$10 per share.

Note 6: The board of directors of NIH resolved to reduce capital by 2,327 thousand shares in an amount of NT$75,702 thousand in May 2023.

Note 7: NTC established NTG in Germany in December 2023, and acquired 100% of its ownership.

Note 8: NTCJ's share of profit (loss) includes downstream and upstream transactions.

Note 9: Refer to Table 7 for information on investment in mainland China.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
WECN	Design, development and marketing of VLSI integrated ICs	$ 276,435 (USD 9,000)	Through investing in WEHK in the third area, which then invested in the investee in mainland China indirectly	$ 276,435 (USD 9,000)	$ -	$ -	$ 276,435 (USD 9,000)	$ 29,011	100.00	$ 29,011	$ 300,728	$ 35,880
NTSH	Provide project of sale in China and repairing, testing, consulting of software and equipment leasing business	68,036 (USD 2,000)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	68,036 (USD 2,000)	-	-	68,036 (USD 2,000)	165	51.21	84	144,822	-
WENJ	Computer software service (except I.C. design)	- (Note 2)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	16,429 (USD 500)	-	-	16,429 (USD 500)	(47)	-	(24)	-	-
NTSZ	Computer software service (except I.C. design), wholesale business for computer, supplement and software	197,670 (USD 6,000)	Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly	197,670 (USD 6,000)	-	-	197,670 (USD 6,000)	6,366	51.21	3,260	117,644	-
Song Zhi Suzhou	Provide development of semiconductor and technology, consult service and equipment leasing business	8,688 (CNY 2,000) (Note 3)	Through investing in NTSH in the third area, which then invested in the investee in mainland China indirectly	- (Note 3)	-	-	- (Note 3)	(271)	51.21	(139)	3,988	-

Note 1: The gain or loss on investment for the year ended December 31, 2023 was recognized on the basis of the financial statements audited by the auditor.

Note 2: WENJ completed the liquidation and legal procedures in May 2023.

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

2. Information on any investee company in mainland China, main businesses and 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 December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
WEC	$ 276,435 (USD9,000)	$ 276,435 (USD9,000)	$ 55,378,090
NTC	282,135 (USD8,500)	282,135 (USD8,500)	10,038,626

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

3. Refer to Table 4 for significant transactions with the investee in mainland China directly and indirectly through investing in companies in the third area.

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

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

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

TABLE 8

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			Percentage of Consolidated Total Gross Sales or Total Assets (%)
				Financial Statement Account	Amount	Terms (Note 1)	
0	WEC	WEHK	Transactions between parent company and subsidiaries	Operating revenue	$ 7,869,748	-	10
		WEHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	717,591	-	-
		WECA	Transactions between parent company and subsidiaries	Operating revenue	1,241,952	-	2
		WECA	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	114,601	-	-
		WECA	Transactions between parent company and subsidiaries	Operating expenses	632,407	-	1
		WECA	Transactions between parent company and subsidiaries	Other payables	164,111	-	-
		WECJ	Transactions between parent company and subsidiaries	Operating revenue	3,883,542	-	5
		WECJ	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	265,616	-	-
		WECJ	Transactions between parent company and subsidiaries	Operating expenses	289,875	-	-
		WTL	Transactions between parent company and subsidiaries	Operating expenses	369,923	-	-
		WECN	Transactions between parent company and subsidiaries	Operating revenue	2,061,742	-	3
		NTC	Transactions between parent company and subsidiaries	Other revenue	130,907	-	-
1	AMTC	NTCJ	Transactions between subsidiaries	Operating revenue	255,222	-	-
2	NTC	NTHK	Transactions between parent company and subsidiaries	Operating revenue	7,952,135	-	11
		NTHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	1,213,476	-	1
		NTCA	Transactions between parent company and subsidiaries	Operating revenue	125,605	-	-
		NTSG	Transactions between parent company and subsidiaries	Operating revenue	661,206	-	1
		NTCJ	Transactions between parent company and subsidiaries	Operating revenue	908,377	-	1
		NTCJ	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	207,534	-	-
		NTSZ	Transactions between parent company and subsidiaries	Operating revenue	191,873	-	-
		NTSG	Transactions between parent company and subsidiaries	Operating costs	596,847	-	1
		NTCJ	Transactions between parent company and subsidiaries	Operating costs	6,372,549	-	8
		NTCJ	Transactions between parent company and subsidiaries	Accounts payable due to related parties	600,655	-	-
		NTIL	Transactions between parent company and subsidiaries	Other payables	140,949	-	-
		NTIL	Transactions between parent company and subsidiaries	Operating expenses	1,196,938	-	2
		NTCA	Transactions between parent company and subsidiaries	Operating expenses	429,561	-	1
3	NTCJ	NTSG	Transactions between subsidiaries	Operating revenue	5,132,532	-	7
		NTSG	Transactions between subsidiaries	Accounts receivable due from related parties	273,847	-	-
		NTHK	Transactions between subsidiaries	Operating revenue	2,867,867	-	4
		NTHK	Transactions between subsidiaries	Accounts receivable due from related parties	238,538	-	-
4	NTSG	NTCJ	Transactions between subsidiaries	Operating revenue	5,436,698	-	7
		NTCJ	Transactions between subsidiaries	Accounts receivable due from related parties	306,787	-	-
		NTHK	Transactions between subsidiaries	Operating revenue	453,014	-	1

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

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

TABLE 9

WINBOND ELECTRONICS CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Walsin Lihwa Corporation	919,380,016	21.99
Chin Xin Investment Co., Ltd.	260,003,436	6.22

Note 1: Table 9 is based on the information on the last business day of the quarter provided by the Taiwan Depository & Clearing Corporation (TDCC). The TDCC calculate the total number of ordinary shares and preference 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 who 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, refer to the Market Observation Post System website of the Taiwan Stock Exchange Corporation.

Winbond Electronics Corporation

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

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Winbond Electronics Corporation

Opinion

We have audited the accompanying parent company only financial statements of Winbond Electronics Corporation (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Occurrence of Sales Revenue from Specific Series of Flash Memory Products

The sales revenue of Winbond Electronics Corporation is mainly from the sale of DRAM IC products and Flash Memory products.

As the gross profit margin and the proportion of sales revenue from the specific series of flash memory products are higher than those of other product series, and given that the gross profit of the specific series is significant to the net income for the year ended December 31, 2023, we considered the occurrence of sales revenue from the specific series of products as a key audit matter of the parent company only financial statements for the year ended December 31, 2023.

The audit procedures that we performed in response to the abovementioned key audit matter included understanding the design and implementation of the key internal controls and testing the effectiveness of the relevant controls over sales revenue and selecting samples of revenue items to verify the occurrence of the transactions.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Kuo-Tyan Hong and Wen-Yea Shyu.

Wen-yea Shyu

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 6, 2024

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

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

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

WINBOND ELECTRONICS CORPORATION

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

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 9,436,796	6	$ 8,684,164	6
Current financial assets at fair value through profit or loss (Notes 4 and 7)	211,551	-	48,712	-
Current financial assets at fair value through other comprehensive income (Notes 4 and 8)	12,760,052	7	14,587,832	9
Accounts receivable, net (Notes 4 and 9)	3,437,272	2	3,588,202	2
Accounts receivable due from related parties, net (Note 27)	1,121,576	1	1,179,039	1
Other receivables (Note 27)	378,761	-	256,731	-
Inventories (Notes 4, 5 and 10)	16,124,079	10	13,044,368	8
Other current assets	1,419,807	1	861,614	1
Total current assets	44,889,894	27	42,250,662	27
NON-CURRENT ASSETS				
Non-current financial assets at fair value through other comprehensive income (Notes 4 and 8)	583,885	-	579,064	-
Investments accounted for using equity method (Notes 4 and 11)	21,584,279	13	20,926,478	14
Property, plant and equipment (Notes 4 and 12)	95,830,976	57	87,575,274	56
Right-of-use assets (Notes 4 and 13)	1,466,315	1	1,562,419	1
Investment properties (Notes 4 and 14)	334,644	-	275,254	-
Intangible assets (Notes 4 and 15)	11,327	-	18,158	-
Deferred income tax assets (Notes 4 and 21)	1,723,000	1	810,000	1
Other non-current assets (Notes 6 and 27)	908,530	1	2,009,285	1
Total non-current assets	122,442,956	73	113,755,932	73
TOTAL	$ 167,332,850	100	$ 156,006,594	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	$ -	-	$ 102,011	-
Accounts payable	4,674,777	3	2,691,742	2
Accounts payable due to related parties (Note 27)	554,797	-	462,039	-
Payables on machinery and equipment	8,932,496	6	3,382,521	2
Other payables (Note 27)	4,047,687	3	5,423,560	4
Current tax liabilities (Notes 4 and 21)	474,609	-	1,386,821	1
Lease liabilities - current (Notes 4 and 13)	87,030	-	87,383	-
Long-term borrowings - current portion (Note 16)	8,837,327	5	3,100,000	2
Other current liabilities	187,968	-	75,372	-
Total current liabilities	27,796,691	17	16,711,449	11
NON-CURRENT LIABILITIES				
Bonds payable (Note 17)	9,980,978	6	9,968,462	7
Long-term borrowings (Notes 16 and 24)	35,167,395	21	32,849,502	21
Lease liabilities - non-current (Notes 4 and 13)	1,459,197	1	1,541,922	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	302,082	-	379,105	-
Other non-current liabilities (Note 27)	329,690	-	393,158	-
Total non-current liabilities	47,239,342	28	45,132,149	29
Total liabilities	75,036,033	45	61,843,598	40
EQUITY (Note 19)				
Share capital	41,800,002	25	39,800,002	25
Capital surplus	10,135,865	6	7,785,918	5
Retained earnings				
Legal reserve	4,772,874	3	3,434,165	2
Unappropriated earnings	22,702,753	14	28,780,952	19
Exchange differences on translation of the financial statements of foreign operations	(1,007,855)	(1)	(654,652)	(1)
Unrealized gains on financial assets measured at fair value through other comprehensive income	13,893,178	8	15,016,611	10
Total equity	92,296,817	55	94,162,996	60
TOTAL	$ 167,332,850	100	$ 156,006,594	100

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

WINBOND ELECTRONICS CORPORATION

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 27)	$ 37,561,043	100	$ 51,139,171	100
OPERATING COSTS (Notes 10 and 27)	31,740,350	84	27,181,153	53
GROSS PROFIT	5,820,693	16	23,958,018	47
OPERATING EXPENSES (Note 27)				
Selling expenses	1,020,564	3	1,229,028	3
General and administrative expenses	1,248,332	3	4,672,592	9
Research and development expenses	7,362,127	20	6,610,718	13
Expected credit (gain) loss (Note 9)	8,730	-	(39,000)	-
Total operating expenses	9,639,753	26	12,473,338	25
INCOME (LOSS) FROM OPERATIONS	(3,819,060)	(10)	11,484,680	22
NON-OPERATING INCOME AND EXPENSES				
Interest income	127,193	-	59,527	-
Dividend income (Note 27)	473,871	1	551,906	1
Other income (Notes 24 and 27)	117,099	-	164,340	-
Share of profit (loss) of subsidiaries and associates	1,847,887	5	2,925,842	6
Gains (losses) on disposal of property, plant and equipment (Note 27)	70,878	-	53,438	-
Gains (losses) on disposal of non-current assets held for sale	-	-	36,181	-
Gains (losses) on foreign exchange (Note 30)	72,911	-	809,964	2
Gains (losses) on financial instruments at fair value through profit or loss	(172,709)	-	(822,862)	(2)
Interest expense (Notes 13, 24 and 27)	(943,182)	(2)	(59,527)	-
Other expenses	(163,633)	-	(159,052)	-
Impairment loss recognized on property, plant and equipment (Note 12)	-	-	(112,266)	-
Total non-operating income and expenses	1,430,315	4	3,447,491	7
INCOME (LOSS) BEFORE INCOME TAX	(2,388,745)	(6)	14,932,171	29
INCOME TAX (BENEFIT) EXPENSE (Notes 4 and 21)	(1,242,223)	(3)	2,005,006	4
NET INCOME (LOSS)	(1,146,522)	(3)	12,927,165	25

(Continued)

WINBOND ELECTRONICS CORPORATION

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

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
Gains on remeasurement of defined benefit plans (Note 18)	$ 88,031	-	$ 92,216	-
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	(1,535,934)	(4)	2,857,430	6
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	711,502	2	(384,459)	(1)
Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(81,549)	-	(43,322)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	(271,654)	(1)	250,059	1
Other comprehensive income (loss)	(1,089,604)	(3)	2,771,924	6
TOTAL COMPREHENSIVE INCOME (LOSS)	$ (2,236,126)	(6)	$ 15,699,089	31
EARNINGS (LOSSES) PER SHARE (Note 22)				
Basic	$ (0.29)		$ 3.25	
Diluted	$ (0.29)		$ 3.23	

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

WINBOND ELECTRONICS CORPORATION

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

			Retained Earnings		Other Equity		
	Share Capital	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2022	$ 39,800,002	$ 7,786,124	$ 2,074,570	$ 20,733,450	$ (861,389)	$ 12,911,356	$ 82,444,113
Appropriation of 2021 earnings							
Legal reserve appropriated	-	-	1,359,595	(1,359,595)	-	-	-
Cash dividends	-	-	-	(3,980,000)	-	-	(3,980,000)
Total appropriations	-	-	1,359,595	(5,339,595)	-	-	(3,980,000)
Net income for the year ended December 31, 2022	-	-	-	12,927,165	-	-	12,927,165
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	159,408	206,737	2,405,779	2,771,924
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	13,086,573	206,737	2,405,779	15,699,089
Changes in ownership interests in subsidiaries	-	8	-	-	-	-	8
Changes in equity of associates accounted for using equity method	-	(214)	-	-	-	-	(214)
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Notes 8 and 11)	-	-	-	300,524	-	(300,524)	-
BALANCE AT DECEMBER 31, 2022	39,800,002	7,785,918	3,434,165	28,780,952	(654,652)	15,016,611	94,162,996
Appropriation of 2022 earnings							
Legal reserve appropriated	-	-	1,338,709	(1,338,709)	-	-	-
Cash dividends	-	-	-	(3,980,000)	-	-	(3,980,000)
Total appropriations	-	-	1,338,709	(5,318,709)	-	-	(3,980,000)
Net loss for the year ended December 31, 2023	-	-	-	(1,146,522)	-	-	(1,146,522)
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	116,035	(353,203)	(852,436)	(1,089,604)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	(1,030,487)	(353,203)	(852,436)	(2,236,126)
Issuance of ordinary shares for cash	2,000,000	2,389,599	-	-	-	-	4,389,599
Share-based payment (Notes 20 and 23)	-	70,017	-	-	-	-	70,017
Changes in ownership interests in subsidiaries	-	(97,592)	-	-	-	-	(97,592)
Changes in equity of associates accounted for using equity method	-	(12,077)	-	-	-	-	(12,077)
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Notes 8 and 11)	-	-	-	270,997	-	(270,997)	-
BALANCE AT DECEMBER 31, 2023	$ 41,800,002	$ 10,135,865	$ 4,772,874	$ 22,702,753	$ (1,007,855)	$ 13,893,178	$ 92,296,817

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

WINBOND ELECTRONICS CORPORATION

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ (2,388,745)	$ 14,932,171
Adjustments for:		
Depreciation expense	10,264,093	8,113,063
Amortization expense	38,872	52,841
Expected credit (gain) loss recognized on accounts receivable	8,730	(39,000)
(Gains) losses on financial assets and liabilities at fair value through profit or loss	3,021	7,525
Interest expense	943,182	59,527
Interest income	(127,193)	(59,527)
Dividend income	(473,871)	(551,906)
Share-based payment	66,637	-
Share of (profit) loss of subsidiaries and associates	(1,847,887)	(2,925,842)
(Gains) losses on disposal of property, plant and equipment	(70,878)	(53,438)
(Gains) losses on disposal of non-current assets held for sale	-	(36,181)
Impairment loss on property, plant and equipment	-	112,266
Unrealized profit (loss) on the transactions with subsidiaries	(35,812)	(66,340)
Carbon offset	42	174
(Gains) on lease modification	(38)	-
Other income under government grants	(56,527)	(47,599)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets and liabilities at fair value through profit or loss	(192,278)	45,778
(Increase) decrease in accounts receivable	142,200	2,007,695
(Increase) decrease in accounts receivable due from related parties	57,463	765,600
(Increase) decrease in other receivables	(109,502)	30,252
(Increase) decrease in inventories	(3,079,711)	(3,848,554)
(Increase) decrease in other current assets	58,605	(136,011)
(Increase) decrease in other non-current assets	38,573	(1,806,912)
Increase (decrease) in notes payable	(102,011)	40,363
Increase (decrease) in accounts payable	2,501,697	(827,941)
Increase (decrease) in accounts payable due to related parties	92,758	(451,542)
Increase (decrease) in other payables	(1,383,773)	256,911
Increase (decrease) in other current liabilities	16,734	(18,570)
Increase (decrease) in other non-current liabilities	(63,790)	(468,882)
Cash flows generated by (used in) operations	4,300,591	15,085,921
Interest received	121,153	58,914
Dividends received	2,204,737	1,718,099
Interest paid	(1,080,160)	(518,173)
Income taxes paid	(589,477)	(3,243,031)
Net cash flows generated by (used in) operating activities	4,956,844	13,101,730

(Continued)

WINBOND ELECTRONICS CORPORATION

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

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investments accounted for using equity method	$ (424,661)	$ (400,070)
Proceeds from capital reduction of investments accounted for using equity method	171,703	-
Acquisitions of financial assets at fair value through profit or loss	-	(51,958)
Proceeds from disposal of financial assets at fair value through profit or loss	26,418	-
Acquisitions of financial assets at fair value through other comprehensive income	-	(1,321,011)
Proceeds from disposal of financial assets at fair value through other comprehensive income	287,024	18,535
Proceeds from disposal of non-current assets held for sale	-	55,200
Acquisitions of property, plant and equipment	(12,706,331)	(40,798,805)
Proceeds from disposal of property, plant and equipment	70,878	53,660
Increase in unearned receipts - disposal of assets	95,862	-
Acquisitions of right-of-use assets	-	(2,167)
(Increase) decrease in refundable deposits	(71,183)	167,545
Acquisitions of intangible assets - carbon credits	(5,083)	(937)
Acquisitions of investment properties	-	(572)
Net cash flows generated by (used in) investing activities	(12,555,373)	(42,280,580)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	-	(1,430,417)
Proceeds from long-term borrowings	12,239,430	23,150,000
Repayments of long-term borrowings	(4,200,000)	-
Cash dividends paid	(3,980,000)	(3,980,000)
Repayments of lease liabilities	(97,988)	(102,858)
Proceeds from issuance of ordinary shares	4,389,599	-
Increase (decrease) in guarantee deposits	120	-
Net cash flows generated by (used in) financing activities	8,351,161	17,636,725
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	752,632	(11,542,125)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8,684,164	20,226,289
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 9,436,796	$ 8,684,164

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

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

1. GENERAL INFORMATION

Winbond Electronics Corporation (the "Company") was incorporated in the Republic of China (ROC) in September 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.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors on February 6, 2024.

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

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

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

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

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

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

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

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

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of the above standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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

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

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

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

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of the above standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

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

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

Classification of Current and Non-current Assets and Liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized, sold or consumed within twelve months after the reporting period, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the reporting period and liabilities that the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Except as otherwise mentioned, assets and liabilities that are not classified as current are classified as non-current.

Foreign Currencies

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

Exchange differences arising on the retranslation of non-monetary items measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting the parent company only financial statements, the assets and liabilities of foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into New Taiwan dollars using exchange rate prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The exchange differences arising are recognized in other comprehensive income.

Cash Equivalents

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

Financial Instruments

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

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

a. Financial assets measurement category

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

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

1) Financial asset at FVTPL

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

   Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 26 to the financial statements.

2) Financial assets at amortized cost

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

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

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

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

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

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

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

3) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets

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

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

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

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account.

c. Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

d. Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

e. Financial liabilities

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designed as at FVTPL. Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

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

f. Derecognition of financial liabilities

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

g. Derivative financial instruments

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

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

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Investments Accounted for Using Equity Method

Investment accounted for using equity method include investments in subsidiaries and associates.

a. Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment in a subsidiary is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

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

Profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream transactions with a subsidiary and sidestream transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiary that are not related to the Company.

b. Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

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

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

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

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

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

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

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the parent company only financial statements only to the extent of interests in the associate that are not related to the Company.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before reaching its intended use, such assets are measured at the lower of cost or net realizable value, and any proceeds from selling those assets and the cost of those assets are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The Company's property, plant and equipment with residual values were depreciated straight-line basis over the estimated useful life of the asset:

Buildings	7-50 years
Machinery and equipment	3-14 years
Other equipment	3-5 years

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss, and depreciated over 20 to 50 years useful lives after considered residual values, using the straight-line method. Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

Intangible Assets

a. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

b. Derecognition of intangible assets

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

Impairment of Property, Plant and Equipment, Right-of-use Asset, Investment Properties, Intangible Assets

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

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset and cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Non-current Assets Classified as Held for Sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event and at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. For potential product risk, the Company accrues reserve for products guarantee based on commitment to specific customers.

Revenue Recognition

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

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

Leases

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

a. The Company as lessor

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

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

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

b. The Company as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the parent company only balance sheets.

The Company negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, and there is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to all of these rent concessions, and therefore, does not assess whether the rent concessions are lease modifications. Instead, the Company recognizes the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

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

Borrowing Costs

Borrowing costs directly attributable to the acquisition of qualifying assets are added to the cost of those assets, until such time that the assets are substantially ready for their intended use or sale.

Other than state above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government Grants

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

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Government grants that take the form of a transfer of a non-monetary asset for the use of the entity are recognized and measured at the fair value of the non-monetary asset.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

Share-based Payment Arrangements

The fair value at the grant date of the equity-settled share-based payments/employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

The grant by the Company of its equity instruments to the employees of a subsidiary under share-based payment/employee share options is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus.

Taxation

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

a. Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

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

b. Deferred tax

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions 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.

When developing material accounting estimates, the Company considers possible impact on relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

The Company's material accounting judgments and key sources of estimation uncertainty is valuation of inventory. Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and the historical experience from selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022**
Cash and deposits in banks	$ 8,836,796	$ 6,974,164
Repurchase agreements collateralized by bonds	600,000	1,710,000
	$ 9,436,796	$ 8,684,164

The Company has time deposits pledged to secure land and building leases and customs tariff obligations which are reclassified to “other non-current assets”. The amounts were as follows:

	December 31	
	2023	2022
Time deposits	$ 192,553	$ 129,711

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets at FVTPL - current		
Derivative financial assets		
Forward exchange contracts	$ 196,557	$ 4,279
Non-derivative financial assets		
Domestic listed and emerging shares	14,994	44,433
	$ 211,551	$ 48,712

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

	Currencies	Maturity Date	Contract Amount (In Thousands)
December 31, 2023			
Sell forward exchange contracts	USD to NTD	2024.01.05-2024.03.15	USD279,000/NTD8,759,160
Buy forward exchange contracts	NTD to USD	2024.01.05-2024.03.07	NTD4,063,899/USD131,000
Buy forward exchange contracts	NTD to EUR	2024.01.22-2024.01.25	NTD2,406,005/EUR71,412
December 31, 2022			
Sell forward exchange contracts	USD to NTD	2023.01.06-2023.03.17	USD214,500/NTD6,577,149
Buy forward exchange contracts	NTD to USD	2023.01.13-2023.02.17	NTD1,552,375/USD50,500

The Company 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 Company did not meet the criteria of hedge accounting; therefore, the Company did not apply hedge accounting treatment.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity Instruments at FVTOCI

	December 31	
	2023	**2022**
Domestic listed and emerging shares	$ 12,760,052	$ 14,587,832
Domestic unlisted shares	583,885	579,064
	$ 13,343,937	$ 15,166,896
Current	$ 12,760,052	$ 14,587,832
Non-current	583,885	579,064
	$ 13,343,937	$ 15,166,896

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 Company's strategy of holding these investments for long-term purposes.

For the years ended December 31, 2023 and 2022, the Company disposed partial shares for the investment position adjustment. The unrealized gain and loss on financial assets at fair value through other comprehensive income of NT$188,513 thousand and NT$12,179 thousand were transferred to retained earnings, respectively, refer to Note 19.

9. ACCOUNTS RECEIVABLE

	December 31	
	2023	**2022**
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	$ 3,522,002	$ 3,664,202
Less: Allowance for impairment loss	(84,730)	(76,000)
	$ 3,437,272	$ 3,588,202

The average credit period of sales of goods was 30 to 60 days. No interest was charged on accounts receivable. The Company adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored 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 Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the 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 Company estimates expected credit losses based on past due days. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

The Company writes off 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 Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the overdue aging ratio and individual customer evaluation method.

December 31, 2023

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Overdue Over 180 Days	Total
Expected credit loss rate	2%	2%	10%	20%	50%	
Gross carrying amount	$ 3,329,791	$ 179,088	$ 7,040	$ 6,083	$ -	$ 3,522,002
Loss allowance (lifetime ECL)	(70,912)	(3,540)	(548)	-	-	(75,000)
Loss allowance (individual customer ECL)	-	(2,083)	(1,564)	(6,083)	-	(9,730)
Amortized cost	$ 3,258,879	$ 173,465	$ 4,928	$ -	$ -	$ 3,437,272

December 31, 2022

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Overdue Over 180 Days	Total
Expected credit loss rate	2%	2%	10%	20%	50%	
Gross carrying amount	$ 3,485,544	$ 174,934	$ 3,724	$ -	$ -	$ 3,664,202
Loss allowance (lifetime ECL)	(72,129)	(3,499)	(372)	-	-	(76,000)
Amortized cost	$ 3,413,415	$ 171,435	$ 3,352	$ -	$ -	$ 3,588,202

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

	For the Year Ended December 31 2023	2022
Balance at January 1	$ 76,000	$ 115,000
Recognized (reversal of) impairment loss	8,730	(39,000)
Balance at December 31	$ 84,730	$ 76,000

10. INVENTORIES

	December 31	
	2023	2022
Finished goods	$ 1,145,274	$ 1,293,029
Work-in-process	13,219,437	10,367,859
Raw materials and supplies	1,750,615	1,383,231
Inventories in transit	8,753	249
	$ 16,124,079	$ 13,044,368

The detail of the operating costs related to inventories was as follows:

	For the Year Ended December 31	
	2023	2022
The operating cost of goods sold	$ 23,863,852	$ 24,440,083
Unallocated production overhead	5,095,652	2,291,982
Recognition of inventory write-downs (reversed) and scrap of inventories, etc.	2,780,846	449,088
Operating costs	$ 31,740,350	$ 27,181,153

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	$ 12,456,955	$ 12,665,907
Investments in associates	9,127,324	8,260,571
	$ 21,584,279	$ 20,926,478

a. Investments in subsidiaries

	December 31			
	2023		2022	
Name of Subsidiaries	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Listed companies				
Nuvoton Technology Corporation (“NTC”)	$ 8,549,443	51.21%	$ 8,941,174	51.21%
Unlisted companies				
Winbond International Corporation (“WIC”)	1,961,148	100.00%	2,067,211	100.00%
Winbond Electronics (H.K.) Limited (“WEHK”)	679,024	100.00%	581,154	100.00%
Winbond Electronics Corporation Japan (“WECJ”)	346,194	100.00%	312,463	100.00%

(Continued)

Name of Subsidiaries	December 31			
	2023		2022	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Miraxia Edge Technology Corporation ("METC")	$ 296,766	100.00%	$ 234,733	100.00%
Atfields Manufacturing Technology Corporation ("AMTC")	285,056	100.00%	-	-
Landmark Group Holdings Ltd. ("Landmark")	-	-	185,332	100.00%
Great Target Development Ltd. ("GTD")	-	-	132,048	100.00%
Winbond Electronics India Private Limited ("WEIL")	131,382	99.99%	-	100.00%
Callisto Holding Limited ("Callisto")	76,792	100.00%	95,763	100.00%
Winbond Technology Ltd. ("WTL")	102,148	100.00%	87,383	100.00%
Winbond Electronics Germany GmbH ("WEG")	29,002	100.00%	25,717	100.00%
Pine Capital Investment Limited ("PCI")	-	-	2,929	100.00%
	$ 12,456,955		$ 12,665,907	

(Concluded)

Refer to Table 6 for information of the above subsidiaries' company name, main business and products, and registered location.

1) The fair value of investment in subsidiaries for which there are published price quotations, based on closing price of those investments at the balance sheet date, are summarized as follows:

Name of Subsidiary	December 31	
	2023	2022
NTC	$ 30,523,558	$ 24,719,783

2) The Company acquired 100% ownership interest of WECJ from the subsidiary Landmark in November 2022 and the transaction was a reorganization under common control. The Company has provided the financial information of the subsidiaries acquired in the consolidated financial statements. Such information is not provided in the parent company only financial statements.

3) The Company acquired 100% ownership interest of AMTC from the sub-subsidiary NTCJ in January 2023 and the transaction was a reorganization under common control. The Company has provided the financial information of the subsidiaries acquired in the consolidated financial statements. Such information is not provided in the parent company only financial statements.

4) Landmark completed the liquidation and legal procedures in June 2023.

5) GTD completed the liquidation and legal procedures in October 2023. Due to the dissolution of GTD, the company changed its 99.99% ownership interest in WEIL (former GLMTD Technology Private Limited) from indirect to direct. The transaction was a reorganization under common control. The Company has provided the financial information of the subsidiaries acquired in the consolidated financial statements. Such information is not provided in the parent company only financial statements.

6) PCI completed the liquidation and legal procedures in September 2023.

7) For the years ended December 31, 2023 and 2022 the Company recognized shares of subsidiaries' profit in the amounts of NT$1,554,117 thousand and NT$2,540,408 thousand, respectively.

8) For the year ended December 31, 2022, the subsidiaries disposed partial shares for the investment position adjustment. The unrealized gain and loss on financial assets at fair value through other comprehensive income of NT$288,345 thousand was transferred to retained earnings, refer to Note 19 to the financial statements.

b. Investments in associates

1) Aggregate information of associates that are not individually material

	December 31	
	2023	2022
Associates that are not individually material		
Chin Xin Investment Co., Ltd. ("Chin Xin")	$ 8,842,850	$ 7,996,268
Theaceae Conservation Corporation ("ThCC")	284,474	264,303
	$ 9,127,324	$ 8,260,571

On December 15, 2022 (the capital increase was completed at the end of May 2023) and May 27, 2022, the board of directors of ThCC resolved to issue 100,000 thousand and 60,000 thousand ordinary shares, respectively. The Company subscribed for 3,000 thousand and 21,000 thousand ordinary shares in total, with a par value of NT$10. As of December 31, 2023, the Company held 27,000 thousand shares of ThCC, which equals 15% ownership interest, and adopted the equity method.

As of December 31, 2023, the Company held 182,841 thousand shares of Chin Xin with a 38% ownership interest.

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2023	2022
The Company's share of:		
Profit from continuing operations for the year	$ 293,770	$ 385,434
Other comprehensive income (loss)	691,986	(529,691)
Total comprehensive income (loss)	$ 985,756	$ (144,257)

For the year ended December 31, 2023, the associates disposed partial shares for the investment position adjustment. The unrealized gain and loss on financial assets at fair value through other comprehensive income of NT$82,484 thousand was transferred to retained earnings, refer to Note 19 to the financial statements.

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

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
Cost						
Balance at January 1, 2023	$ 1,049,445	$ 26,714,469	$ 123,302,798	$ 4,826,759	$ 53,465,458	$ 209,358,929
Additions	-	608,768	15,974,723	342,468	1,544,117	18,470,076
Disposals	-	(7,109)	(1,318,800)	(36,023)	-	(1,361,932)
Transfer to non-current assets held for sale	-	-	(5,706,116)	-	-	(5,706,116)
Reclassified	(18,231)	18,668,551	34,006,817	684,434	(53,411,397)	(69,826)
Balance at December 31, 2023	$ 1,031,214	$ 45,984,679	$ 166,259,422	$ 5,817,638	$ 1,598,178	$ 220,691,131
Accumulated depreciation and impairment						
Balance at January 1, 2023	$ -	$ 18,580,334	$ 99,607,307	$ 3,596,014	$ -	$ 121,783,655
Depreciation expense	-	2,091,261	7,591,036	458,245	-	10,140,542
Disposals	-	(7,109)	(1,318,800)	(36,023)	-	(1,361,932)
Transfer to non-current assets held for sale	-	-	(5,702,110)	-	-	(5,702,110)
Balance at December 31, 2023	$ -	$ 20,664,486	$ 100,177,433	$ 4,018,236	$ -	$ 124,860,155
Carrying amount at December 31, 2023	$ 1,031,214	$ 25,320,193	$ 66,081,989	$ 1,799,402	$ 1,598,178	$ 95,830,976
Cost						
Balance at January 1, 2022	$ 1,012,705	$ 26,560,502	$ 122,077,668	$ 4,086,583	$ 16,697,194	$ 170,434,652
Additions	36,740	102,149	9,101,228	749,421	30,326,169	40,315,707
Disposals	-	-	(1,388,709)	(4,724)	-	(1,393,433)
Reclassified	-	51,818	(6,487,389)	(4,521)	6,442,095	2,003
Balance at December 31, 2022	$ 1,049,445	$ 26,714,469	$ 123,302,798	$ 4,826,759	$ 53,465,458	$ 209,358,929
Accumulated depreciation and impairment						
Balance at January 1, 2022	$ -	$ 16,989,484	$ 94,748,135	$ 3,344,733	$ -	$ 115,082,352
Depreciation expense	-	1,590,850	6,135,393	256,005	-	7,982,248
Disposals	-	-	(1,388,487)	(4,724)	-	(1,393,211)
Impairment loss	-	-	112,266	-	-	112,266
Balance at December 31, 2022	$ -	$ 18,580,334	$ 99,607,307	$ 3,596,014	-	$ 121,783,655
Carrying amount at December 31, 2022	$ 1,049,445	$ 8,134,135	$ 23,695,491	$ 1,230,745	$ 53,465,458	$ 87,575,274

a. As of December 31, 2023 and 2022, the carrying amounts of NT$59,885,971 thousand and NT$50,648,364 thousand of property, plant and equipment were pledged to secure long-term borrowings and corporate bonds.

b. Information about capitalized interest

	For the Year Ended December 31	
	2023	2022
Capitalized interest amounts	$ 213,770	$ 528,129
Interest rates under capitalization	2.43%-2.78%	1.89%-1.92%

c. For the year ended December 31, 2022, the Company recognized an impairment loss of NT$112,266 thousand for certain machinery and equipment which will not be used in the future after evaluation.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Land	$ 1,431,666	$ 1,517,392
Buildings	19,401	31,676
Other equipment	15,248	13,351
	$ 1,466,315	$ 1,562,419

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 20,956	$ 123,273
Depreciation charge for right-of-use assets		
Land	$ 85,726	$ 85,726
Buildings	16,769	23,619
Other equipment	8,709	10,430
	$ 111,204	$ 119,775

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	$ 87,030	$ 87,383
Non-current	$ 1,459,197	$ 1,541,922

Range of discount rate for lease liabilities are as follows:

	December 31	
	2023	2022
Land	1.83%-2.47%	2.37%-2.47%
Buildings	1.50%-1.87%	0.90%-1.60%
Other equipment	1.04%-2.25%	1.04%-1.86%

For the years ended December 31, 2023 and 2022, the interest expense under lease liabilities amounted to NT$37,634 thousand and NT$39,502 thousand, respectively.

c. Material lease-in activities and terms

The Company leased lands from Science Park Bureau, and the lease term will expire in 2037 and 2043, respectively, which can be extended after the expiration of the lease periods.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 10,559	$ 2,750
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 6,209	$ 6,929
Total cash outflow for leases	$ 152,542	$ 154,222

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

14. INVESTMENT PROPERTIES

	December 31	
	2023	2022
Investment properties, net	$ 334,644	$ 275,254

The Company has been subleasing its offices located in Hsinchu to its subsidiary, NTC, since November 2019, which was classified as operating lease with lease terms of 5 years and with an extension option. As of December 31, 2023, the fair value of such investment properties was approximately NT$673,864 thousand, which was referred by the neighborhood transactions.

	For the Year Ended December 31	
	2023	2022
Cost		
Balance at January 1	$ 303,622	$ 305,053
Additions	-	572
Reclassified	69,826	(2,003)
Balance at December 31	$ 373,448	$ 303,622
Accumulated depreciation and impairment		
Balance at January 1	$ 28,368	$ 19,239
Depreciation expense	10,436	9,129
Balance at December 31	$ 38,804	$ 28,368

15. INTANGIBLE ASSETS

	Deferred Technical Assets	Other Intangible Assets	Carbon Credits	Total
Cost				
Balance at January 1, 2023	$ 17,900,729	$ 40,978	$ 763	$ 17,942,470
Additions	-	-	5,083	5,083
Carbon offset	-	-	(42)	(42)
Balance at December 31, 2023	$ 17,900,729	$ 40,978	$ 5,804	$ 17,947,511
Accumulated amortization and impairment				
Balance at January 1, 2023	$ 17,892,605	$ 31,707	$ -	$ 17,924,312
Amortization expenses	8,124	3,748	-	11,872
Balance at December 31, 2023	$ 17,900,729	$ 35,455	$ -	$ 17,936,184
Carrying amount at December 31, 2023	$ -	$ 5,523	$ 5,804	$ 11,327
Cost				
Balance at January 1, 2022	$ 17,900,729	$ 41,741	$ -	$ 17,942,470
Additions	-	-	937	937
Carbon offset	-	-	(174)	(174)
Reclassified	-	(763)	-	(763)
Balance at December 31, 2022	$ 17,900,729	$ 40,978	$ 763	$ 17,942,470
Accumulated amortization and impairment				
Balance at January 1, 2022	$ 17,884,481	$ 13,990	$ -	$ 17,898,471
Amortization expenses	8,124	17,717	-	25,841
Balance at December 31, 2022	$ 17,892,605	$ 31,707	$ -	$ 17,924,312
Carrying amount at December 31, 2022	$ 8,124	$ 9,271	$ 763	$ 18,158

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 lives 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.

The Company's carbon credits were purchased from the TCX platform in Taiwan and the CIX platform in Singapore, which were certified by third parties regarding forest carbon rights, etc. The carbon credits are used to offset carbon emissions to achieve a net-zero emission plan.

16. BORROWINGS

Long-term borrowings

	Period	Interest Rate	December 31 2023	December 31 2022
Secured borrowings				
Bank of Taiwan syndicated loan (V)	2019.09.19-2026.09.19	2.78%	$ 37,800,000	$ 31,000,000
Bank of Taiwan syndicated loan (VI)	2023.12.15-2030.12.15	2.72%	1,300,000	-
Unsecured borrowings				
Government grants (Note 24)	2020.12.28-2028.11.15	1.25%-1.45%	5,131,600	5,131,600
			44,231,600	36,131,600
Less: Current portion			(8,837,327)	(3,100,000)
Less: Syndication agreement management fee			(80,820)	(47,250)
Less: Government loan discount (Note 24)			(146,058)	(134,848)
			$ 35,167,395	$ 32,849,502

a. Bank of Taiwan Syndicated Loan (V)

1) On January 14, 2019, the Company entered into a syndicated loan with a group of financial institutions to build up and procure equipment for its fab. The credit line amounted to NT$42 billion. The principal will be repaid every six months from September 19, 2023 until maturity.

2) The amounts of 12-inch building, fab facilities, machinery and equipment and related ancillary equipment pledged as collateral for bank borrowings are disclosed in Note 12.

3) The Company is required to maintain certain financial covenants, including current ratio, debt ratio, interest coverage ratio, and total equity, on June 30 and December 31 during the tenors of the loans. The Company was in compliance with the agreed financial ratio requirements. The computations of financial ratios mentioned above are done based on the audited (reviewed) consolidated financial statements.

b. Bank of Taiwan Syndicated Loan (VI)

1) On April 12, 2023, the Company entered into a syndicated loan with a group of financial institutions to procure equipment and related ancillary equipment for its fab. The credit line was divided into parts A and B, which amounted to NT$15 billion and NT$20 billion, respectively; the total line of credit should not exceed NT$20 billion.

2) Part A will be repaid every month from December 15, 2026 until maturity; part B will be repaid every six months from December 15, 2026 until maturity.

3) The amounts of 12-inch building, fab facilities, machinery and equipment and related ancillary equipment pledged as collateral for bank borrowings are disclosed in Note 12.

4) The Company is required to maintain certain financial covenants, including current ratio, debt ratio, interest coverage ratio, and total equity, on June 30 and December 31 during the tenors of the loans. The Company was in compliance with the agreed financial ratio requirements. The computations of financial ratios mentioned above are done based on the audited (reviewed) consolidated financial statements.

17. BONDS PAYABLE

	December 31	
	2023	2022
Domestic secured bonds	$ 10,000,000	$ 10,000,000
Less: Discounts on bonds payable	(19,022)	(31,538)
	$ 9,980,978	$ 9,968,462

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

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

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

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

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

The amount included in the balance sheet in respect of the Company's obligation to its defined benefit plan was as follows:

	December 31 2023	December 31 2022
Present value of the defined benefit obligation	$ 1,377,144	$ 1,440,800
Fair value of the plan assets	(1,075,062)	(1,061,695)
Net defined benefit liabilities, non-current	$ 302,082	$ 379,105

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2023	$ 1,440,800	$ (1,061,695)	$ 379,105
Service cost			
Current service cost	22,895	-	22,895
Net interest expense (income)	26,638	(19,623)	7,015
Recognized in profit or loss	49,533	(19,623)	29,910
Remeasurement			
Actuarial (gain) loss			
- realized rate greater than the discounted rate	-	(25,041)	(25,041)
- changes in financial assumptions	49,155	-	49,155
- experience adjustments	(112,145)	-	(112,145)
Recognized in other comprehensive income	(62,990)	(25,041)	(88,031)
Contributions from the employer	-	(18,902)	(18,902)
Benefits paid	(50,199)	50,199	-
Balance at December 31, 2023	$ 1,377,144	$ (1,075,062)	$ 302,082
Balance at January 1, 2022	$ 1,522,597	$ (578,042)	$ 944,555
Service cost			
Current service cost	23,368	-	23,368
Net interest expense (income)	12,028	(4,548)	7,480
Recognized in profit or loss	35,396	(4,548)	30,848
Remeasurement			
Actuarial (gain) loss			
- realized rate greater than the discounted rate	-	(1,456)	(1,456)
- changes in financial assumptions	(125,498)	-	(125,498)
- changes in demographic assumptions	(28,724)	-	(28,724)
- experience adjustments	63,462	-	63,462
Recognized in other comprehensive income	(90,760)	(1,456)	(92,216)
Contributions from the employer	-	(504,082)	(504,082)
Benefits paid	(26,433)	26,433	-
Balance at December 31, 2022	$ 1,440,800	$ (1,061,695)	$ 379,105

Amounts recognized in profit or loss in respect of these defined benefit plans analyzed by function were as follows:

	For the Year Ended December 31	
	2023	2022
Operating costs	$ 15,542	$ 12,491
Selling expenses	1,685	1,906
General and administrative expenses	2,768	6,536
Research and development expenses	9,915	9,915
	$ 29,910	$ 30,848

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

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

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

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

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

	December 31	
	2023	2022
Discount rate	1.40%	1.90%
Expected rates of salary increase	1.00%-3.00%	1.00%-3.00%

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

	December 31	
	2023	2022
Discount rate		
0.5% increase	$ (49,155)	$ (51,884)
0.5% decrease	$ 52,114	$ 55,012
Expected rates of salary increase/decrease		
0.5% increase	$ 51,164	$ 54,278
0.5% decrease	$ (48,767)	$ (51,716)

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

	December 31	
	2023	**2022**
The expected contribution to the plan for the next year	$ 19,743	$ 19,802
The average duration of defined benefit obligation	7.7 years	7.5 years

19. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	**2022**
Number of shares authorized (in thousands)	6,700,000	6,700,000
Shares authorized	$ 67,000,000	$ 67,000,000
Number of shares issued and fully paid (in thousands)	4,180,000	3,980,000
Shares issued	$ 41,800,002	$ 39,800,002

On August 18, 2023, the Company's board of directors resolved to issue 200,000 thousand shares with a par value of NT$10 for cash capital increase, and the price of the issue at premium was set at NT$22. The issuance of shares was approved by the Financial Supervisory Commission, Taiwan, R.O.C. on September 25, 2023. The record date of the cash capital increase, which was determined by the chairman, was set for November 9, 2023. The relevant issuance costs amounted to NT$10,401 thousand and were recognized as the deduction of capital surplus - arising from the issuance of share capital.

b. Capital surplus

	December 31	
	2023	**2022**
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Arising from issuance of share capital	$ 7,486,489	$ 5,026,873
Arising from treasury share transactions	2,342,036	2,342,036
Arising from conversion of bonds	136,352	136,352
<u>May only be used to offset a deficit</u>		
Arising from changes in percentage of ownership interest in subsidiaries	154,142	251,734
Arising from share of changes in capital surplus of associates	16,846	28,923
	$ 10,135,865	$ 7,785,918

The capital surplus generated from the excess of the issuance price over the par value of share capital (including the shares 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 share 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

According to the Company's Articles of Incorporation, the Company's dividend distribution policy is 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 shares 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 dividends are less than NT$0.1.), which may be distributed in share dividend or cash dividend, and the distribution of cash dividend shall not be less than 50% of total dividends, so as to maintain continuous growth.

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

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

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset 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 earnings and cash dividends per share for 2022 and 2021 were as follows:

	Appropriation of Earnings		Cash Dividends Per Share (NT$)	
	For Year 2022	For Year 2021	For Year 2022	For Year 2021
Legal reserve appropriated	$ 1,338,709	$ 1,359,595		
Cash dividends	3,980,000	3,980,000	$ 1.0	$ 1.0
	$ 5,318,709	$ 5,339,595		

The above 2022 and 2021 appropriations for cash dividends were resolved by the board of directors on March 14, 2023 and March 15, 2022, respectively; legal reserve appropriated for 2022 and 2021 were resolved by the shareholders meeting on May 30, 2023 and May 31, 2022, respectively.

The Company's board meeting on February 6, 2024 resolved not to distribute cash dividends. The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on May 9, 2024.

d. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (654,652)	$ (861,389)
Exchange differences arising on translating the financial statements of foreign operations	(81,549)	(43,322)
Share of exchange differences of subsidiaries and associates accounted for using equity method	(271,654)	250,059
Balance at December 31	$ (1,007,855)	$ (654,652)

The exchange differences arising on translation of foreign operation's net assets from its functional currency to the Company'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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 15,016,611	$ 12,911,356
Unrealized gains (losses) on revaluation of financial assets at FVTOCI	(1,535,934)	2,857,430
Share of unrealized gains (losses) on revaluation of financial assets at FVTOCI of subsidiaries and associates accounted for using equity method	683,498	(451,651)
Disposal of investments in equity instruments designated at FVTOCI of subsidiaries and associates accounted for using equity method	(82,484)	(288,345)
Disposal of investments in equity instruments designated at FVTOCI	(188,513)	(12,179)
Balance at December 31	$ 13,893,178	$ 15,016,611

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.

20. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION, AND AMORTIZATION

	For the Year Ended December 31, 2023			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits				
Salary	$ 3,127,962	$ 2,344,113	$ -	$ 5,472,075
Insurance	$ 254,171	$ 177,929	$ -	$ 432,100
Board compensation	$ -	$ 9,000	$ -	$ 9,000
Post-employment benefits				
Pension	$ 163,746	$ 111,698	$ -	$ 275,444
Share-based payment	$ 31,680	$ 34,957	$ -	$ 66,637
Depreciation	$ 9,721,263	$ 530,483	$ 12,347	$ 10,264,093
Amortization	$ -	$ 11,872	$ 27,000	$ 38,872

	For the Year Ended December 31, 2022			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits				
Salary	$ 3,063,946	$ 4,991,257	$ -	$ 8,055,203
Insurance	$ 185,738	$ 258,344	$ -	$ 444,082
Board compensation	$ -	$ 162,940	$ -	$ 162,940
Post-employment benefits				
Pension	$ 114,509	$ 146,270	$ -	$ 260,779
Depreciation	$ 7,377,599	$ 724,424	$ 11,040	$ 8,113,063
Amortization	$ -	$ 25,841	$ 27,000	$ 52,841

There were 3,544 and 3,582 employees in the Company as of December 31, 2023 and 2022, respectively. There were 8 full time board directors as of December 31, 2023 and 2022.

For the years ended December 31, 2023 and 2022, the average employee benefits and average salaries and wages were NT$1,766 thousand and NT$2,451 thousand, NT$1,566 thousand and NT$2,254 thousand, respectively. The 2023 average salaries and wages decrease a 31% compared to 2022.

The Company has established the Audit Committee. There was neither supervisors nor remuneration to supervisors.

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 shares 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 year ended December 31, 2022, the employees' compensation and remuneration of directors were as follows: (There was no estimation of employees' compensation and remuneration to the directors in 2023 due to a net loss before income tax.)

	For the Year Ended December 31, 2022	
	Amounts	Accrual Rate
Employees' compensation	$ 307,880	2%
Remuneration of directors	$ 153,940	1%

If there is a change in the proposed amounts after the annual 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 2022 and 2021 were approved by the Company's board of directors on March 14, 2023 and March 15, 2022, respectively, were as below:

	For the Year Ended December 31	
	2022	2021
Employees' compensation in cash	$ 307,880	$ 330,737
Remuneration of directors	$ 153,940	$ 165,369

There was no difference between the actual amounts of employees' compensation of and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

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.

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax (benefit) expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current income tax expense (benefit)		
Current tax expense and others	$ (281,772)	$ 2,368,000
Adjustment for prior years	(47,451)	2,006
Deferred income tax		
Change in current year	(913,000)	(365,000)
Income tax (benefit) expense recognized in profit or loss	$ (1,242,223)	$ 2,005,006

Reconciliation of accounting profit and income tax (benefit) expense were as follows:

	For the Year Ended December 31	
	2023	2022
Income tax (benefit) expense from continuing operations at the statutory rate	$ (478,000)	$ 2,986,000
Tax effect of adjustment item		
Permanent differences	(435,000)	(782,000)
Income tax on unappropriated earnings	346,093	412,818
Loss carryforwards, investment credits and deductible temporary differences	(611,542)	(613,818)
Adjustment for prior years' income tax expense	(47,451)	2,006
Others	(16,323)	-
Tax (benefit) expense recognized in profit or loss	$ (1,242,223)	$ 2,005,006

Based on the Income Tax Act in the ROC, the corporate income tax rate is 20%.

b. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Income tax refund receivable (recorded in "other receivables")	$ 11,883	$ 5,395
Current tax liabilities		
Income tax payable	$ 474,609	$ 1,386,821

c. Deferred tax assets

The movements of deferred tax assets were as follows:

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Allowance for loss on inventories	$ 235,000	$ 553,000	$ 788,000
Idle capacity	344,000	40,000	384,000
Allowance for impairment loss	120,000	(50,000)	70,000
Others	111,000	(53,000)	58,000
Loss carryforwards	-	423,000	423,000
	$ 810,000	$ 913,000	$ 1,723,000

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Idle capacity	$ 32,000	$ 312,000	$ 344,000
Allowance for loss on inventories	172,000	63,000	235,000
Allowance for impairment loss	157,000	(37,000)	120,000
Others	84,000	27,000	111,000
	$ 445,000	$ 365,000	$ 810,000

d. Tax return assessments

The tax returns of the Company through 2021 have been assessed the tax authorities.

e. Income tax legislation of Pillar Two

Taiwan, where the Company is incorporated, has not yet enacted the Pillar Two income tax legislation and the Company has no related current tax exposure.

22. EARNINGS (LOSSES) PER SHARE

	For the Year Ended December 31					
	2023			2022		
	Amounts (Numerator) Net Loss After Income Tax	Shares (Denominator) (In Thousands)	Losses Per Share (NT$) Net Loss After Income Tax	Amounts (Numerator) Net Income After Income Tax	Shares (Denominator) (In Thousands)	Earnings Per Share (NT$) Net Income After Income Tax
Basic earnings (losses) per share						
Net income (loss) attributed to ordinary shareholders	$ (1,146,522)	4,009,041	$ (0.29)	$ 12,927,165	3,980,000	$ 3.25
Effect of dilutive potential ordinary shares						
Employees' compensation	-	-		-	17,642	
Diluted earnings (losses) per share						
Net income (loss) attributed to ordinary shareholders	$ (1,146,522)	4,009,041	$ (0.29)	$ 12,927,165	3,997,642	$ 3.23

The issuance of ordinary shares for cash was included in the computation of the weighted average number of shares outstanding, which was 4,009,041 thousand shares. The Company may settle the compensation or bonuses paid to employees by cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares will be 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.

For the year ended December 31, 2023, the Company had a net loss. If the effects of the compensation or bonuses paid to employees were included in the computation of diluted EPS, there will be an anti-dilutive effect; therefore, the compensation or bonuses paid to employees were excluded from the computation of diluted losses per share.

23. SHARE-BASED PAYMENT ARRANGEMENTS

The Company was approved by the FSC on September 25, 2023 to issue 20,000 thousand shares for cash capital increase. The board of directors resolved to retain 10% of the issued shares for employees' subscription (including NTC's employees). The number of shares retained for employees' subscriptions was confirmed on November 2, 2023. The fair value of such share options subscribed for by the Company's employees on the grant date was measured using the Black-Scholes Option Pricing Model and amounted to NT$70,017 thousand which was recorded as compensation costs with a corresponding increase in capital surplus.

a. The Company's share-based payment agreements were as follows:

Agreement	Grant Date	Number of Shares Confirmed on Grant Date	Vesting Conditions
Cash capital increase reserved for employee share options	2023.11.2	19,723 thousand shares	Vested immediately

b. The fair value of share options acquired by employees on grant day, November 2, 2023, was measured using the Black-Scholes Option Pricing Model. Relevant information is as follows:

Share Price (NT$)	Exercise Price (NT$)	Expected Price Volatility	Expected Vesting Period	Risk-free Interest Rate	Fair Value Per Share (NT$)
$25.55	$22	34.57%	2 days	0.98%	$3.55

24. GOVERNMENT GRANTS

As of December 31, 2023, the Company received government loan of NT$5,131,600 thousand at a below-market interest rate. It will be used in the purchase of machinery and equipment and for supporting working capital. The first installment will be made in the 36th-37th month of the principal, and each month thereafter, the principal will be repaid in 48-49 equal installments. Using the prevailing market interest rates of 1.79%-1.89% for an equivalent loan, 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 over time. For the years ended December 31, 2023 and 2022, the other income under government grants were amounts of NT$56,527 thousand and NT$47,599 thousand, respectively, and the interest expense under loans were amounts of NT$125,251 thousand and NT$94,824 thousand, respectively.

25. CAPITAL MANAGEMENT

The Company'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.

26. 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 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 parent company only balance sheets

The fair value of financial instruments is grouped into Levels 1 to 3 based on the degree to observability of inputs.

- 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 inputs are unobservable inputs for an asset or liability.

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

Fair value hierarchy as of December 31, 2023

	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities at amortized cost				
Bonds payable (secured)	$ -	$ 9,980,978	$ -	$ 9,980,978

Fair value hierarchy as of December 31, 2022

	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities at amortized cost				
Bonds payable (secured)	$ -	$ 9,968,462	$ -	$ 9,968,462

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

Fair value hierarchy as of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 196,557	$ -	$ 196,557
Non-derivative financial assets				
Domestic listed and emerging securities	14,994	-	-	14,994
	$ 14,994	$ 196,557	$ -	$ 211,551

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Equity securities				
Domestic listed and emerging securities	$ 12,760,052	$ -	$ -	$ 12,760,052
Domestic unlisted securities	-	23,460	560,425	583,885
	$ 12,760,052	$ 23,460	$ 560,425	$ 13,343,937

(Concluded)

Fair value hierarchy as of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 4,279	$ -	$ 4,279
Non-derivative financial assets				
Domestic listed and emerging securities	44,433	-	-	44,433
	$ 44,433	$ 4,279	$ -	$ 48,712
Financial assets at FVTOCI				
Equity securities				
Domestic listed and emerging securities	$ 14,587,832	$ -	$ -	$ 14,587,832
Domestic unlisted securities	-	22,560	556,504	579,064
	$ 14,587,832	$ 22,560	$ 556,504	$ 15,166,896

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 years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 556,504	$ 8,076
Additions	-	555,000
Recognized in other comprehensive income	3,921	(6,572)
Balance at December 31	$ 560,425	$ 556,504

b. Categories of financial instruments

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

	December 31			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Measured at amortized cost				
Cash and cash equivalents	$ 9,436,796	$ 9,436,796	$ 8,684,164	$ 8,684,164
Accounts receivable (included related parties)	4,558,848	4,558,848	4,767,241	4,767,241
Other receivables	378,761	378,761	256,731	256,731
Refundable deposits (recorded in other non-current assets)	283,893	283,893	212,710	212,710
Financial assets at FVTPL	211,551	211,551	48,712	48,712
Financial assets at FVTOCI (current and non-current)	13,343,937	13,343,937	15,166,896	15,166,896
Financial liabilities				
Measured at amortized cost				
Notes and accounts payable (included related parties)	5,229,574	5,229,574	3,255,792	3,255,792
Payable on equipment and other payables	12,980,183	12,980,183	8,806,081	8,806,081
Bonds payable	9,980,978	9,980,978	9,968,462	9,968,462
Long-term borrowings (included current portion)	44,004,722	44,004,722	35,949,502	35,949,502
Guarantee deposits (recorded in other non-current liabilities)	1,930	1,930	1,810	1,810

c. Financial risk management objectives and policies

The Company'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 Company 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 Company'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 Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses forward foreign exchange contracts to hedge the foreign currency risk on export.

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

a) Foreign currency risk

The Company 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 and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity. For a 1% depreciation of New Taiwan dollars against U.S. dollars, there would be impact on net income increase in the amounts of NT$36,839 thousand and NT$60,201 thousand for the years ended December 31, 2023 and 2022, respectively.

b) Interest rate risk

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

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

	December 31	
	2023	**2022**
Cash flow interest rate risk		
Financial liabilities	$ 44,231,600	$ 36,131,600

The sensitivity analyses below were determined based on the Company'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 1%, the Company's cash flows would increase by NT$442,316 thousand and NT$361,316 thousand for the years ended December 31, 2023 and 2022, respectively.

2) Credit risk

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

The Company 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 Company 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 Company reviews the recoverable amount of each individual accounts receivables at the end of the reporting period to ensure that adequate impairment losses are recognized for irrecoverable amounts. In this regard, the directors of the Company consider that the Company's credit risk was significantly reduced.

3) Liquidity risk

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

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

	December 31, 2023			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-interest bearing	$ 18,209,757	$ 1,930	$ -	$ 18,211,687
Lease liabilities	122,677	121,516	1,637,585	1,881,778
Variable interest rate liabilities	8,837,327	9,680,985	25,713,288	44,231,600
Fixed interest rate liabilities	-	10,000,000	-	10,000,000
	$ 27,169,761	$ 19,804,431	$ 27,350,873	$ 74,325,065

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	2-5 Years	More than 5 Years
Lease liabilities	$ 244,193	$ 340,133	$ 1,297,452

	December 31, 2022			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-interest bearing	$ 12,061,873	$ 1,810	$ -	$ 12,063,683
Lease liabilities	124,925	123,455	1,753,894	2,002,274
Variable interest rate liabilities	3,100,000	6,637,327	26,394,273	36,131,600
Fixed interest rate liabilities	-	-	10,000,000	10,000,000
	$ 15,286,798	$ 6,762,592	$ 38,148,167	$ 60,197,557

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	2-5 Years	More than 5 Years
Lease liabilities	$ 248,380	$ 346,692	$ 1,407,202

27. RELATED PARTY TRANSACTIONS

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

Related Party	Relationship with the Company
Walsin Lihwa Corporation ("Walsin Lihwa")	Investor that exercises significant influence over the Company
WEHK	Subsidiary
WEG	Subsidiary
WTL	Subsidiary
Callisto	Subsidiary

(Continued)

Related Party	Relationship with the Company
WECJ	Subsidiary
Landmark	Subsidiary
NTC	Subsidiary
METC	Subsidiary
AMTC	Subsidiary
Winbond Electronics (Suzhou) Limited ("WECN")	Sub-subsidiary
Winbond Electronics Corporation America ("WECA")	Sub-subsidiary
Miraxia Technology Taiwan Corporation ("MTTC")	Sub-subsidiary
Nuvoton Technology Corporation Japan ("NTCJ")	Sub-subsidiary
ThCC	Associate
Chin Xin	Associate
Walton Advanced Engineering Inc. ("Walton")	Related party in substance
Walton Advanced Engineering Ltd. (Suzhou) ("Walton (Suzhou)")	Related party in substance
Walsin Technology Corporation ("Walsin Technology")	Related party in substance
Hannstar Display Corporation ("Hannstar Display")	Related party in substance
CHIA-HO Green Energy Corporation ("CHIA-HO")	Related party in substance
Taiwan Cement Corporation ("Taiwan Cement")	Related party in substance

(Concluded)

b. Operating activities

	For the Year Ended December 31	
	2023	2022
1) Operating revenue		
Subsidiary		
WEHK	$ 7,869,748	$ 7,349,083
WECJ	3,883,542	5,640,271
Others	98,574	173,887
Sub-subsidiary	3,385,509	4,591,324
Related party in substance	-	294
	$ 15,237,373	$ 17,754,859

Price and terms were determined in accordance with mutual agreements.

	For the Year Ended December 31	
	2023	2022
2) Manufacturing expenses		
Related party in substance		
Walton	$ 2,670,028	$ 2,942,876
Others	405,492	469,952
	$ 3,075,520	$ 3,412,828

	For the Year Ended December 31	
	2023	2022
3) Selling expenses		
Sub-subsidiary		
WECA	$ 290,388	$ 254,693
Subsidiary	83,039	68,199
Related party in substance	842	363
	$ 374,269	$ 323,255
4) General and administrative expenses		
Investor that exercises significant influence over the Company	$ 11,139	$ 14,078
Subsidiary	-	3,779
Related party in substance	-	675
	$ 11,139	$ 18,532
5) Research and development expenses		
Subsidiary	$ 595,597	$ 589,807
Sub-subsidiary	342,020	322,706
	$ 937,617	$ 912,513
6) Dividend income		
Investor that exercises significant influence over the Company		
Walsin Lihwa	$ 445,550	$ 355,200
Related party in substance	27,711	194,618
	$ 473,261	$ 549,818
7) Other income		
Subsidiary		
NTC	$ 18,510	$ 48,613
Others	10	-
Related party in substance	490	328
Associate	81	71
Sub-subsidiary	60	-
	$ 19,151	$ 49,012

	December 31	
	2023	2022
8) Accounts receivable		
Subsidiary		
WEHK	$ 717,591	$ 553,174
WECJ	265,616	461,590
Others	20,037	22,377
Sub-subsidiary		
WECA	114,601	141,898
Others	3,731	-
Others	$ 1,121,576	$ 1,179,039
9) Accounts payable		
Related party in substance		
Walton	$ 474,378	$ 376,135
Walton (Suzhou)	80,419	85,904
	$ 554,797	$ 462,039
10) Other receivables		
Subsidiary	$ 91,716	$ 52,073
Sub-subsidiary	440	1,653
	$ 92,156	$ 53,726
11) Other payables		
Sub-subsidiary	$ 169,414	$ 171,691
Subsidiary	88,369	91,458
Related party in substance	21,805	17,723
Investor that exercises significant influence over the Company	2,614	-
	$ 282,202	$ 280,872
12) Refundable deposits (recorded in “other non-current assets”)		
Subsidiary	$ 545	$ 545
Investor that exercises significant influence over the Company	203	203
	$ 748	$ 748
13) Guarantee deposits (recorded in “other non-current liabilities”)		
Subsidiary	$ 1,780	$ 1,780

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

c. Disposal of property, plant and equipment

	Disposal Price For the Year Ended December 31		Gain (Loss) on Disposal For the Year Ended December 31	
	2023	2022	2023	2022
Related party in substance	$ 5	$ 68	$ 5	$ 68
Associate	-	55,200	-	36,181
	$ 5	$ 55,268	$ 5	$ 36,249

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

d. Lease arrangements - the Company is lessee

	For the Year Ended December 31	
	2023	2022
1) Acquisition of right-of-use assets		
Investor that exercises significant influence over the Company	$ -	$ 8,672

	Disposal of Right-of-use Assets For the Year Ended December 31		Gain (Loss) on Disposal of Right-of-use Assets For the Year Ended December 31	
	2023	2022	2023	2022
Investor that exercises significant influence over the Company	$ 5,845	$ -	$ 36	$ -

	December 31	
	2023	2022
2) Lease liabilities		
Investor that exercises significant influence over the Company	$ -	$ 5,845

	For the Year Ended December 31	
	2023	2022
3) Interest expense		
Investor that exercises significant influence over the Company	$ -	$ 89
Subsidiary	-	28
Related party in substance	-	3
	$ -	$ 120

e. Lease arrangements - the Company is lessor/sublease arrangements

Refer to Note 14.

f. Acquisition of shares

For the year ended December 31, 2023

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Associate				
ThCC	Investments accounted for using equity method	3,000,000	Ordinary shares of ThCC	$ 30,000
Subsidiary				
NTCJ	Investments accounted for using equity method	4,000	Shares of AMTC	394,661
GTD	Investments accounted for using equity method	27,998,400	Shares of WEIL	106,939
				$ 531,600

For the year ended December 31, 2022

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Investor that exercises significant influence over the Company				
Walsin Lihwa	Current financial assets at FVTOCI	25,527,493	Ordinary shares of Walsin Lihwa	$ 765,825
Related party in substance				
CHIA-HO	Non-current financial assets at FVTOCI	55,500,000	Ordinary shares of CHIA-HO	555,000
Associate				
ThCC	Investments accounted for using equity method	21,000,000	Ordinary shares of ThCC	210,000
Subsidiary				
Landmark	Investments accounted for using equity method	2,970	Shares of WECJ	190,070
				$ 1,720,895

g. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category/Name	December 31 2023	December 31 2022
Sub-subsidiary		
Amount endorsed	$ 6,516,000	$ 6,972,000
Amount utilized	$ 847,080	$ 952,840

h. Compensation of key management personnel

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Short-term employment benefits	$ 173,433	$ 510,698
Post-employment benefits	987	689
Share-based payment	6,191	-
	$ 180,611	$ 511,387

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

28. PLEDGED AND COLLATERALIZED ASSETS

Refer to Notes 6 and 12.

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Amounts available under unused letters of credit as of December 31, 2023 and 2022 were approximately US$21,484 thousand and US$3,957 thousand, JPY302,640 thousand and JPY321,200 thousand, respectively.

b. Unrecognized commitments were as follows:

	December 31, 2023
Acquisition of property, plant and equipment	$ 9,926,602

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company 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:

	December 31					
	2023			2022		
	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
Financial assets						
Monetary items						
USD	$ 321,709	30.705	$ 9,878,079	$ 265,826	30.71	$ 8,163,510
EUR	6,009	33.98	204,203	1,483	32.72	48,517
JPY	11,487,179	0.2172	2,495,015	3,433,010	0.2324	797,831
RMB	16,149	4.327	69,876	10,647	4.408	46,934
Non-monetary items						
USD	24,615	30.705	755,816	22,042	30.71	676,914
EUR	854	33.98	29,002	786	32.72	25,717
JPY	4,272,656	0.2172	928,016	2,354,545	0.2324	547,196
ILS	12,061	8.4694	102,148	10,009	8.7301	87,383
INR	275,556	0.3692	101,735	-	-	-
Financial liabilities						
Monetary items						
USD	201,732	30.705	6,194,175	69,795	30.71	2,143,412
EUR	78,138	33.98	2,655,114	3,365	32.72	110,094
JPY	10,770,256	0.2172	2,339,300	3,559,564	0.2324	827,243
ILS	4,156	8.4694	35,201	3,514	8.7301	30,675

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31	
Foreign Currencies	**2023**	**2022**
USD	$ 43,418	$ 591,600
JPY	5,049	183,009
	$ 48,467	$ 774,609

31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE.

32. ADDITIONAL DISCLOSURE

a. Following are the additional disclosures for material transactions for the Company:

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

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

c. Information on investment in mainland China

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

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

33. SEGMENT INFORMATION

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

TABLE 1

WINBOND ELECTRONICS CORPORATION

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	WEC	NTCJ	NTC's indirect subsidiary with 100% ownership	$ 17,543,955 (Note 1)	$ 6,516,000 (Note 2)	$ 6,516,000 (Note 2)	$ 847,080	$ -	7.06	$ 46,148,408 (Note 3)	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: The ending balance is approved by the boards of directors of WEC.

Note 3: WEC's total maximum amount endorsed are limited to 50% of the net equity in the latest financial statements of WEC.

TABLE 2

WINBOND ELECTRONICS CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(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	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
WEC	Shares							
	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 21.99% ownership interest in WEC	Current financial assets at FVTOCI	247,527,493	$ 9,566,938	6	$ 9,566,938	
	Hannstar Display Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	〃	150,000,210	1,777,502	5	1,777,502	
	Walsin Technology Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	〃	5,300,117	651,914	1	651,914	
	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	763,455	10	763,455	
	Cathay Financial Holdings Co., Ltd.	None	〃	5,305	243	-	243	
	Shares							
	Hsin Chu Golf Country Club	None	Non-current financial assets at FVTOCI	3	12,660	-	12,660	
	Linkou Golf Course	None	〃	1	10,800	-	10,800	
	Intellectual Property Innovation Corporation	WEC as the investee's director	〃	1,000,000	8,292	10	8,292	
	Harbinger III Venture Capital Corp.	WEC as the investee's supervisor	〃	5,440	145	5	145	
	Smart Catch International Co., Ltd.	None	〃	4,000,000	-	16	-	
	CHIA-HO Green Energy Corporation	WEC's chairman as an independent director of the investee's parent company	〃	55,500,000	551,988	15	551,988	
	Preference shares							
	Fubon Financial Holding Co., Ltd. Preference Shares B (2881A)	None	Current financial assets at FVTPL	182,000	11,120	-	11,120	
	Cathay Financial Holding Co., Ltd. Preference Shares B (2882A)	None	〃	65,000	3,874	-	3,874	

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

TABLE 3

WINBOND ELECTRONICS CORPORATION

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Cost Amount	Number of Shares	Cost Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Cost Amount
WEC	AMTC	Investments accounted for using equity method	NTCJ	Sub-subsidiary	-	$ -	4,000	$ 394,661 (Note) Investments accounted for using equity method - NTC (80,709) Capital surplus - changes in ownership interests in subsidiaries (76,900)	-	$ -	$ -	$ -	4,000	$ 237,052

Note: The acquisition of 100% ownership of AMTC from NTCJ was approved by WEC's board meeting in November 2022. The acquisition date was set in January 2023.

TABLE 4

WINBOND ELECTRONICS CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
WEC	WEHK	Direct subsidiary with 100% ownership	Sales	$ 7,869,748	21	Net 90 days from invoice date	N/A	N/A	$ 717,591	16	
	WECJ	Direct subsidiary with 100% ownership	Sales	3,883,542	10	Net 90 days from invoice date	N/A	N/A	265,616	6	
	WECN	Indirect subsidiary with 100% ownership	Sales	2,061,742	5	Net 90 days from invoice date	N/A	N/A	(5,303)	Note	
	WECA	Indirect subsidiary with 100% ownership	Sales	1,241,952	3	Net 90 days from invoice date	N/A	N/A	114,601	3	

Note: The Company’s unearned receipts.

TABLE 5

WINBOND ELECTRONICS CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
WEC	WEHK	Direct subsidiary with 100% ownership	$ 717,591	12.39	$ -	-	$ 626,066	$ -
	WECJ	Direct subsidiary with 100% ownership	265,616	10.68	-	-	-	-
	WECA	Indirect subsidiary with 100% ownership	114,601	9.73	-	-	-	-

TABLE 6

WINBOND ELECTRONICS CORPORATION

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
WEC	NTC	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	51.21	$ 8,549,443	$ 2,420,434	$ 1,239,455	
	WIC	British Virgin Islands	Investment holding	2,758,517	2,758,517	87,960,000	100.00	1,961,148	34,213	34,213	
	WEHK	Hong Kong	Sales of semiconductor and investment holding	278,158	278,158	71,150,000	100.00	679,024	111,401	111,398	
	METC	Japan	Software and hardware integration design of semiconductor	167,660	167,660	4,000	100.00	296,766	75,019	75,019	
	AMTC	Japan	Manufacture of semiconductor and smart factory solutions	237,052	-	4,000	100.00	285,056	68,281	68,281	Note 1
	Landmark	British Virgin Islands	Investment holding	-	168,755	-	-	-	(21,983)	(21,983)	Note 2
	WECJ	Japan	Research, development, sales and after-sales service of semiconductor	190,070	190,070	2,970	100.00	346,194	55,369	55,369	
	GTD	Seychelles	Investment holding	-	155,663	-	-	-	(82)	(82)	Note 3
	WEIL	India	Sales and service of semiconductor	133,617	-	27,998,400	99.99	131,382	(62)	(23)	Note 3
	Callisto	Hong Kong	Electronic commerce and investment holding	156,292	156,292	40,000,000	100.00	76,792	(19,164)	(19,164)	
	WTL	Israel	Design and service of semiconductor	21,242	21,242	100,000	100.00	102,148	9,312	9,312	
	WEG	Germany	Marketing service of semiconductor	28,679	28,679	850,000	100.00	29,002	2,303	2,303	
	PCI	Hong Kong	Investment holding	-	2,967	-	-	-	19	19	Note 4
	Chin Xin	Taiwan	Investment holding	1,874,825	1,874,825	182,840,999	38.00	8,842,850	778,816	293,542	
	ThCC	Taiwan	Agriculture and forestry botanic conservation	270,000	240,000	27,000,000	15.00	284,474	4,480	228	Note 5

Note 1: The acquisition of 100% ownership of AMTC from NTCJ was approved by WEC’s board meeting in November 2022. The acquisition date was set in January 2023.

Note 2: Landmark completed the liquidation and legal procedures in June 2023.

Note 3: GTD completed the liquidation and legal procedures in October 2023. Due to the dissolution of GTD, the Company changed its 99.99% of ownership interest in WEIL from indirect to direct.

Note 4: PCI completed the liquidation and legal procedures in September 2023.

Note 5: WEC participated in ThCC's cash capital increase of 100,000 thousand shares and subscribed for 3,000 thousand shares at a par value of NT$10 per share.

Note 6: Refer to Table 7 for information on investment in mainland China.

TABLE 7

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

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:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
WECN	Design, development and marketing of VLSI integrated ICs	$ 276,435 (USD 9,000)	Through investing in WEHK in the third area, which then invested in the investee in mainland China indirectly	$ 276,435 (USD 9,000)	$ -	$ -	$ 276,435 (USD 9,000)	$ 29,011	100.00	$ 29,011	$ 300,728	$ 35,880
NTSH	Provide project of sale in China and repairing, testing, consulting of software and equipment leasing business	68,036 (USD 2,000)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	68,036 (USD 2,000)	-	-	68,036 (USD 2,000)	165	51.21	84	144,822	-
WENJ	Computer software service (except I.C. design)	- (Note 2)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	16,429 (USD 500)	-	-	16,429 (USD 500)	(47)	-	(24)	-	-
NTSZ	Computer software service (except I.C. design), wholesale business for computer, supplement and software	197,670 (USD 6,000)	Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly	197,670 (USD 6,000)	-	-	197,670 (USD 6,000)	6,366	51.21	3,260	117,643	-
Song Zhi Suzhou	Provide development of semiconductor and technology, consult service and equipment leasing business	8,688 (CNY 2,000) (Note 3)	Through investing in NTSH in the third area, which then invested in the investee in mainland China indirectly	- (Note 3)	-	-	- (Note 3)	(271)	51.21	(139)	3,988	-

Note 1: The gain or loss on investment for the year ended December 31, 2023 was recognized on the basis of the financial statements audited by the auditor.

Note 2: WENJ completed the liquidation and legal procedures in May 2023.

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

2. Information on any investee company in mainland China, main businesses and 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 December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
WEC	$ 276,435 (USD9,000)	$ 276,435 (USD9,000)	$ 55,378,090
NTC	282,135 (USD8,500)	282,135 (USD8,500)	10,038,625

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

3. Refer to Table 4 for significant transactions with the investee in mainland China directly and indirectly through investing in companies in the third area.

4. 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

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Walsin Lihwa Corporation	919,380,016	21.99
Chin Xin Investment Co., Ltd.	260,003,436	6.22

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 preference 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 who 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, refer to the Market Observation Post System website of the Taiwan Stock Exchange Corporation.

WINBOND ELECTRONICS CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

WINBOND ELECTRONICS CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Foreign Currencies)

Item	Description	Amount
Cash		
Cash on hand		$ 190
Deposits in banks	Check accounts	303
	Demand deposits - NT$	90,008
	Foreign currency deposits - US$23,696 @30.705	727,584
	Foreign currency deposits - JPY11,490,207 @0.2172	2,495,673
	Foreign currency deposits - EUR6,009 @33.98	204,203
	Foreign currency deposits - RMB16,254 @4.327	70,331
	Time deposits - NT$	2,165,722
	Time deposits - US$100,400 @30.705	3,082,782
Cash equivalents	Repurchase agreements collateralized by bond - expired on January 4, 2024, interest rates at 0.93%	600,000
		$ 9,436,796

STATEMENT 2

WINBOND ELECTRONICS CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Name	Shares/Units	Par Value	Cost Amount	Fair Value	
				Unit Price	Total Amount
Walsin Lihwa Corporation	247,527,493	$ 10	$ 2,848,160	$ 38.65	$ 9,566,938
Hannstar Display Corporation	150,000,210	10	1,395,009	11.85	1,777,502
Walsin Technology Corporation	5,300,117	10	168,426	123.00	651,914
Walton Advanced Engineering Inc.	50,062,641	10	526,293	15.25	763,455
Cathay Financial Holdings Co., Ltd.	5,305	10	186	45.75	243
			$ 4,938,074		$ 12,760,052

WINBOND ELECTRONICS CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE (NON-RELATED PARTIES)
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Y	$ 431,664
A016	427,998
A022	179,698
Others (Note 1)	2,482,642
Less: Loss allowance	(84,730)
	$ 3,437,272

Note 1: The amount of each item in others does not exceed 5% of the account balance.

Note 2: The Company has no accounts receivables for more than one year.

WINBOND ELECTRONICS CORPORATION

STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Business tax refund receivable	$ 207,386
Receivables from payroll payments on behalf of others	87,527
Others (Note)	83,848
	$ 378,761

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

STATEMENT 5

WINBOND ELECTRONICS CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net Realized Value
Finished goods	$ 1,386,195	$ 1,145,274
Work-in-process	16,764,989	13,219,437
Raw materials and supplies	1,902,661	1,750,615
Inventories in transit	8,753	8,753
Less: Allowance for inventory valuation and obsolescence losses	(3,938,519)	-
	$ 16,124,079	$ 16,124,079

WINBOND ELECTRONICS CORPORATION

STATEMENT OF OTHER CURRENT ASSETS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Prepaid expenses for materials	$ 768,980
Prepaid expenses for mask	299,312
Prepaid expenses Probe Card	133,568
Prepaid expenses for maintenance	92,222
Prepaid expenses for technical service	81,448
Others (Note)	44,277
	$ 1,419,807

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

WINBOND ELECTRONICS CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

	As of January 1, 2023		Increase		Decrease		As of December 31, 2023		
Name of Securities	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Collateral
Hsin Chu Golf Country Club	3	$ 12,450	-	$ 210	-	$ -	3	$ 12,660	None
Linkou Golf Course.	1	10,110	-	690	-	-	1	10,800	None
Intellectual Property Innovation Corporation	1,000,000	7,671	-	621	-	-	1,000,000	8,292	None
Harbinger III Venture Capital Corp.	5,440	124	-	21	-	-	5,440	145	None
Smart Catch International Co., Ltd.	4,000,000	-	-	-	-	-	4,000,000	-	None
CHIA-HO Green Energy Corporation	55,500,000	548,709	-	3,279	-	-	55,500,000	551,988	None
		$ 579,064		$ 4,821		$ -		$ 583,885	

WINBOND ELECTRONICS CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Name	Balance at January 1, 2023		Increase		Decrease		Balance at December 31, 2023			Market Value or Net Assets Value	Collateral
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	%	Amount		
Nuvoton Technology Corporation	214,954,635	$ 8,941,174	-	$ 1,112,952	-	$ (1,504,683) (Note 1)	214,954,635	51.21	$ 8,549,443	$ 30,523,558	None
Winbond International Corporation	87,960,000	2,067,211	-	-	-	(106,063)	87,960,000	100.00	1,961,148	1,961,148	None
Winbond Electronics (H.K.) Limited	71,150,000	581,154	-	97,870	-	-	71,150,000	100.00	679,024	679,024	None
Winbond Electronics Corporation Japan	2,970	312,463	-	33,731	-	-	2,970	100.00	346,194	346,194	None
Miraxia Edge Technology Corporation	4,000	234,733	-	62,033	-	-	4,000	100.00	296,766	296,766	None
Atfields Manufacturing Technology Corporation	-	-	4,000	285,056 (Note 2)	-	-	4,000	100.00	285,056	285,056	None
Landmark Group Holdings Ltd.	5,343,000	185,332	-	-	(5,343,000)	(185,332) (Notes 1 and 3)	-	-	-	-	None
Great Target Development Ltd.	4,470,000	132,048	-	-	(4,470,000)	(132,048) (Note 4)	-	-	-	-	None
Winbond Electronics India Private Limited	-	-	27,998,400	131,382 (Note 4)	-	-	27,998,400	99.99	131,382	131,382	None
Callisto Holding Limited	40,000,000	95,763	-	-	-	(18,971)	40,000,000	100.00	76,792	76,792	None
Winbond Technology Ltd.	100,000	87,383	-	14,765	-	-	100,000	100.00	102,148	102,148	None
Winbond Electronics Germany GmbH	850,000	25,717	-	3,285	-	-	850,000	100.00	29,002	29,002	None
Pine Capital Investment Limited	780,000	2,929	-	-	-	(2,929) (Note 5)	-	-	-	-	None
Chin Xin Investment Co., Ltd.	182,840,999	7,996,268	-	1,065,991	-	(219,409) (Note 1)	182,840,999	38.00	8,842,850	8,842,850	None
Theaceae Conservation Corporation	24,000,000	264,303	3,000,000	30,000 (Note 6)	-	(9,829)	24,000,000	15.00	284,474	284,474	None
		$ 20,926,478		$ 2,837,065		$ (2,179,264)			$ 21,584,279		

Note 1: Cash dividends.

Note 2: The acquisition of 100% ownership of AMTC from NTCJ was approved by WEC's board meeting in November 2022. The acquisition date was set in January 2023.

Note 3: Landmark completed the liquidation and legal procedures in June 2023.

Note 4: GTD completed the liquidation and legal procedures in October 2023. Due to the liquidation of GTD, the Company changed its 99.99% of ownership interest in WEIL from indirect to direct. The acquisition date was set in September 2023.

Note 5: PCI completed the liquidation and legal procedures in September 2023.

Note 6: WEC participated in ThCC's cash capital increase of 100,000 thousand shares and subscribed for 3,000 thousand shares at a par value of NT$10 per share.

WINBOND ELECTRONICS CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2023	Addition	Deduction	Balance at December 31, 2023
Cost				
Land	$ 1,848,735	$ -	$ -	$ 1,848,735
Buildings	66,969	10,303	34,635	42,637
Other equipment	25,179	10,653	9,965	25,867
	$ 1,940,883	$ 20,956	$ 44,600	$ 1,917,239
Accumulated depreciation				
Land	$ 331,343	$ 85,726	$ -	$ 417,069
Buildings	35,293	16,769	28,826	23,236
Other equipment	11,828	8,709	9,918	10,619
	$ 378,464	$ 111,204	$ 38,744	$ 450,924

WINBOND ELECTRONICS CORPORATION

STATEMENT OF OTHER NON-CURRENT ASSETS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Long-term prepaid expenses for materials	$ 591,970
Pledged time deposits	192,553
Refundable deposits	91,340
Others (Note)	32,667
	$ 908,530

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

WINBOND ELECTRONICS CORPORATION

STATEMENT OF ACCOUNTS PAYABLE (NOT-RELATED PARTIES)
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Vender Name	Amount
Z018	$ 876,484
Z030	540,693
Z016	371,377
Z044	239,598
Others (Note)	2,646,625
	$ 4,674,777

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

WINBOND ELECTRONICS CORPORATION

STATEMENT OF PAYABLE ON MACHINERY AND EQUIPMENT
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
ASML Technology Taiwan Ltd.	$ 2,569,287
Tokyo Electron Limited	1,145,572
KLA Corporation	1,129,023
Applied Materials South East Asia Pte. Ltd.	931,952
Lam Research International Sdn. Bhd	659,675
Others (Note)	2,496,987
	$ 8,932,496

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

WINBOND ELECTRONICS CORPORATION

STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Payable for maintenance	$ 983,416
Payable for royalties	669,940
Payable for bonuses	431,468
Payable due to related parties	282,202
Others (Note)	1,680,661
	$ 4,047,687

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

STATEMENT 14

WINBOND ELECTRONICS CORPORATION

STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Unearned receipts - disposal of assets	$ 95,862
Unearned receipts	48,892
Temporary receipts and receipts under custody	43,214
	$ 187,968

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

STATEMENT 15

WINBOND ELECTRONICS CORPORATION

STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Trustee	Guarantor	Issued Date	Payment Date	Rate (Year %)	Issued Amount	Repaid Amount	Balance, End of Year	Unamortized Amount	Book Value	Payment Regulation	Guarantee Situation	Note
The first secured corporate bonds of 2018	SinoPac Bank	TCB, CTBC, TSIB, MEGA, DBS, BOT, CHB, E.SUN Bank, First Bank, TBB	2018.07.17	Simple interest rate; once a year	1	$ 10,000,000	$ -	$ 10,000,000	$ 19,022	$ 9,980,978	The principal shall be repaid once at maturity within seven years from the date of issuance.	12-inch factory machinery and equipment and ancillary equipment.	

WINBOND ELECTRONICS CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Period	Interest Rate (%)	Amount Limit for Margin Trading	Mortgage or Warrant
Secured borrowings						
Bank of Taiwan syndicated loan (V) (Note 1)	Build up and procure equipment for lab	$ 37,800,000	2019.09.19-2026.09.19	2.78	$ 42,000,000	Equipment of Kaohsiung plant, Kaohsiung plant and Zhongke Factory
Bank of Taiwan syndicated loan (VI) (Note 2)	Equipment and related ancillary equipment	1,300,000	2023.12.15-2030.12.15	2.72	20,000,000	Equipment of Kaohsiung plant and Zhongke Factory
Unsecured borrowings						
Government grants (Note 2)	Machinery and equipment/operating working capital	5,131,600	2020.12.28-2028.11.15	1.25-1.45	5,131,600	None
		44,231,600			$ 67,131,600	
Less: Current portion		(8,837,327)				
Less: Syndication agreement management fee		(80,820)				
Less: Government loan discount		(146,058)				
		$ 35,167,395				

Note 1: Bank of Taiwan syndicated loan (V) will be repaid every six months from September 19, 2023 until maturity.

Note 2: For Bank of Taiwan syndicated loan (VI), part A will be repaid every month from December 15, 2026 until maturity; part B will be repaid every six month from December 15, 2026 until maturity.

Note 3: For government borrowings, the first installment will be made in the 36th - 37th month of the principal, and each month thereafter, the principal will be repaid in 48-49 equal installments.

STATEMENT 17

WINBOND ELECTRONICS CORPORATION

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Lease Term	Discount Rate (%)	Balance, End of Year
Land	2004.02-2043.12	1.83-2.47	$ 1,511,351
Buildings	2022.01-2026.12	1.50-1.87	19,690
Other equipment	2021.02-2028.09	1.04-2.25	15,186
			1,546,227
Less: Current portion			(87,030)
Lease liabilities - non-current			$ 1,459,197

WINBOND ELECTRONICS CORPORATION

STATEMENT OF OTHER NON-CURRENT LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Warranties	$ 167,756
Long-term deferred revenue	146,058
Others (Note)	15,876
	$ 329,690

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

WINBOND ELECTRONICS CORPORATION

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Quantity	Amount
DRAM IC product	776 pieces of chip; 1,009,317 thousand pieces of die	$ 13,787,686
Flash Memory product	1,653 pieces of chip; 2,759,931 thousand pieces of die	23,619,594
Others	-	153,763
		$ 37,561,043

STATEMENT 20

WINBOND ELECTRONICS CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials, beginning of year	$ 1,505,218
Add: Raw material purchased	9,563,390
Less: Manufacturing expenses and operating expenses	(2,993,804)
Scrapped	(6,502)
Raw materials, end of year	(1,902,661)
Raw materials used	6,165,641
Direct labor	334,610
Manufacturing expenses	23,282,023
Manufacturing costs	29,782,274
Add: Work-in process, beginning of year	11,161,756
Less: Manufacturing expenses and operating expenses	(783,067)
Scrapped	(1,719)
Work-in-process, end of year	(16,764,989)
Cost of finished goods	23,394,255
Add: Finished goods, beginning of year	1,554,379
Less: Manufacturing expenses and operating expenses	(17,833)
Scrapped	(11,341)
Finished goods, end of year	(1,386,195)
Add: Other operating costs	366,399
Unallocated production overhead	5,095,652
Inventory write-downs and scrap of inventories	2,780,846
Less: Unrealized gross profit	(35,812)
	$ 31,740,350

STATEMENT 21

WINBOND ELECTRONICS CORPORATION

STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Technical service fee	$ 369,954
Payroll expense	237,506
Commission	166,677
Export fee	87,348
Others (Note)	159,079
	$ 1,020,564

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

STATEMENT 22

WINBOND ELECTRONICS CORPORATION

STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Payroll expense	$ 460,135
Software fee	129,494
Depreciation	129,422
Professional service fee	96,515
Industrial park general expense	71,974
Others (Note)	360,792
	$ 1,248,332

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

STATEMENT 23

WINBOND ELECTRONICS CORPORATION

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Material expense	$ 3,150,963
Payroll expense	1,681,429
Technical service fee	936,930
Professional service fee	549,843
Depreciation	391,898
Others (Note)	651,064
	$ 7,362,127

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

WINBOND ELECTRONICS CORPORATION

STATEMENT OF OTHER INCOME AND EXPENSES - OTHER INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Government grants	$ 56,527
Rental income	36,979
Others (Note)	23,593
	$ 117,099

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

STATEMENT 25

WINBOND ELECTRONICS CORPORATION

STATEMENT OF OTHER INCOME AND EXPENSES - OTHER EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Syndication agreement management fee for issuance of corporate bonds	$ 93,880
Syndication agreement management fee	31,887
Rent expense	18,579
Depreciation expenses of investment properties and other non-current assets	12,347
Others (Note)	6,940
	$ 163,633

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

Analysis of Financial Status and Financial Performance and Risk Issues

I. Financial status

Unit: TWD in thousands

Item\Fiscal Year	Consolidated Financial Statements for Fiscal Year 2023	Consolidated Financial Statements for Fiscal Year 2022	Increase (Decrease) Amount	Increase (Decrease) Ratio %
Total Assets	190,787,944	184,164,993	6,622,951	4
Current Assets	66,505,389	68,537,523	(2,032,134)	(3)
Property, Plant, and Equipment	102,147,688	93,806,639	8,341,049	9
Intangible Assets	603,829	782,603	(178,774)	(23)
Other Assets	21,531,038	21,038,228	492,810	2
Total Liabilities	90,327,766	81,431,277	8,896,489	11
Current Liabilities	36,032,759	27,776,754	8,256,005	30
Non-Current Liabilities	54,295,007	53,654,523	640,484	1
Total Equity	100,460,178	102,733,716	(2,273,538)	(2)
Equity Attributable to Owners of the Parent Company	92,296,817	94,162,996	(1,866,179)	(2)
Share Capital	41,800,002	39,800,002	2,000,000	5
Capital Reserve	10,135,865	7,785,918	2,349,947	30
Retained Earnings	27,475,627	32,215,117	(4,739,490)	(15)
Other Equity	12,885,323	14,361,959	(1,476,636)	(10)
Non-Controlling Interests	8,163,361	8,570,720	(407,359)	(5)
The main reasons for items with an increase or decrease ratio of over 20% are as follows: 1.Decrease in intangible assets: mainly due to continued amortization of assets 2.Increase in current liabilities: mainly due to maturation of long-term borrowings in the next 12 months 3.Increase in capital reserve: mainly due to an increase in cash capital in Fiscal Year 2023				

II. Financial performance

Unit: TWD in thousands

Item\Fiscal Year	Consolidated Financial Statements for Fiscal Year 2023	Consolidated Financial Statements for Fiscal Year 2022	Increase (Decrease) Amount	Increase (Decrease) Ratio %
Net Operating Income	75,006,078	94,529,790	(19,523,712)	(21)
Operating Costs	52,610,352	51,478,707	1,131,645	2
Gross Profit	22,395,726	43,051,083	(20,655,357)	(48)
Operating Expenses	24,025,958	26,516,502	(2,490,544)	(9)
Operating Profit (Loss)	(1,630,232)	16,534,581	(18,164,813)	(110)
Non-Operating Income and Expenses	932,569	1,511,591	(579,022)	(38)
Net Profit (Loss) before Tax	(697,663)	18,046,172	(18,743,835)	(104)
Income Tax Expense (income tax benefit)	(732,112)	3,059,620	(3,791,732)	(124)
Net Profit for the Period	34,449	14,986,552	(14,952,103)	(100)
Other Comprehensive Income for the Period	(1,304,665)	2,717,903	(4,022,568)	(148)
Total Comprehensive Income for the Period	(1,270,216)	17,704,455	(18,974,671)	(107)

Item\Fiscal Year	Consolidated Financial Statements for Fiscal Year 2023	Consolidated Financial Statements for Fiscal Year 2022	Increase (Decrease) Amount	Increase (Decrease) Ratio %
The main reasons for items with an increase or decrease ratio over 20% are as follows: 1. Decrease in Non-Operating Income and Expenses: mainly due to an increase in interest payments on loans in Fiscal Year 2023. 2. Decrease in Income Tax Expense: mainly due to a net loss before tax in Fiscal Year 2023. 3. Decrease in Net Profit for the Period: mainly due to the worldwide semi-conductor market recession and decline in prices and sales. 4. Decrease in Other Comprehensive Income for the Period: mainly due to a decline in the fair value of financial assets. Main factors for an expected continuing increase in sales in the year ahead: the company's annual production capacity in 2024 will reach 750,000 wafers to meet the needs of clients according to industry trends and market conditions.				

III. Cash flow

(1) Cash Flow Analysis of Consolidated Financial Statements for Fiscal Year 2023

Unit: TWD in thousands

Beginning cash balance (December 31, 2022)	Net cash flow from operating activities (Fiscal Year 2023)	Net cash flow from investing and financing activities (Fiscal Year 2023)	Cash balance at the end of year (December 31, 2023)	Plan to improve insufficient liquidity	
				Investment plan	Financial planning
20,403	3,601	(6,681)	16,963	-	-
1. Analysis of changes in cash flow in Fiscal Year 2023 Consolidated Financial Statements: (1) Operating activities: mainly due to net cash inflow of NT$3.6 billion from operating activities. (2) Investment activities: mainly due to net cash outflow of NT$12.9 billion from acquisition and disposal of property, plant, and equipment, and other net cash outflow of NT$0.1 billion. (3) Financing activities: mainly due to cash inflow of NT$7.5 billion from an increase in borrowings, cash inflow of NT$4.4 billion from an increase in cash capital, cash outflow of NT$4 billion in cash dividends, and other net cash outflow of NT$1.6 billion. 2. Improvement plan and liquidity analysis for insufficient liquidity: no insufficient cash liquidity.					

(2) Analysis of consolidated cash liquidity for the coming year

In the coming year, the Company and its subsidiaries expect a total net cash inflow of NT$10.6 billion from operating activities and total net cash outflow of 23.4 billion dollars from investing and financing activities, which will be mainly used for capital expenditures, financing, and cash dividends. The funding gap of NT$12.8 billion will be covered by a joint loan from the Bank of Taiwan.

IV. Impact of major capital expenditures in the most recent fiscal year on financial operations

(1) Utilization of major capital expenditures and sources of funds in the most recent fiscal year

Unit: TWD in thousands

Project	Actual Source of Funds	Actual Completion Date	Total Funds	Actual Fund Utilization		
				2021	2022	2023
Plant and production capacity expansion, among other capital expenditures	Syndicated bank loans, corporate bond issuances, and reinvestment of earnings	Fiscal Year 2023	65,772	9,820	42,165	13,787

(2) Expected benefits

Expanded plants and production capacity, and accelerated development of process technologies to maintain market share.

V. Reinvestment policy for the most recent fiscal year, main reasons for profits/losses generated thereby, improvement plans, and investment plans for the coming year

1. Reinvestment policy: principle underlying reinvestment to improve performance.

2. Profit or loss from reinvestment in the most recent fiscal year: In Fiscal Year 2023, the Company recognized a profit of NT$1,848 million from investments accounted for with the equity method (NT$456 million in consolidated statements recognized using the equity method).

3. Investment plans for coming year: Investment plans will be formulated as needed for reinvestment.

VI. Risk analysis and assessment

(1) Impact of interest and exchange rate fluctuations, changes on profits and losses, and future response measures

1. Interest rate fluctuations

Our exposure to interest rate risk is primarily derived from long-term floating rate loans required for upgrading fabrication or expanding capacity. We have negotiated favorable rates based on market conditions during financing to reduce impacts of fluctuations. Our NTD-denominated corporate bonds have fixed interest rates and are measured at amortized cost for changes not to affect cash flow and fair value.

Consolidated interest income in Fiscal Year 2023 amounted to NT$334,058 thousand with a consolidated interest expense of NT$991,919 thousand. The impact of interest rate fluctuations on operations was assessed as being within a controllable range. We will closely monitor interest rate movement and its impact on cash flow.

2. Exchange Rate Fluctuations

In 2023, the Company's risk from exchange rate fluctuations and foreign exchange gains or losses was within a controllable range. Our foreign exchange gains and losses mainly come from the foreign currency positions derived from import and export operations as well as the corresponding derivative financial products undertaken to avoid foreign exchange risk. The measures we take to manage this risk are as follows:

We engage in financial derivatives transactions for the purpose of hedging operational risks. Financial derivative products are selected to hedge risks associated with operations. In selecting trading counterparties, we give primary consideration to credit risk to avoid loss arising from a counterparty's failure to perform contractual obligations. Counterparties are selected from financial institutions with low credit risk, have a good relationship with us, and are capable of furnishing required professional information.

We keep abreast of financial market information, observes trends, maintains an in-depth understanding of financial products, applicable laws and regulations, and trading techniques, and provides adequate and timely information to management and relevant departments for reference.

We limit unrealized loss on all financial derivative contracts to 20% of its value or 3% of shareholder equity, whichever is lower. The finance division evaluates our derivative position twice a month and prepares a report to be submitted to the head of finance and senior management authorized by the Board of Directors for review. Such evaluation is aimed at assessing the risk of every transaction and potential gains or losses resulting from it.

3. Inflation

Inflation in recent years has had a limited impact on our profit or loss.

(2) Policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, derivatives transactions, main reasons for profits/losses generated thereby; and future response measures

1. We do not engage in high-risk investments or highly leveraged investments. Our derivatives transaction policy minimizes the risk of changes in the fair value of assets and liabilities to achieve economic hedging. Under this principle, all derivatives transactions undertaken correspond to our real positions. Any gains or losses on derivatives transactions and hedged positions during the period are due to time difference in the recognition of

disposal of position and gain or loss on the transaction, which are non-significant. We also do not engage in high-risk derivatives transactions and will adhere to the principle of hedging only owned positions.

2.Loans to other parties, endorsements, guarantees:

We follow the Procedures for Lending Funds to Others and Procedures for Endorsements and Guarantees when lending funds and making endorsements and guarantees with careful consideration of risks.

(3) Future R&D work and estimated expenditures

The Company and its subsidiaries are expected to invest a total of approximately NT$17.5 billion in research and development in 2024. Our future directions of development include the following:

1. Dynamic Random-Access Memory (DRAM)

Specialty DRAM: We will continue to develop medium- to high-density products using the 20nm processes, primarily for applications in the 3C, automotive, and industrial electronics industries. We will also continue our research and development work on the next generation DRAM 16nm process.

Mobile DRAM: We will continue to develop medium- to high-density products with low power consumption, high bandwidth, and better data transfer rates, mainly for applications in mobile phones, tablets, low-power mobile devices, wearable devices, the Internet of Things, automotive and industrial electronics products, etc.

2. Code Storage Flash Memory

We will continue to develop and improve next-generation fabrication technologies, and we are leveraging our latest NOR Flash 45nm processes to produce safe, high performance, energy-efficient, and value-added Code Storage Flash Memory product lines for applications in computing and peripheral products, mobile handheld devices and peripheral modules, network communications products, IoT, consumer electronics, automotive and industrial electronics, household appliance modules, and information security. We will also continue to develop advanced process technologies.

3. Logic IC

Our R&D into logic products will continue to focus on energy efficiency, information security, high performance CPU core platforms, innovative IP technologies, strengthening compliance with international standards for quality and reliability, and introducing advanced production platforms to increase our expertise in IoT, energy-efficient consumer electronics, industrial control, and automotive electronics to expand customer base and scope of applications to prepare for future industry changes. We will also continue to invest in logic IC R&D for use in cloud computing, smart handheld devices, and PCs while developing in three directions—secure management, energy efficiency, and a better user experience—to expand the scope of our products and applications and build on our existing foundation.

(4) Effect of major policies adopted and changes in the legal environment at home and abroad on financial operations, and response measures

We closely monitor major policies that have been adopted and changes in the legal environment at home and abroad on a quarterly basis. If necessary, we consult with experts for recommendations in order to formulate the corresponding countermeasures and ensure our internal policies and business activities are in compliance with the applicable laws and regulations. No significant changes in domestic or foreign policies and laws that could impact the Company's financial operations have been observed in the latest fiscal year and as of the publication date of the annual report.

(5) Effect on financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and response measures

We keep abreast of technological and market changes and assigns staff or a project team to study and evaluate impact on development and financial operations as well as response measures. During the current fiscal year up to the publication date of the annual report, there were no significant technological changes that exert a material impact on our financial operations.

(6) Effect on crisis management of changes in corporate image, and response measures

We inherently uphold the principles of honesty and integrity in practice. We serve customers with integrity and rigorously require employees to practice self-discipline and observe internal rules. We abide by the principles of information disclosure and financial transparency with various communication channels for shareholders, institutional investors, and the general public to better understand, recognize, and support our strategies. We have also set up dedicated departments to take charge of corporate and employee relations, internal audits, risk management, quality assurance, and customer service. These departments work closely with various business units to consolidate resources and strength. In case of any contingency, our senior management will act as convenor and promptly set up a response team to quickly address and resolve the crisis. We prepare readiness plans to prevent and control latent risks that we might face in the future. As of the publication date of the annual report, there were no changes in corporate image that calls for prompt actions in crisis management.

(7) Expected benefits and possible risks associated with acquisition, and mitigation measures.

The Company did not make any acquisitions during 2023 up to the publication date of the annual report.

(8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures

We have a team of technicians to conduct feasibility evaluation on plant expansion and construction. The purpose of fab expansion is to improve advanced process technology and reduce production costs, which will increase our resilience to market competition and facilitate our expansion in the area of end-product applications. Given the high market volatility of the memory industry, we will closely monitor market trends and supply-demand situations, taking a robust approach to capacity allocation. We will optimize product mixes with diverse applications, and adopt a process-optimized cost structure to eliminate potential market risks. Financially, we will make prudent plans for our capital expenditures and funds, and draw up sound business plans to lower loan risks. We expect to have sufficient profit and cash flows to meet investment needs and fulfill repayment obligations. Our technical team consists of semiconductor wafer fabrication experts and IC design experts who have accumulated decades of experience in related fields. We will also introduce advanced processes from abroad and embark on R&D with our own technology. The switch to technology-based processes is expected to improve our cost control capability and augment the possibility of product application expansion. We will endeavor to tackle market volatility risks and maximize profitability by focusing on the aspects of product, finance, and technology.

(9) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures

Risks associated with consolidation of purchasing operations include failure to receive deliveries from suppliers on time due to factory, financial, or quality incidents. We purchase raw materials from multiple sources and qualified suppliers to ensure supply stability.

To address the risks associated with consolidation of distribution, we have established sales, distribution, credit, and quality management regulations as well as effective internal control and audit systems. We are in the process of adjusting the structure of our client base and optimizing our strategies for long-term alliances. Furthermore, we promote product applications and manage distribution with information-based operations. Therefore, we have no risks associated with consolidation of distribution.

(10) Effect upon and risks in the event a major quantity of shares belonging to a director or shareholder with over 10% stake has been transferred or changed hands, and mitigation measures

During the current fiscal year up to the publication date of the annual report, our directors and Walsin Lihwa Corp., a shareholder with over 10% stake, did not transfer a major quantity of their shares.

(11) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures

None of the above situations occurred during the current fiscal year up to the publication date of the annual report.

(12) Major litigious and non-litigious matters

1. Concluded or ongoing major litigious, non-litigious or administrative disputes as of the date of publication of the annual report: None.
2. Concluded or ongoing major litigious, non-litigious or administrative disputes involving any director, general manager, person with actual responsibility, major shareholder with over 10% stake, and/or any company controlled by Winbond as of the date of publication of the annual report, with material effect on equity or prices of securities:

As of the publication date of the annual report, the lawsuit involving the Company's legal entity director Walsin Liwa Co. Ltd. is summarized as follows:

(1) Borrego Solar Systems, Inc., a subsidiary of Walsin Liwa Co. Ltd., initiated a claim of US$ 25 million against Blue Harvest Solar Park LLC and Timber Road Solar LLC (collectively, "EDPR") on July 28, 2023 for project delays due to order modifications and adverse winter weather at the project site. The case is currently in arbitration.

(2) On December 19, 2023, Blacksmith Road Solar 1, LLC filed a claim for compensation against Borrego Solar Systems, Inc., a subsidiary of Walsin Liwa Co. Ltd., seeking US$ 3.6 million for damages resulting from project delays. The case is currently undergoing arbitration.

As of the publication date of the annual report, there have been no significant legal cases involving the directors, general manager, actual controller, major shareholders holding more than 10% of the shares, and subsidiary companies of our company other than the above-mentioned legal case.

(13) Organizational structure of risk management

Duties and responsibilities in our risk management are distributed across various units. We have established internal management guidelines and operating procedures with comprehensive plans and processes for risk avoidance, loss prevention, and crisis management. Our management team continuously monitors changes in the macroeconomic environment that may affect business and operations. We appoint dedicated staff to make plans and take actions in the event of contingencies and minimize any uncertainties.

(14) Other significant risks and mitigation measures

No such situations have occurred during the current fiscal year up to the publication date of the annual report.

VII. Other matters of importance:

Key performance indicators specific to the industry

Key performance indicator	Fiscal Year 2023
Number of 12-inch wafers manufactured at both Kaohsiung Fab and CTSP Fab	601,885 pieces
Online average yield rate	99.39 %

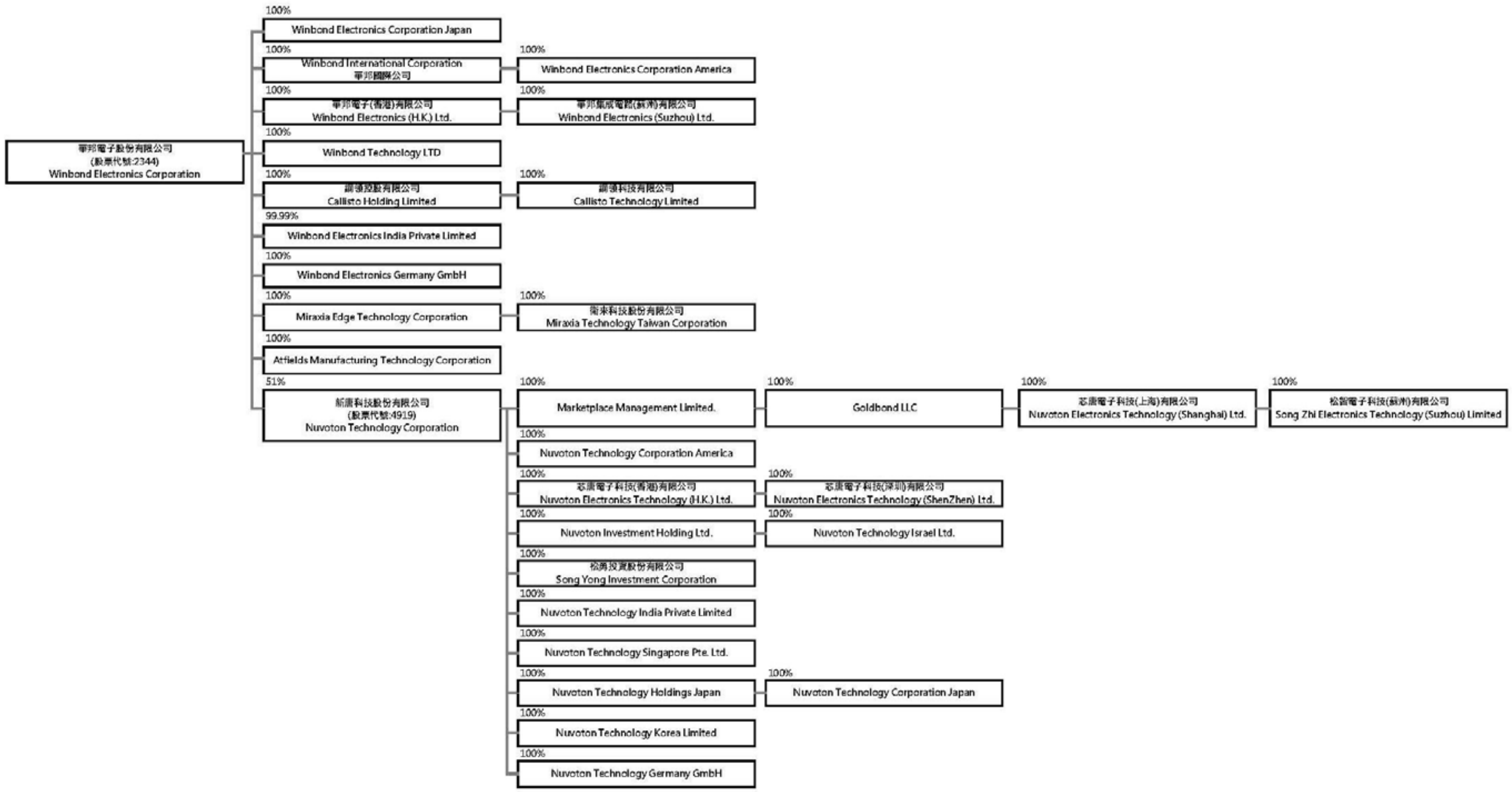
Important Notice

I. Profiles of affiliates and subsidiaries

(I) Consolidated Business Report

1. Organizational Chart of Affiliated Corporations

December 31st, 2023



2. Profile of Individual Affiliates

December 31st, 2023; Unit: TWD in thousands

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Main Business and Products
Winbond Electronics Corporation	1987.09.29	No. 8, Keya 1st Rd., Daya Dist., Taichung City 428, Taiwan, R.O.C.	TWD 41,800,002	Research, development, production, and sale of semiconductor parts and components used in integrated circuits and other system products
Winbond Electronics Corporation Japan	2001.01.05	Shin-Yokohama Square Bldg. 9F 2-3-12 Shin-Yokohama, Kouhoku-ku, Yokohama, Kanagawa, Japan 222-0033	JPY 148,500	Research, development, and sales of semiconductor parts and components, and after-sale service
Winbond International Corporation	1995.08.28	Flemming House, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	USD 87,960	Investments
Winbond Electronics Corporation America	1998.07.01	32 Loockerman Square, suite L-100, Dover, Kent 19904, Delaware	USD 58,917	Design, sale, and servicing of semiconductor parts and components
Winbond Electronics India Private Limited	2017.08.07	A-4, Phase-II, Noida, Gautam Buddha Nagar, Uttar Pradesh 201305, India	INR 280,000	Sales and servicing of semiconductor parts and components
Winbond Electronics (H.K.) Ltd.	2008.06.13	Unit 9-11, 22F, Millennium City 2, No 378 Kwun Tong Road, Kowloon, Hong Kong	HKD 71,150	Investment and sales of semiconductor parts and components, and after-sale service
Winbond Electronics (Suzhou) Ltd.	2011.06.21	Rm 1206, 12th Floor, No.505, Guang Ming Rd., Huaqiao Town, Kunshan City, Jiangsu Province, China	USD 9,000	Research, design, development, and sales of integrated circuits and equipment, and after-sale service
Winbond Technology Ltd	2013.07.31	1 Abba Eban Ave, Building B, First Floor Herzliya: 4672519, Israel	ILS 1	Design and servicing of semiconductor components
Winbond Electronics Germany GmbH	2019.11.29	Pacellistrasse 8, 80333 Munich, Germany	EUR 850	Sale and servicing of semiconductor components
Callisto Holding Limited	2018.05.04	Unit 9-11, 22F, Millennium City 2, No 378 Kwun Tong Road, Kowloon, Hong Kong	HKD 40,000	E-commerce and Investment
Callisto Technology Limited	2018.10.23	Unit 9-11, 22F, Millennium City 2, No 378 Kwun Tong Road, Kowloon, Hong Kong	USD 1,000	E-commerce and Investment
Miraxia Edge Technology Corporation	1997.01.10	1 Kotari-yakemachi, Nagaokakyo City, Kyoto 617-8520, Japan	JPY 200,000	Integrated design of semiconductor-related software and hardware systems
Miraxia Technology Taiwan Corporation	2022.11.17	17 F., No. 539, Sec. 2, Wenxing Rd., Zhubei City, Hsinchu County 302052, Taiwan R.O.C.	TWD 3,000	Development of software and services for automotive and industrial control systems
Atfields Manufacturing Technology Corporation	2000.03.01	800 Higashiyama, Uozu City, Toyama 937-8585, Japan	JPY 200,000	Semiconductor Manufacturing and Smart Factory Solutions
Nuvoton Technology Corp.	2008.04.09	No.4, Yan Hsin 3rd Rd., Hsinchu Science and Industrial Park	TWD 4,197,653	Research, design, development, manufacturing, and sales of logic IC; 6” fab production, testing, and OEM
Marketplace Management Limited	2000.07.28	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 8,898	Investments
Goldbond LLC	2000.09.22	1912 Capitol Ave, Cheyenne, WY 82001	USD 44,775	Investments
Nuvoton Electronics Technology (Shanghai) Ltd.	2001.03.30	Rm 2701, 27F, No. 2299, Yen An W. Rd., Shanghai, China	RMB 16,555	Solutions and repair and maintenance, testing, and technology consultation service for products sold in Mainland China and related software; leasing of semiconductor equipment
Nuvoton Technology Corporation America	2008.05.01	251 Little Falls Drive, Wilmington, DE 19808, Delaware	USD 6,050	Design, sale, and servicing of semiconductor parts and components
Nuvoton Electronics Technology (H.K.)	1989.04.04	Unit 9-11, 22F, Millennium City 2, No 378 Kwun	HKD 107,400	Sales and servicing of

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Main Business and Products
Ltd.		Tong Road, Kowloon, Hong Kong		semiconductor parts and components
Nuvoton Electronics Technology (Shenzhen) Ltd.	2007.02.16	Rm 801, 8F Microprofit Building, Gaoxinnan 6th Rd., High-Tech Industrial Park, Nanshan Dist., Shenzhen, China	RMB 46,434	Computer software services (excluding IC design); computer and peripheral equipment and software wholesale
Nuvoton Investment Holding Ltd.	2005.03.21	3rd Floor,Omar Hodge Building,Wickhams Cay I,P.O. Box 362, Road Town,Tortola,British Virgin Islands	USD 15,633	Investments
Nuvoton Technology Israel Ltd.	2005.03.22	8 Hasadnaot Street, Herzliya B, 4672835 Israel	ILS 1	Design and servicing of semiconductor components
Song Yong Investment Corporation	2014.04.09	3F., No.192, Jingye 1st Rd., Zhongshan Dist., Taipei City 104, Taiwan	TWD 38,500	Investments
Nuvoton Technology India Private Limited	2014.09.26	PS22-23, Bridge+, Unit No. 02-02 to 15, 2nd Floor, Ascendas Park Square Mall, Whitefield Road, ITPB, Bengaluru, 560066	INR 60,000	Design, sales, and servicing of semiconductor parts and components
Nuvoton Technology Korea Ltd.	2020.06.05	2507 Room, Trade Tower, Yeongdong-daero 511, Gangnam-Gu, Seoul, Korea, 06164	KRW 1,250,000	Design, sales, and service of semiconductor parts and components
Nuvoton Technology Singapore Pte. Ltd.	2020.03.25	3 Bedok South Road, Singapore, 469269	USD 45,100	Design, sales, and service of semiconductor parts and components
Nuvoton Technology Holdings Japan	2020.04.01	1 Kotari-yakemachi, Nagaokakyo City, Kyoto 617-8520, Japan	JPY 5,000	Investments
Nuvoton Technology Corporation Japan	2014.03.10	1 Kotari-yakemachi, Nagaokakyo City, Kyoto 617-8520, Japan	JPY 400,000	Design, sale, and servicing of semiconductor parts and components
Nuvoton Technology Germany GmbH	2023.12.27	Konrad-Zuse-Platz 8, 81829 München	EUR2,000	Semiconductor Customer Service and Technical Support
Pine Capital Electronics Technology (Suzhou) Ltd.	2020.12.04	4F, Building 1, #379, Tayuan Road, Gao Xin District, Suzhou	RMB 2,000	Semiconductor technology development and consulting services and equipment leasing

3. Information on shareholders deemed to have superior-subordinate relationships: None
4. Profiles of Directors, Supervisors, and Presidents of Affiliates and Subsidiaries

December 31st, 2023; Unit: TWD in thousands

Name of Enterprise	Title	Name of Representative	Shares Held	
			Shares	Shares
Winbond Electronics Corporation	Chair	Arthur Yu-Cheng Chiao	68,506,673	1.64%
	Vice Chair	Chin Xin Investment Corp. (Juristic Representative -Tung-Yi Chan)	260,003,436 (Note 1)	6.22%
	Director	Yung Chin	13,002,316	0.31%
	Independent Director	Allen Hsu	-	-
	Independent Director	Stephen T. Tso	-	-
	Independent Director	Chung-Ming Kuan	-	-
	Independent Director	Jong Peir Li	-	-
	Director	Fred Pan (Representative of Walsin Lihwa Corporation)	919,380,016 (Note 1)	21.99%
	Director	Chih-Chen Lin	-	-
	Director	Wei-Hsin Ma	-	-
	Director	ELAINE SHIHLAN CHANG	-	-
	President	James Pei-Ming Chen	639,655	0.02%
Winbond Electronics Corporation Japan	Director	Winbond Electronics Corp. Representative - Tung-Yi Chan		
	Director	Winbond Electronics Corp. Representative - Heiji Kobayashi		
	Director	Winbond Electronics Corp. Representative - Wen-Chang Hung		

Name of Enterprise	Title	Name of Representative	Shares Held	
			Shares	Shares
	Director	Winbond Electronics Corp. Representative - James Pei-Ming Chen	2,970 (Note 1)	100%
	Director	Winbond Electronics Corp. Representative - Hsiang-Yun Fan		
	Director	Winbond Electronics Corp. Representative - Chih-Chung Chou		
	Supervisor	Winbond Electronics Corp. Representative - Yung Chin		
	President	Heiji Kobayashi	-	-
Winbond International Corporation	Director	Winbond Electronics Corp. Representative - Arthur Yu-Cheng Chiao	87,960,000 (Note 1)	100%
	Director	Winbond Electronics Corp. Representative - Tung-Yi Chan		
	Director	Winbond Electronics Corp. Representative - Hsiang-Yun Fan		
Winbond Electronics Corporation America	Chair	Winbond International Corporation Representative - Tung-Yi Chan	3,067 (Note 1)	100%
	Director	Winbond International Corporation Representative - James Pei-Ming Chen		
	Director	Winbond International Corporation Representative - Arthur Yu-Cheng Chiao		
	Director	Winbond International Corporation Representative - Yung Chin		
	Director	Winbond International Corporation Representative - Hsiang-Yun Fan		
	Director	Winbond International Corporation Representative - Chih-Chung Chou		
	Director	Winbond International Corporation Representative - Eung Joon Park		
	President	Eung Joon Park	-	-
Winbond Electronics India Private Limited	Chair	Winbond Electronics Corp. Representative - Hsi-Jung Tsai	27,998,400 (Note 1)	99.99%
	Director	Winbond Electronics Corp. Representative - Chih-Chung Chou		
	Director	Winbond Electronics Corp. Representative - Mao-Hsiang Yen		
	Director	Winbond Electronics Corp. Representative - Chin-Feng Yang		
	Director	Winbond Electronics Corp. Representative - Varun Manwani		
Winbond Electronics (H.K.) Ltd.	Chair	Winbond Electronics Corp. Representative - Yung Chin	71,150,000 (Note 1)	100%
	Director	Winbond Electronics Corp. Representative - James Pei-Ming Chen		
	Director	Winbond Electronics Corp. Representative - Hsiang-Yun Fan		
	Director	Winbond Electronics Corp. Representative - Chih-Chung Chou		
	President	Pei-Lin Pa	-	-
Winbond Electronics (Suzhou) Ltd.	Chair	Winbond Electronics (H.K.) Ltd. Representative - Tung-Yi Chan		
	Director	Winbond Electronics (H.K.) Ltd. Representative - James Pei-Ming	(Note 22)	100%
	Director	Winbond Electronics (H.K.) Ltd. Representative - Eddie Hung		
	Director	Winbond Electronics (H.K.) Ltd. Representative - Shu-Cheng Chang		
	Director	Winbond Electronics (H.K.) Ltd. Representative - Chin-Feng Yang		
	Supervisor	Winbond Electronics (H.K.) Ltd. Representative - Yung Chin		
	President	Chih-Chung Chou	-	-
Winbond Technology Ltd	Chair	Winbond Electronics Ltd. Representative - James Pei-Ming Chen	100,000 (Note 1)	100%
	Director	Winbond Electronics Corp. Representative - Tung-Yi Chan		
	Director	Winbond Electronics Corp. Representative – Emma Tai		
	Director	Winbond Electronics Corp. Representative - Ilia Stolov		
	President	Ilia Stolov	-	-
Winbond Electronics Germany GmbH	Director	Winbond Electronics Corp. Representative - Hsiang-Yun Fan	850,000 (Note 1)	100%
	Director	Winbond Electronics Corp. Representative - Eddie Hung		
	Director	Winbond Electronics Corp. Representative - Chih-Chung Chou		
Callisto Holding Limited	Chair	Winbond Electronics Corp. Representative – Jen-Lieh Lin	40,000,000 (Note 1)	100%
	Director	Winbond Electronics Corp. Representative - Cheng-Kung Lin		
	Director	Winbond Electronics Corp. Representative - Eddie Hung		
	Director	Winbond Electronics Corp. Representative - Hsin-Lung Yang		
	Director	Winbond Electronics Corp. Representative - Zi-Kai Chiao		
	President	En-Tzu Lin	-	-
Callisto Technology Limited	Director	Winbond Electronics Corp. Representative - Cheng-Kung Lin	1,000,000 (Note 1)	100%
	Director	Winbond Electronics Corp. Representative -Ruo-Wei Fu		
	Director	Winbond Electronics Corp. Representative - Zi-Kai Chiao		
	President	Zi-Kai Chiao	-	-
Miraxia Edge Technology Corporation	Chair	Winbond Electronics Corp. Institutional Appointee-Cheng-Kung Lin	(4,000 Note 1)	100%

Name of Enterprise	Title	Name of Representative	Shares Held	
			Shares	Shares
	Director	Winbond Electronics Corp. Institutional Appointee - Shogo Nakazawa		
	Director	Winbond Electronics Corp. Institutional Appointee - Kazuhiro Koyama		
	Director	Winbond Electronics Corp. Institutional Appointee - Zi-Kai Chiao		
	Director	Winbond Electronics Corp. Institutional Appointee – J.D. Chiou		
	Director	Winbond Electronics Corp. Institutional Appointee -Pei-Ming Che		
	Director	Winbond Electronics Corp. Institutional Appointee - Jen-Lieh Lin		
	Supervisor	Winbond Electronics Corp. Institutional Appointee - Akihiko Nishida		
	Supervisor	Winbond Electronics Corp. Institutional Appointee - Chin-Feng Yang		
	President	Shogo Nakazawa	-	-
Miraxia Technology Taiwan Corporation	Chair	Miraxia Edge Technology Corporation Representative - Cheng-Kung Lin	300,000	100%
	Director	Miraxia Edge Technology Corporation Representative – Jen-Lieh Lin	(Note 1)	
	Director	Miraxia Edge Technology Corporation Representative - Hsin-Lung Yang		
Atfields Manufacturing Technology Corporation	Chair	Winbond Electronics Corp. Institutional Appointee - Hiroshi Matsushima	4,000 (Note 1)	100%
	CEO	Winbond Electronics Corp. Institutional Appointee - Mao-Hsiang Yen		
	Director	Winbond Electronics Corp. Institutional Appointee - Kazuhiro Koyama		
	Director	Winbond Electronics Corp. Institutional Appointee - Arthur Yu-Cheng Chiao		
	Director	Winbond Electronics Corp. Institutional Appointee - Daihei Kajiwara		
	Director	Winbond Electronics Corp. Institutional Appointee - Ming-Yi Tsai		
	Director	Winbond Electronics Corp. Institutional Appointee – Gavin Fu-Yuan Li		
	Supervisor	Winbond Electronics Corp. Institutional Appointee - Akihiko Nishida		
	President	Mao-Hsiang Yen	-	-
Nuvoton Technology Corp.	Chair	Winbond Electronics Corp. Representative - Yuan-Mou Su	214,954,635	51.21%
	Vice Chair	Zi-Kai Chiao	-	-
	Director	Arthur Yu-Cheng Chiao	-	-
	Director	Chin Xin Investment Corp. Representative - Jen-Lieh Lin	5,440,219	1.30%
	Director	Chi-Lin Wea	-	-
	Director	Yu-Chun Hong	-	-
	Director	Chen Liang-Gee	-	-
	Independent Director	Mark Wei	-	-
	Independent Director	David Shu-Chyuan Tu	-	-
	Independent Director	Allen Hsu	-	-
	Independent Director	Kuang-Chung Chen	-	-
	President	Hsin-Lung Yang	97,362	0.02%
Marketplace Management Limited	Director	Nuvoton Technology Corp. Representative - Arthur Yu-Cheng Chiao	8,897,789 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Tung-Yi Chan		
	Director	Nuvoton Technology Corp. Ltd. Representative - Hung-Wen Huang		
Goldbond LLC	Manager (Note 3)	Marketplace Management Limited Representative - Arthur Yu-Cheng	(Note 2)	100%
	Manager (Note 3)	Marketplace Management Limited Representative - Jessica C. Huang		
	Manager (Note 3))	Marketplace Management Limited Representative - Hung-Wen Huang		
Nuvoton Electronics Technology (Shanghai) Ltd.	Chair	Goldbond LLC Representative – Hsi-Jung Tsai		
	Director	Goldbond LLC Representative – Hsin-Lung Yang		
	Director	Goldbond LLC Representative – Meng-Chi Wu		

Name of Enterprise	Title	Name of Representative	Shares Held	
			Shares	Shares
	Director	Goldbond LLC Representative – Yue-Fang Chong	(Note 2)	100%
	Director	Goldbond LLC Representative – Hui-Jun Lai		
	Supervisor	Goldbond LLC Representative – Justin Chan		
	President	Ruo-Wei Fu	-	-
Nuvoton Technology Corporation America	Chair	Nuvoton Technology Corp. Representative - Hsin-Lung Yang	60,500 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Yuan-Mou Su		
	Director	Nuvoton Technology Corp. Representative - Arthur Yu-Cheng Chiao		
	Director	Nuvoton Technology Corp. Representative - Xiu-Fen Lai		
	Director	Nuvoton Technology Corp. Representative - Meng-Chi Wu		
	Director	Nuvoton Technology Corp. Representative - Jiann-Liang Su		
	Director	Nuvoton Technology Corp. Representative -Yoshiro Itadani		
	Director	Nuvoton Technology Corp. Representative - Hirofumi Taguchi		
	President	Yoshiro Itadani	-	-
Nuvoton Electronics Technology (H.K.) Ltd	Chair	Nuvoton Technology Corp. Representative - Zi-Kai Chiao	107,400,000 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Yung Chin		
	Director	Nuvoton Technology Corp. Representative - Xiu-Fen Lai		
	Director	Nuvoton Technology Corp. Representative - Hsin-Lung Yang		
	Director	Nuvoton Technology Corp. Representative - Yo-Song Cheng		
	President	Ruo-Wei Fu	-	-
Nuvoton Electronics Technology (Shenzhen) Ltd.	Chair	Nuvoton Electronics Tech. (H.K.) Ltd. Representative - Hsi-Jung Tsai	(Note 22)	100%
	Director	Nuvoton Electronics Tech. (H.K.) Ltd. Representative - Xiu-Fen Lai		
	Director	Nuvoton Electronics Tech. (H.K.) Ltd. Representative - Meng-Chi Wu		
	Director	Nuvoton Electronics Tech. (H.K.) Ltd. Representative - Hsin-Lung Yang		
	Director	Nuvoton Electronics Tech. (H.K.) Ltd. Representative - Yue-Fang Chong		
	Supervisor	Nuvoton Electronics Tech. (H.K.) Ltd. Representative - Justin Chan		
	President	Ruo-Wei Fu	-	-
Nuvoton Investment Holding Ltd.	Director	Nuvoton Technology Corp. Representative -Arthur Yu-Cheng Chiao	15,633,161 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative -Jessica Huang		
	Director	Nuvoton Technology Corp. Representative -Hung-Wen Huang		
Nuvoton Technology Israel Ltd.	Chair	Nuvoton Investment Holdings Ltd. Representative - Hsin-Lung Yang	1,000 (Note 1)	100%
	Director	Nuvoton Investment Holdings Ltd. Representative - Yue-Fang Chong		
	Director	Nuvoton Investment Holdings Ltd. Representative - Yuan-Mou Su		
	Director	Nuvoton Investment Holdings Ltd. Representative - Hui-Jun Lai		
	Director	Nuvoton Investment Holdings Ltd. Representative - Jiann-Liang Su		
	Director	Nuvoton Investment Holdings Ltd. Representative - Biranit Levany		
	Director	Nuvoton Investment Holdings Ltd. Representative - Erez Naory		
	President	Biranit Levany	-	-
Song Yong Investment Corporation	Chair	Nuvoton Technology Corp. Representative - Hsiang-Yun Fan	3,850,000 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Arthur Yu-Cheng Chiao		
	Director	Nuvoton Technology Corp. Representative - Xiu-Fen Lai		
	Supervisor	Nuvoton Technology Corp. Representative - Jen-Lieh Lin		
Nuvoton Technology India Private Limited	Chair	Nuvoton Technology Corp. Representative - Hsi-Jung Tsai	600,000 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Jitendra Patil		
	Director	Nuvoton Technology Corp. Representative - Hsin-Lung Yang		
	Director	Nuvoton Technology Corp. Representative - Meng-Chi Wu		
	Director	Nuvoton Technology Corp. Representative - Hui-Jun Lai		
	President	Jitendra Patil	-	-
Nuvoton Technology Singapore Pte. Ltd.	Director	Nuvoton Technology Corp. Institutional Appointee - Yo-Song Cheng	45,100,000 (Note 1)	100%
	Director	Nuvoton Technology Corp. Institutional Appointee -Yue-Fang Chong		
	Director	Nuvoton Technology Corp. Institutional Appointee - Yi-Tsai Hsu		
	Director	Nuvoton Technology Corp. Institutional Appointee - Meng-Chi Wu		

Name of Enterprise	Title	Name of Representative	Shares Held	
			Shares	Shares
	Director	Nuvoton Technology Corp. Institutional Appointee - Zi-Kai Chiao		
	Director	Nuvoton Technology Corp. Institutional Appointee - Yoshitaka Kinoshita		
	President	Yi-Tsai Hsu	-	-
Nuvoton Technology Korea Ltd.	Representative	Nuvoton Technology Corp. Institutional Appointee - Hsin-Lung Yang	125,000 (Note 1)	100%
	Director	Nuvoton Technology Corp. Institutional Appointee - Xiu-Fen Lai		
	Director	Nuvoton Technology Corp. Institutional Appointee -Jen-Lieh Lin		
	Director	Nuvoton Technology Corp. Institutional Appointee - Susumu Sawai		
	President	Ahn Jung Mo	-	-
Nuvoton Technology Holdings Japan	Representative	Nuvoton Technology Corp. Institutional Appointee - Arthur Yu-Cheng Chiao	100 (Note 1)	100%
	Director	Nuvoton Technology Corp. Institutional Appointee - Yuan-Mou Su		
	Director	Nuvoton Technology Corp. Institutional Appointee -Xiu-Fen Lai		
	President	Yoshitaka Kinoshita	-	-
Nuvoton Technology Corporation Japan	Chair	Nuvoton Technology Holdings Japan Institutional Appointee - Yuan-Mou Su	9,480 (Note 1)	100%
	Director	Nuvoton Technology Holdings Japan Institutional Appointee - Kazuhiro Koyama		
	Director	Nuvoton Technology Holdings Japan Institutional Appointee - Susumu Sawai		
	Director	Nuvoton Technology Holdings Japan Institutional Appointee -Zi-Kai Chiao		
	Director	Nuvoton Technology Holdings Japan Institutional Appointee - Xiu-Fen Lai		
	Director	Nuvoton Technology Holdings Japan Institutional Appointee - Yoshitaka Kinoshita		
	Director	Nuvoton Technology Holdings Japan Institutional Appointee - Mamoru Yoshida		
	Director	Nuvoton Technology Holdings Japan Institutional Appointee - Hsin-Lung Yang		
	Director	Nuvoton Technology Holdings Japan Institutional Appointee - Sakae Suzuki"		
	Supervisor	Nuvoton Technology Holdings Japan Institutional Appointee - Akihiko Nishida		
	Supervisor	Nuvoton Technology Holdings Japan Institutional Appointee -Hiroshi Yasuda"		
	President	Kazuhiro Koyama	-	-
Pine Capital Electronics Technology (Suzhou) Ltd.	Chair	Nuvoton Electronics Technology. (Shanghai) Ltd. Representative - Jessica Huang	(Note 22)	100%
	Director	Nuvoton Electronics Technology. (Shanghai) Ltd. Representative - Yo-Song Cheng		
	Director	Nuvoton Electronics Technology. (Shanghai) Ltd. Representative -Xiu-Fen Lai		
	Supervisor	Nuvoton Electronics Technology. (Shanghai) Ltd. Representative -Hung-Wen Huang		
	President	Ruo-Wei Fu	-	-
Nuvoton Technology Germany GmbH	Director	Nuvoton Technology Corp. Institutional Appointee- Yoshiro Itadani	2,000,000	100%
	Director	Nuvoton Technology Corp. Institutional Appointee- Keiji Ito		
	Director	Nuvoton Technology Corp. Institutional Appointee- Hui-Jun Lai		

Notes:

1. Shares held by Institutional shareholders.
2. Winbond Electronics (Suzhou) Ltd., Goldbond LLC, Nuvoton Technology (Shanghai) Ltd, Nuvoton Technology (Shenzhen) Ltd., and Pine Electronics (Suzhou) Co., Ltd. are not joint stock companies.
3. Goldbond LLC is a company with a manager system

5. Industries covered by the business operated by affiliates overall

Industries covered by affiliates' operations primarily include those involved in the research, design, development, production, distribution, and service of integrated circuits, semiconductor parts and components, and other system products. A few of our affiliates operate investment businesses. In general, our affiliates support each other through technology, marketing, and services, enabling Winbond to become the most competitive company with its product lines.

6. Business overview of affiliates

December 31st, 2023; Unit: TWD in thousands; Earnings (loss) per share (NT$)

Name of Enterprise	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Profit (Loss)	Net Income (Loss)	Net Earnings (Loss) per share (NTD)
Winbond Electronics Corporation	41,800,002	167,332,850	75,036,033	92,296,817	37,561,043	(3,819,060)	(1,146,522)	(0.29)
Winbond Electronics Corporation Japan	32,254	669,637	323,443	346,194	4,409,284	68,140	55,369	18,642.71
Winbond International Corporation	2,700,812	2,005,038	43,890	1,961,148	34,362	34,213	34,213	0.39
Winbond Electronics Corporation America	1,809,053	2,214,801	210,862	2,003,939	1,991,908	60,685	34,345	11,198.13
Winbond Electronics India Private Limited	103,376	101,988	253	101,735	0	(889)	(62)	0.00
Winbond Electronics (H.K.) Ltd.	279,548	1,528,572	849,548	679,024	8,079,598	115,891	111,401	1.57
Winbond Electronics (Suzhou) Ltd.	276,345	298,462	9,450	289,012	2,180,004	33,069	29,011	(Note 1)
Winbond Technology Ltd	8	197,008	94,860	102,148	369,887	17,614	9,312	93.12
Winbond Electronics Germany GmbH	28,883	33,037	4,035	29,002	39,332	1,615	2,303	2.71
Callisto Holding Limited	157,160	80,217	3,425	76,792	2,289	(14,845)	(19,164)	(0.48)
Callisto Technology Limited	30,705	30,907	182	30,725	0	(224)	385	0.39
Miraxia Edge Technology Corporation	43,440	531,617	234,851	296,766	1,194,645	105,315	75,019	18,755
Miraxia Technology Taiwan Corporation	3,000	3,003	165	2,838	0	(162)	(162)	(0.54)
Atfields Manufacturing Technology Corporation	43,440	387,802	102,746	285,056	766,315	99,602	68,281	17,070
Nuvoton Technology Corp	4,197,653	23,885,014	7,153,970	16,731,044	19,065,868	797,718	2,420,434	5.77
Marketplace Management Limited	273,207	283,078	582	282,496	4,672	4,262	4,262	0.48
Goldbond LLC	1,374,811	282,928	306	282,622	4,848	4,661	4,661	(Note 1)
Nuvoton Electronics Technology (Shanghai) Ltd.	71,632	119,676	37,878	81,798	124,558	1,869	165	(Note 1)
Nuvoton Technology Corporation America	185,765	333,599	114,290	219,309	683,644	25,359	8,827	145.90
Nuvoton Electronics Technology (H.K.) Ltd	421,975	2,281,524	1,568,560	712,964	11,721,502	101,671	101,154	0.94
Nuvoton Electronics Technology (Shenzhen) Ltd.	200,920	284,389	45,685	238,704	367,283	6,333	6,366	(Note 1)
Nuvoton Investment Holding Ltd.	480,016	370,089	40	370,049	72,106	71,938	71,938	4.60
Nuvoton Technology Israel Ltd.	8	681,800	312,720	369,080	1,205,352	80,201	69,907	69,907
Song Yong Investment Corporation	38,500	161,843	150	161,693	11,657	11,443	11,260	2.92
Nuvoton Technology India Private Limited	22,152	21,684	120	21,564	5,117	244	30	0.05
Nuvoton Technology Singapore Pte. Ltd.	1,384,796	2,690,632	669,343	2,021,289	8,324,460	49,360	59,001	1.31
Nuvoton Technology Korea Ltd.	29,750	15,578	1,774	13,804	61,249	2,917	1,402	11.22
Nuvoton Technology Holdings Japan	1,086	8,901,243	553	8,900,690	1,368,454	1,368,821	1,368,696	13,686,962
Nuvoton Technology Corporation Japan	86,880	17,865,508	6,169,538	11,695,970	26,540,882	625,262	1,368,454	144,352
Pine Electronics (Suzhou) Co., Ltd.	8,654	7,787	0	7,787	0	(202)	(271)	(Note 1)
Nuvoton Technology Germany GmbH	67,960	67,960	0	67,960	0	0	0	0

Notes:

1. Winbond Electronics (Suzhou) Ltd., Goldbond LLC, Nuvoton Technology (Shanghai) Ltd., Nuvoton Technology (Shenzhen) Ltd., and Pine Electronics (Suzhou) Co., Ltd. are inapplicable because they are not joint stock companies.
2. Exchange rates used for asset and liability entries: 1 USD= 30.705 NTD; 1 JPY=0.2172 NTD; 1 RMB =4.327 NTD; 1 ILS= 8.4694 NTD; 1 EUR= 33.98 NTD; 1 INR= 0.3692 NTD
3. Exchange rates used for profit and loss entries: 1 USD= 31.16 NTD; 1 JPY= 0.2221 NTD; 1 RMB =4.3954 NTD; 1 ILS= 8.4565 NTD; 1 EUR= 33.70 NTD; 1 INR= 0.3772 NTD

(II) Consolidated financial statements for Affiliates: Please see p.75 ~ 239.

(III) Affiliation report: Not applicable (the Company is not a subsidiary of another company)

II. Private placements: None

III. Holding or disposal of Company stocks by subsidiaries in the past year and up to the date of report: None

IV. Other necessary supplemental information: None

V. Corporate events with material impact on shareholders' equity or stock prices in the past year and up to the date of report, as outlined in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None

winbond

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