

**Winbond Electronics Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2024 and 2023 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders  
Winbond Electronics Corporation

### Introduction

We have reviewed the accompanying consolidated balance sheets of Winbond Electronics Corporation and its subsidiaries (collectively, the "Group") as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

The image shows two handwritten signatures in black ink. The first signature is on the left, followed by a large, stylized flourish. The second signature is on the right, written in a cursive style.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 2, 2024

Notice to Readers

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

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

# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 13,710,169	7	\$ 16,962,598	9	\$ 18,129,136	10
Current financial assets at fair value through profit or loss (Note 7)	197,175	-	408,987	-	221,747	-
Current financial assets at fair value through other comprehensive income (Note 8)	12,379,952	7	12,760,052	7	15,480,342	8
Accounts receivable, net (Note 9)	11,336,048	6	9,738,820	5	9,529,612	5
Accounts receivable due from related parties, net (Note 32)	50,769	-	44,707	-	57,454	-
Finance lease receivables - current (Notes 10 and 32)	90,086	-	92,088	-	95,673	-
Other receivables (Notes 11 and 32)	754,289	1	710,059	-	876,747	1
Inventories (Note 12)	22,391,551	12	23,869,969	13	21,945,080	12
Other current assets (Note 32)	2,046,833	1	1,918,109	1	1,301,534	1
Total current assets	62,956,872	34	66,505,389	35	67,637,325	37
<b>NON-CURRENT ASSETS</b>						
Non-current financial assets at fair value through profit or loss (Note 7)	80,000	-	76,763	-	121,125	-
Non-current financial assets at fair value through other comprehensive income (Note 8)	3,239,848	2	3,117,125	2	3,071,241	2
Investments accounted for using equity method (Note 13)	10,261,090	6	10,951,997	6	11,476,926	6
Property, plant and equipment (Note 14)	100,916,364	54	102,147,688	53	92,813,052	51
Right-of-use assets (Notes 15 and 32)	2,129,203	1	2,050,173	1	2,181,017	1
Investment properties (Note 16)	1,476,797	1	1,549,000	1	1,736,082	1
Intangible assets (Note 17)	573,221	-	603,829	-	720,221	-
Deferred income tax assets (Note 4)	2,321,263	1	2,116,898	1	1,582,919	1
Finance lease receivables - non-current (Notes 10 and 32)	-	-	23,289	-	97,455	-
Other non-current assets (Notes 6 and 32)	1,645,162	1	1,645,793	1	2,501,390	1
Total non-current assets	122,642,948	66	124,282,555	65	116,301,428	63
<b>TOTAL</b>	<b>\$ 185,599,820</b>	<b>100</b>	<b>\$ 190,787,944</b>	<b>100</b>	<b>\$ 183,938,753</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 18)	\$ 3,623,000	2	\$ 1,064,280	1	\$ 1,006,720	1
Current financial liabilities at fair value through profit or loss (Note 7)	155,924	-	786	-	50,552	-
Notes and accounts payable	5,133,781	3	5,983,415	3	4,429,367	2
Accounts payable due to related parties (Note 32)	1,383,832	1	1,314,474	1	2,325,022	1
Payables on machinery and equipment	2,339,318	1	9,282,165	5	2,778,666	2
Other payables (Note 32)	8,528,864	5	7,619,337	4	14,993,701	8
Current tax liabilities (Note 4)	874,623	1	805,011	-	2,237,467	1
Provisions - current (Note 20)	-	-	-	-	119,639	-
Lease liabilities - current (Note 15)	279,759	-	255,282	-	277,804	-
Long-term borrowings - current portion (Note 18)	9,380,787	5	8,980,184	5	6,405,357	4
Other current liabilities	858,579	-	727,825	-	476,929	-
Total current liabilities	32,558,467	18	36,032,759	19	35,101,224	19
<b>NON-CURRENT LIABILITIES</b>						
Bonds payable (Note 19)	9,984,125	5	9,980,978	5	9,971,574	5
Long-term borrowings (Notes 18 and 28)	36,362,020	20	36,024,538	19	30,997,255	17
Provisions - non-current (Note 20)	2,203,275	1	2,402,789	1	2,696,223	1
Lease liabilities - non-current (Note 15)	1,950,848	1	1,895,615	1	2,005,655	1
Net defined benefit liabilities - non-current (Note 4)	1,636,505	1	1,683,585	1	1,873,717	1
Other non-current liabilities (Note 32)	2,205,623	1	2,307,502	1	2,834,293	2
Total non-current liabilities	54,342,396	29	54,295,007	28	50,378,717	27
Total liabilities	86,900,863	47	90,327,766	47	85,479,941	46
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 22)</b>						
Share capital	41,800,002	23	41,800,002	22	39,800,002	22
Capital surplus	10,135,875	5	10,135,865	5	7,689,975	4
Retained earnings						
Legal reserve	4,772,874	3	4,772,874	3	3,434,165	2
Unappropriated earnings	22,238,406	12	22,702,753	12	23,789,785	13
Exchange differences on translation of the financial statements of foreign operations	(977,054)	(1)	(1,007,855)	-	(765,731)	-
Unrealized gains on financial assets measured at fair value through other comprehensive income	12,991,963	7	13,893,178	7	17,050,906	9
Total equity attributable to owners of the parent	90,962,066	49	92,296,817	49	90,999,102	50
<b>NON-CONTROLLING INTERESTS (Note 22)</b>	<b>7,736,891</b>	<b>4</b>	<b>8,163,361</b>	<b>4</b>	<b>7,459,710</b>	<b>4</b>
Total equity	98,698,957	53	100,460,178	53	98,458,812	54
<b>TOTAL</b>	<b>\$ 185,599,820</b>	<b>100</b>	<b>\$ 190,787,944</b>	<b>100</b>	<b>\$ 183,938,753</b>	<b>100</b>

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

# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Losses Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 32)	\$ 20,121,351	100	\$ 17,515,727	100
OPERATING COSTS (Notes 12 and 32)	<u>14,559,622</u>	<u>72</u>	<u>12,656,140</u>	<u>72</u>
GROSS PROFIT	<u>5,561,729</u>	<u>28</u>	<u>4,859,587</u>	<u>28</u>
OPERATING EXPENSES (Note 32)				
Selling expenses	524,111	3	541,811	3
General and administrative expenses	1,150,422	6	1,209,552	7
Research and development expenses	4,054,374	20	4,212,880	24
Expected credit (gain) loss (Note 9)	<u>19,459</u>	<u>-</u>	<u>(3,399)</u>	<u>-</u>
Total operating expenses	<u>5,748,366</u>	<u>29</u>	<u>5,960,844</u>	<u>34</u>
LOSS FROM OPERATIONS	<u>(186,637)</u>	<u>(1)</u>	<u>(1,101,257)</u>	<u>(6)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 32)	81,863	-	69,519	-
Dividend income	633	-	486	-
Other income (Notes 15, 28 and 32)	72,597	-	90,002	1
Share of profit (loss) of associates	(75,840)	-	334,542	2
Gains (losses) on disposal of property, plant and equipment (Note 32)	16,838	-	79,486	-
Gains (losses) on disposal of non-current assets held for sale	107,961	1	-	-
Gains (losses) on foreign exchange (Note 35)	311,003	2	(63,590)	-
Gains (losses) on financial instruments at fair value through profit or loss	(351,289)	(2)	(31,524)	-
Interest expense (Notes 15 and 28)	(285,186)	(1)	(169,875)	(1)
Other expenses (Note 32)	<u>(118,507)</u>	<u>(1)</u>	<u>(115,458)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(239,927)</u>	<u>(1)</u>	<u>193,588</u>	<u>1</u>
LOSS BEFORE INCOME TAX	(426,564)	(2)	(907,669)	(5)
INCOME TAX BENEFIT (Notes 4 and 25)	<u>(161,803)</u>	<u>(1)</u>	<u>(224,188)</u>	<u>(1)</u>
NET LOSS	<u>(264,761)</u>	<u>(1)</u>	<u>(683,481)</u>	<u>(4)</u>

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# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Losses Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	\$ (294,180)	(2)	\$ 913,663	5
Share of other comprehensive income (loss) of associates accounted for using equity method	(572,156)	(3)	1,132,109	7
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	<u>(15,712)</u>	<u>-</u>	<u>(186,335)</u>	<u>(1)</u>
Other comprehensive income (loss)	<u>(882,048)</u>	<u>(5)</u>	<u>1,859,437</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ (1,146,809)</u>	<u>(6)</u>	<u>\$ 1,175,956</u>	<u>7</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the parent	\$ (464,347)	(2)	\$ (1,011,167)	(6)
Non-controlling interests	<u>199,586</u>	<u>1</u>	<u>327,686</u>	<u>2</u>
	<u>\$ (264,761)</u>	<u>(1)</u>	<u>\$ (683,481)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the parent	\$ (1,334,761)	(7)	\$ 912,049	5
Non-controlling interests	<u>187,952</u>	<u>1</u>	<u>263,907</u>	<u>2</u>
	<u>\$ (1,146,809)</u>	<u>(6)</u>	<u>\$ 1,175,956</u>	<u>7</u>
LOSSES PER SHARE (Note 26)				
Basic	<u>\$ (0.11)</u>		<u>\$ (0.25)</u>	
Diluted	<u>\$ (0.11)</u>		<u>\$ (0.25)</u>	

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

(Concluded)

# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent					Other Equity Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings		Exchange Differences on Translation of the Financial Statements of Foreign Operations				
			Legal Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2023	\$ 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									
Cash dividends	-	-	-	(3,980,000)	-	-	(3,980,000)	-	(3,980,000)
Net income (loss) for the three months ended March 31, 2023	-	-	-	(1,011,167)	-	-	(1,011,167)	327,686	(683,481)
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	(111,079)	2,034,295	1,923,216	(63,779)	1,859,437
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	(1,011,167)	(111,079)	2,034,295	912,049	263,907	1,175,956
Changes in ownership interests in subsidiaries	-	(95,943)	-	-	-	-	(95,943)	58,757	(37,186)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	(1,433,674)	(1,433,674)
BALANCE, MARCH 31, 2023	\$ 39,800,002	\$ 7,689,975	\$ 3,434,165	\$ 23,789,785	\$ (765,731)	\$ 17,050,906	\$ 90,999,102	\$ 7,459,710	\$ 98,458,812
BALANCE, JANUARY 1, 2024	\$ 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
Net income (loss) for the three months ended March 31, 2024	-	-	-	(464,347)	-	-	(464,347)	199,586	(264,761)
Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	30,801	(901,215)	(870,414)	(11,634)	(882,048)
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	(464,347)	30,801	(901,215)	(1,334,761)	187,952	(1,146,809)
Changes in ownership interests in subsidiaries	-	10	-	-	-	-	10	10	20
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	(614,432)	(614,432)
BALANCE, MARCH 31, 2024	\$ 41,800,002	\$ 10,135,875	\$ 4,772,874	\$ 22,238,406	\$ (977,054)	\$ 12,991,963	\$ 90,962,066	\$ 7,736,891	\$ 98,698,957

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

# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	\$ (426,564)	\$ (907,669)
Adjustments for:		
Depreciation expense	2,951,668	2,812,155
Amortization expense	100,736	96,336
Expected credit (gain) loss recognized on accounts receivable	19,459	(3,399)
(Gains) losses on financial assets and liabilities at fair value through profit or loss	(2,961)	(1,130)
Interest expense	285,186	169,875
Interest income	(81,863)	(69,519)
Dividend income	(633)	(486)
Share of (profit) loss of associates	75,840	(334,542)
(Gains) losses on disposal of property, plant and equipment	(16,838)	(79,486)
(Gains) losses on disposal of non-current assets held for sale	(107,961)	-
(Gains) on lease modification	(4,951)	(7,225)
Other income under government grants	(14,394)	(14,098)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets and liabilities at fair value through profit or loss	374,046	45,249
(Increase) decrease in accounts receivable	(1,713,444)	(388,042)
(Increase) decrease in accounts receivable due from related parties	(6,062)	678,205
(Increase) decrease in other receivables	18,912	(341,536)
(Increase) decrease in inventories	1,478,418	(907,826)
(Increase) decrease in other current assets	(214,983)	(18,597)
(Increase) decrease in other non-current assets	28,497	1,928
Increase (decrease) in notes and accounts payable	(748,016)	(670,511)
Increase (decrease) in accounts payable due to related parties	69,358	1,136,094
Increase (decrease) in other payables	273,535	(79,407)
Increase (decrease) in other current liabilities	(189,420)	(446,955)
Increase (decrease) in other non-current liabilities	(150,617)	9,124
Cash flows generated by (used in) operations	1,996,948	678,538
Interest received	87,291	68,898
Dividends received	633	486
Interest paid	(324,183)	(209,906)
Income taxes paid	(37,976)	(65,182)
Net cash flows generated by (used in) operating activities	<u>1,722,713</u>	<u>472,834</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of investments accounted for using equity method	-	(59,586)
Proceeds from disposal of non-current assets held for sale	109,712	-
Acquisitions of property, plant and equipment	(8,578,192)	(2,464,765)
Proceeds from disposal of property, plant and equipment	17,644	80,990

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# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
Increase in unearned receipts - disposal of assets	\$ 245,333	\$ -
(Increase) decrease in refundable deposits	(11,968)	(11,243)
(Increase) decrease in other receivables - time deposits	(290)	(233)
Acquisitions of intangible assets	(70,539)	(131,216)
(Increase) decrease in finance lease receivables	<u>22,783</u>	<u>24,646</u>
Net cash flows generated by (used in) investing activities	<u>(8,265,517)</u>	<u>(2,561,407)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	2,585,580	(43,870)
Proceeds from long-term borrowings	5,000,000	-
Repayments of long-term borrowings	(4,262,500)	-
Repayments of lease liabilities	(78,080)	(76,180)
Increase (decrease) in guarantee deposits	<u>(100)</u>	<u>74,408</u>
Net cash flows generated by (used in) financing activities	<u>3,244,900</u>	<u>(45,642)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>45,475</u>	<u>(139,585)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(3,252,429)</u>	<u>(2,273,800)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>16,962,598</u>	<u>20,402,936</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 13,710,169</u>	<u>\$ 18,129,136</u>

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

(Concluded)

# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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 May 2, 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 in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
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 to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the

amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

#### IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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**

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2023.

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

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

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

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

## Basis of Consolidation

### a. Principles for preparing consolidated financial statements

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

#### Attribution of total comprehensive income to non-controlling interests

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

#### Changes in the Group's ownership interests in existing subsidiaries

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

### b. Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership		
			March 31, 2024	December 31, 2023	March 31, 2023
The Company	Winbond International Corporation ("WIC")	Investment holding	100.00	100.00	100.00
The Company	Landmark Group Holdings Ltd. ("Landmark") (Note 1)	Investment holding	-	-	100.00
The Company	Winbond Electronics Corporation Japan ("WECJ")	Research, development, sales and after-sales service of semiconductor	100.00	100.00	100.00
The Company	Winbond Electronics (HK) Limited ("WEHK")	Sales of semiconductor and investment holding	100.00	100.00	100.00
The Company	Pine Capital Investment Limited ("PCI") (Note 2)	Investment holding	-	-	100.00
The Company	Winbond Technology Ltd. ("WTL")	Design and service of semiconductor	100.00	100.00	100.00
The Company	Callisto Holding Limited ("Callisto")	Electronic commerce and investment holding	100.00	100.00	100.00
The Company	Winbond Electronics Germany GmbH ("WEG")	Marketing service of semiconductor	100.00	100.00	100.00
The Company	Great Target Development Ltd. ("GTD") (Note 3)	Investment holding	-	-	100.00
The Company	Winbond Electronics India Private Limited ("WEIL") (Note 3)	Sales and service of semiconductor	99.99	99.99	-
The Company	Atfields Manufacturing Technology Corporation ("AMTC") (Note 4)	Manufacture of semiconductor and smart factory solutions	100.00	100.00	100.00
The Company	Miraxia Edge Technology Corporation ("METC")	Software and hardware integration design of semiconductor	100.00	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	51.21
WIC	Winbond Electronics Corporation America ("WECA")	Design, sales and service of semiconductor	100.00	100.00	100.00

(Continued)

Investor	Investee	Main Business	% of Ownership		
			March 31, 2024	December 31, 2023	March 31, 2023
WEHK	Winbond Electronics (Suzhou) Limited (“WECN”)	Design, development and marketing of VLSI integrated ICs	100.00	100.00	100.00
Callisto	Callisto Technology Limited (“CTL”)	Electronic commerce and investment holding	100.00	100.00	100.00
GTD	Winbond Electronics India Private Limited (“WEIL”) (Note 3)	Sales and service of semiconductor	-	-	99.99
METC	Miraxia Technology Taiwan Corporation (“MTTC”)	Development of software and services for automotive and industrial control	100.00	100.00	100.00
NTC	Marketplace Management Limited (“MML”)	Investment holding	100.00	100.00	100.00
NTC	Nuvoton Technology Corporation America (“NTCA”)	Design, sales and service of semiconductor	100.00	100.00	100.00
NTC	Nuvoton Investment Holding Ltd. (“NIH”)	Investment holding	100.00	100.00	100.00
NTC	Nuvoton Electronics Technology (H.K.) Limited (“NTHK”)	Sales of semiconductor	100.00	100.00	100.00
NTC	Song Yong Investment Corporation (“SYI”)	Investment holding	100.00	100.00	100.00
NTC	Nuvoton Technology India Private Limited (“NTIPL”)	Design, sales and service of semiconductor	100.00	100.00	100.00
NTC	Nuvoton Technology Singapore Pte. Ltd. (“NTSG”)	Design, sales and service of semiconductor	100.00	100.00	100.00
NTC	Nuvoton Technology Korea Limited (“NTKL”)	Design, sales and service of semiconductor	100.00	100.00	100.00
NTC	Nuvoton Technology Holdings Japan (“NTHJ”)	Investment holding	100.00	100.00	100.00
NTC	Nuvoton Technology Germany GmbH (“NTG”) (Note 5)	Customer service and technical support of semiconductor	100.00	100.00	-
MML	Goldbond LLC (“GLLC”)	Investment holding	100.00	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	100.00
GLLC	Winbond Electronics (Nanjing) Ltd. (“WENJ”) (Note 6)	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	100.00
NIH	Nuvoton Technology Israel Ltd. (“NTIL”)	Design and service of semiconductor	100.00	100.00	100.00
NTHK	Nuvoton Electronics Technology (Shenzhen) Limited (“NTSZ”)	Computer software service (except I.C. design), wholesale business for computer, supplement and software	100.00	100.00	100.00
NTHK	Nuvoton Electronics Technology (Nanjing) Limited (“NTNJ”) (Note 7)	Provide development of semiconductor and technology, consult service and sale	100.00	-	-
NTHJ	Nuvoton Technology Corporation Japan (“NTCJ”)	Design, sales and service of semiconductor	100.00	100.00	100.00

(Concluded)

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

Note 2: PCI completed the liquidation and legal procedures in September 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% 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 4: 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 5: NTC established NTG in Germany in December 2023 and acquired 100% of ownership.

Note 6: WENJ completed the liquidation and legal procedures in May 2023.

Note 7: NTHK established NTNJ in China in January 2024 and acquired 100% of ownership.

### **Other Material Accounting Policies**

a. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

b. Retirement benefits

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

c. Income tax expense

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

## **5. 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. The Group's material accounting judgments and key sources of estimation uncertainty are the same as the consolidated financial statements for the year ended December 31, 2023.

## 6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash and deposits in banks	\$ 10,725,169	\$ 16,199,098	\$ 17,221,136
Repurchase agreements collateralized by bonds	<u>2,985,000</u>	<u>763,500</u>	<u>908,000</u>
	<u>\$ 13,710,169</u>	<u>\$ 16,962,598</u>	<u>\$ 18,129,136</u>

- 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:

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits	<u>\$ 301,873</u>	<u>\$ 301,821</u>	<u>\$ 248,120</u>

- b. The Group has partial time deposits which were not held for the purpose of meeting short-term cash commitments and are reclassified to "other receivables". These partial time deposits at the end of the reporting period were as follows (refer to Note 11 to the consolidated financial statements):

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits	<u>\$ 7,674</u>	<u>\$ 7,384</u>	<u>\$ 56,447</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets at FVTPL - current</u>			
Derivative financial assets			
Forward exchange contracts	\$ 70	\$ 218,979	\$ 5,063
Non-derivative financial assets			
Domestic listed and emerging shares	15,197	14,994	44,304
Overseas unlisted shares	64,000	61,410	60,900
Mutual funds	<u>117,908</u>	<u>113,604</u>	<u>111,480</u>
	<u>\$ 197,175</u>	<u>\$ 408,987</u>	<u>\$ 221,747</u>

### Financial assets at FVTPL - non-current

Mandatorily measured at FVTPL			
Foreign currency warrants	<u>\$ 80,000</u>	<u>\$ 76,763</u>	<u>\$ 121,125</u>

(Continued)

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial liabilities at FVTPL - current</u>			
Derivative financial liabilities			
Forward exchange contracts	\$ 155,924	\$ 786	\$ 42,847
Foreign exchange swap contracts	<u>-</u>	<u>-</u>	<u>7,705</u>
	<u>\$ 155,924</u>	<u>\$ 786</u>	<u>\$ 50,552</u>
			(Concluded)

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

	Currencies	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2024</u>			
Sell forward exchange contracts	USD to NTD	2024.04.03-2024.06.28	USD224,000/NTD7,007,078
Sell forward exchange contracts	USD to JPY	2024.04.15-2024.05.14	USD28,300/JPY4,209,533
<u>December 31, 2023</u>			
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
<u>March 31, 2023</u>			
Sell forward exchange contracts	USD to NTD	2023.04.07-2023.06.30	USD164,000/NTD4,935,461
Sell forward exchange contracts	USD to JPY	2023.04.14-2023.05.15	USD31,700/JPY4,199,792
Buy forward exchange contracts	NTD to USD	2023.05.09	NTD449,700/USD15,000
Foreign exchange swap contracts	USD to NTD	2023.04.14-2023.06.02	USD39,000/NTD1,176,193

- 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

	March 31, 2024	December 31, 2023	March 31, 2023
Domestic listed and emerging shares	\$ 12,497,738	\$ 12,894,135	\$ 15,609,657
Domestic unlisted shares	1,247,446	1,184,259	1,100,362
Overseas unlisted shares	651,515	625,180	620,116
Beneficiary certificates	<u>1,223,101</u>	<u>1,173,603</u>	<u>1,221,448</u>
	<u>\$ 15,619,800</u>	<u>\$ 15,877,177</u>	<u>\$ 18,551,583</u>
Current	\$ 12,379,952	\$ 12,760,052	\$ 15,480,342
Non-current	<u>3,239,848</u>	<u>3,117,125</u>	<u>3,071,241</u>
	<u>\$ 15,619,800</u>	<u>\$ 15,877,177</u>	<u>\$ 18,551,583</u>

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

## 9. ACCOUNTS RECEIVABLE

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 11,526,858	\$ 9,908,308	\$ 9,671,818
Less: Allowance for impairment loss	<u>(190,810)</u>	<u>(169,488)</u>	<u>(142,206)</u>
	<u>\$ 11,336,048</u>	<u>\$ 9,738,820</u>	<u>\$ 9,529,612</u>

The average credit period of sales of goods was 30 to 60 days. No interest was charged on accounts receivable. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

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

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

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

The following table details the loss allowance of accounts receivable based on the overdue aging ratio and individual customer evaluation method.

#### March 31, 2024

	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	\$ 11,174,733	\$ 330,313	\$ 11,197	\$ 4,532	\$ 6,083	\$ 11,526,858
Loss allowance (lifetime ECL)	(173,177)	(6,606)	(1,120)	(177)	-	(181,080)
Loss allowance (individual customer ECL)	-	-	-	(3,647)	(6,083)	(9,730)
Amortized cost	<u>\$ 11,001,556</u>	<u>\$ 323,707</u>	<u>\$ 10,077</u>	<u>\$ 708</u>	<u>\$ -</u>	<u>\$ 11,336,048</u>

#### 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	<u>\$ 9,486,097</u>	<u>\$ 243,807</u>	<u>\$ 7,338</u>	<u>\$ 1,578</u>	<u>\$ -</u>	<u>\$ 9,738,820</u>

#### March 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	\$ 9,441,905	\$ 219,368	\$ 6,899	\$ 3,646	\$ -	\$ 9,671,818
Loss allowance (lifetime ECL)	(136,400)	(4,387)	(690)	(729)	-	(142,206)
Amortized cost	<u>\$ 9,305,505</u>	<u>\$ 214,981</u>	<u>\$ 6,209</u>	<u>\$ 2,917</u>	<u>\$ -</u>	<u>\$ 9,529,612</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 169,488	\$ 146,030
Recognized (reversal of) impairment loss	19,459	(3,399)
Effect of exchange rate changes	<u>1,863</u>	<u>(425)</u>
Balance at March 31	<u>\$ 190,810</u>	<u>\$ 142,206</u>

#### 10. FINANCE LEASE RECEIVABLES

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<u>Undiscounted lease payments</u>			
Year 1	\$ 91,130	\$ 93,586	\$ 98,584
Year 2	<u>-</u>	<u>23,397</u>	<u>98,584</u>
	91,130	116,983	197,168
Less: Unearned finance income	<u>(1,044)</u>	<u>(1,606)</u>	<u>(4,040)</u>
Finance lease receivables	<u>\$ 90,086</u>	<u>\$ 115,377</u>	<u>\$ 193,128</u>
Current	\$ 90,086	\$ 92,088	\$ 95,673
Non-current	<u>-</u>	<u>23,289</u>	<u>97,455</u>
	<u>\$ 90,086</u>	<u>\$ 115,377</u>	<u>\$ 193,128</u>

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

#### 11. OTHER RECEIVABLES

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Business tax refund receivable	\$ 501,750	\$ 508,712	\$ 515,754
Income tax refund receivable	84,092	15,293	14,561
Interest receivable	15,534	21,516	11,826
Time deposits (Note 6)	7,674	7,384	56,447
Others	<u>145,239</u>	<u>157,154</u>	<u>278,159</u>
	<u>\$ 754,289</u>	<u>\$ 710,059</u>	<u>\$ 876,747</u>

## 12. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Finished goods	\$ 2,911,262	\$ 3,413,806	\$ 3,037,622
Work-in-process	17,483,215	18,163,933	17,157,953
Raw materials and supplies	1,970,870	2,281,194	1,722,393
Inventories in transit	<u>26,204</u>	<u>11,036</u>	<u>27,112</u>
	<u>\$ 22,391,551</u>	<u>\$ 23,869,969</u>	<u>\$ 21,945,080</u>

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

	For the Three Months Ended March 31	
	2024	2023
The operating cost of goods sold	\$ 14,182,413	\$ 9,857,920
Recognition of inventory write-downs (reversed) and scrap of inventories, etc.	(380,225)	994,902
Unallocated production overhead	<u>757,434</u>	<u>1,803,318</u>
Operating costs	<u>\$ 14,559,622</u>	<u>\$ 12,656,140</u>

Inventory write-downs were reversed as a result of the elimination of inventories that were recognized as inventory write-downs.

## 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

### Investments in Associates

	March 31, 2024	December 31, 2023	March 31, 2023
Associates that are not individually material			
Chin Xin Investment Co., Ltd. (“Chin Xin”)	\$ 8,268,554	\$ 8,842,850	\$ 9,119,551
Tower Partners Semiconductor Co., Ltd. (“TPSCo.”)	1,710,373	1,824,673	2,090,146
Theaceae Conservation Corporation (“ThCC”)	<u>282,163</u>	<u>284,474</u>	<u>267,229</u>
	<u>\$ 10,261,090</u>	<u>\$ 10,951,997</u>	<u>\$ 11,476,926</u>

On December 15, 2022, (the capital increase was completed at the end of May 2023) the board of directors of ThCC resolved to issue 100,000 thousand ordinary shares. The Company subscribed for 3,000 thousand ordinary shares in total with a par value of NT\$10. As of March 31, 2024, the Company held 27,000 thousand shares of ThCC with a 15% ownership interest.

As of March 31, 2024, the Company held 182,841 thousand shares of Chin Xin with a 38% ownership interest.

During the first quarter of 2023, NTCJ subscribed for 3,920 shares issued in the cash capital increase by TPSCo. As of March 31, 2024, NTCJ held 49,539 shares of TPSCo. with a 49% ownership interest.

The Group's investments accounted for using equity method and the shares of profit or loss and other comprehensive income of those investments for the three months ended March 31, 2024 and 2023 were based on the associates' financial statements reviewed by independent auditors.

#### 14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
<u>Cost</u>						
Balance at January 1, 2024	\$ 2,997,080	\$ 66,017,865	\$ 210,352,668	\$ 9,100,361	\$ 1,937,580	\$ 290,405,554
Additions	-	387,161	476,542	106,254	752,698	1,722,655
Disposals	-	(11,221)	(1,446,003)	(20,995)	-	(1,478,219)
Transfer to non-current assets held for sale	-	-	-	(2,716)	-	(2,716)
Reclassified	-	823,345	199,694	98,005	(1,120,992)	52
Effect of exchange rate changes	(43,198)	(400,527)	(819,096)	(56,917)	(5,000)	(1,324,738)
Balance at March 31, 2024	<u>\$ 2,953,882</u>	<u>\$ 66,816,623</u>	<u>\$ 208,763,805</u>	<u>\$ 9,223,992</u>	<u>\$ 1,564,286</u>	<u>\$ 289,322,588</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2024	\$ -	\$ 38,671,022	\$ 142,659,072	\$ 6,927,772	\$ -	\$ 188,257,866
Depreciation expense	-	578,616	2,086,089	175,374	-	2,840,079
Disposals	-	(11,111)	(1,445,307)	(20,995)	-	(1,477,413)
Transfer to non-current assets held for sale	-	-	-	(1,870)	-	(1,870)
Effect of exchange rate changes	-	(362,368)	(795,515)	(54,555)	-	(1,212,438)
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 38,876,159</u>	<u>\$ 142,504,339</u>	<u>\$ 7,025,726</u>	<u>\$ -</u>	<u>\$ 188,406,224</u>
Carrying amount at January 1, 2024 and December 31, 2023	<u>\$ 2,997,080</u>	<u>\$ 27,346,843</u>	<u>\$ 67,693,596</u>	<u>\$ 2,172,589</u>	<u>\$ 1,937,580</u>	<u>\$ 102,147,688</u>
Carrying amount at March 31, 2024	<u>\$ 2,953,882</u>	<u>\$ 27,940,464</u>	<u>\$ 66,259,466</u>	<u>\$ 2,198,266</u>	<u>\$ 1,564,286</u>	<u>\$ 100,916,364</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 3,086,647	\$ 47,711,881	\$ 177,689,968	\$ 8,354,654	\$ 53,686,085	\$ 290,529,235
Additions	-	420,000	883,319	138,962	348,953	1,791,234
Disposals	-	(14,050)	(1,501,434)	(16,699)	-	(1,532,183)
Reclassified	-	18,595,549	33,101,606	732,833	(52,429,988)	-
Effect of exchange rate changes	(29,930)	(261,893)	(668,525)	(53,235)	(476)	(1,014,059)
Balance at March 31, 2023	<u>\$ 3,056,717</u>	<u>\$ 66,451,487</u>	<u>\$ 209,504,934</u>	<u>\$ 9,156,515</u>	<u>\$ 1,604,574</u>	<u>\$ 289,774,227</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2023	\$ -	\$ 37,412,680	\$ 152,515,222	\$ 6,794,694	\$ -	\$ 196,722,596
Depreciation expense	-	566,719	1,985,371	149,174	-	2,701,264
Disposals	-	(12,932)	(1,501,155)	(16,592)	-	(1,530,679)
Effect of exchange rate changes	-	(235,044)	(649,138)	(47,824)	-	(932,006)
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 37,731,423</u>	<u>\$ 152,350,300</u>	<u>\$ 6,879,452</u>	<u>\$ -</u>	<u>\$ 196,961,175</u>
Carrying amount at March 31, 2023	<u>\$ 3,056,717</u>	<u>\$ 28,720,064</u>	<u>\$ 57,154,634</u>	<u>\$ 2,277,063</u>	<u>\$ 1,604,574</u>	<u>\$ 92,813,052</u>

a. As of March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amounts of NT\$66,556,108 thousand, NT\$61,427,153 thousand and NT\$50,685,379 thousand of property, plant and equipment were pledged to secure long-term borrowings and corporate bonds.

b. Information about capitalized interest

	For the Three Months Ended March 31	
	2024	2023
Capitalized interest amounts	\$ 87,310	\$ 83,389
Interest rates under capitalization	2.78%	2.43%

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Land	\$ 1,560,351	\$ 1,559,391	\$ 1,639,855
Buildings	408,417	323,814	369,861
Machinery and equipment	112,434	118,495	134,400
Other equipment	<u>48,001</u>	<u>48,473</u>	<u>36,901</u>
	<u>\$ 2,129,203</u>	<u>\$ 2,050,173</u>	<u>\$ 2,181,017</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2024</b>	<b>2023</b>
Additions to right-of-use assets		<u>\$ 154,108</u>	<u>\$ 53,483</u>
Depreciation charge for right-of-use assets			
Land		\$ 28,368	\$ 27,749
Buildings		39,569	38,367
Machinery and equipment		2,957	3,208
Other equipment		<u>7,410</u>	<u>6,035</u>
		<u>\$ 78,304</u>	<u>\$ 75,359</u>
Income from the subleasing of right-of-use assets (recorded in "other income")		<u>\$ 506</u>	<u>\$ 500</u>

### b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Current	<u>\$ 279,759</u>	<u>\$ 255,282</u>	<u>\$ 277,804</u>
Non-current	<u>\$ 1,950,848</u>	<u>\$ 1,895,615</u>	<u>\$ 2,005,655</u>

Range of discount rate for lease liabilities are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	1.76%-2.60%	1.76%-2.47%	1.76%-2.47%
Buildings	0.14%-5.24%	0.14%-5.24%	0.14%-4.94%
Machinery and equipment	0.48%-0.80%	0.48%-0.80%	0.48%-0.80%
Other equipment	0.14%-5.10%	0.14%-5.10%	0.14%-3.62%

For the three months ended March 31, 2024 and 2023, the interest expense under lease liabilities amounted to NT\$12,748 thousand and NT\$12,187 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 2032.

d. Subleases

NTC subleases its right-of-use assets for buildings under operating leases. The maturity analysis of lease payments receivable under operating subleases is as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Year 1	\$ 1,505	\$ 2,105	\$ 1,492
Year 2	<u>2,006</u>	<u>2,105</u>	<u>-</u>
	<u>\$ 3,511</u>	<u>\$ 4,210</u>	<u>\$ 1,492</u>

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

e. Other lease information

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Expenses relating to short-term leases	<u>\$ 34,242</u>	<u>\$ 66,411</u>
Expenses relating to low-value asset leases	<u>\$ 142</u>	<u>\$ 182</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,586</u>	<u>\$ 3,423</u>
Total cash outflow for leases	<u>\$ 125,396</u>	<u>\$ 157,614</u>

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

Lease-out arrangements under operating leases for investment properties are set out in Note 16 to the consolidated financial statements.

## 16. INVESTMENT PROPERTIES

	March 31, 2024	December 31, 2023	March 31, 2023
Investment properties, net	\$ 1,476,797	\$ 1,549,000	\$ 1,736,082

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 March 31, 2024, December 31, 2023 and March 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 Three Months Ended March 31	
	2024	2023
<u>Cost</u>		
Balance at January 1	\$ 7,165,730	\$ 7,662,122
Effect of exchange rate changes	(183,600)	(116,600)
Balance at March 31	6,982,130	7,545,522
<u>Accumulated depreciation and impairment</u>		
Balance at January 1	5,616,730	5,863,962
Depreciation expense	32,807	35,054
Effect of exchange rate changes	(144,204)	(89,576)
Balance at March 31	5,505,333	5,809,440
Investment properties, net	\$ 1,476,797	\$ 1,736,082

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:

	March 31, 2024	December 31, 2023	March 31, 2023
Year 1	\$ 140,837	\$ 146,532	\$ 168,577
Year 2	140,182	143,790	149,181
Year 3	140,266	143,872	147,576
Year 4	140,288	143,894	147,576
Year 5	137,224	140,886	147,576
More than 5 years	409,253	455,304	590,304
	\$ 1,108,050	\$ 1,174,278	\$ 1,350,790

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



As of March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amounts of NT\$312,747 thousand, NT\$324,873 thousand and NT\$367,917 thousand of investment properties of NTC were pledged to secure long-term borrowings, respectively.

## 17. INTANGIBLE ASSETS

	<b>Deferred Technical Assets</b>	<b>Other Intangible Assets</b>	<b>Carbon Credits</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2024	\$ 20,040,063	\$ 1,299,040	\$ 5,804	\$ 21,344,907
Additions	7,369	55,380	-	62,749
Reclassified	17,918	(17,970)	-	(52)
Effect of exchange rate changes	<u>6,640</u>	<u>(26,335)</u>	<u>-</u>	<u>(19,695)</u>
Balance at March 31, 2024	<u>\$ 20,071,990</u>	<u>\$ 1,310,115</u>	<u>\$ 5,804</u>	<u>\$ 21,387,909</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2024	\$ 19,682,066	\$ 1,059,012	\$ -	\$ 20,741,078
Amortization expenses	65,423	24,777	-	90,200
Effect of exchange rate changes	<u>6,650</u>	<u>(23,240)</u>	<u>-</u>	<u>(16,590)</u>
Balance at March 31, 2024	<u>\$ 19,754,139</u>	<u>\$ 1,060,549</u>	<u>\$ -</u>	<u>\$ 20,814,688</u>
Carrying amount at January 1, 2024 and December 31, 2023	<u>\$ 357,997</u>	<u>\$ 240,028</u>	<u>\$ 5,804</u>	<u>\$ 603,829</u>
Carrying amount at March 31, 2024	<u>\$ 317,851</u>	<u>\$ 249,566</u>	<u>\$ 5,804</u>	<u>\$ 573,221</u>
<u>Cost</u>				
Balance at January 1, 2023	\$ 19,977,381	\$ 1,327,601	\$ 763	\$ 21,305,745
Additions	-	30,285	-	30,285
Reclassified	22,692	(22,692)	-	-
Effect of exchange rate changes	<u>(7,469)</u>	<u>(16,432)</u>	<u>-</u>	<u>(23,901)</u>
Balance at March 31, 2023	<u>\$ 19,992,604</u>	<u>\$ 1,318,762</u>	<u>\$ 763</u>	<u>\$ 21,312,129</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2023	\$ 19,418,642	\$ 1,104,500	\$ -	\$ 20,523,142
Amortization expenses	67,193	22,393	-	89,586
Effect of exchange rate changes	<u>(5,459)</u>	<u>(15,361)</u>	<u>-</u>	<u>(20,820)</u>
Balance at March 31, 2023	<u>\$ 19,480,376</u>	<u>\$ 1,111,532</u>	<u>\$ -</u>	<u>\$ 20,591,908</u>
Carrying amount at March 31, 2023	<u>\$ 512,228</u>	<u>\$ 207,230</u>	<u>\$ 763</u>	<u>\$ 720,221</u>

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

## 18. BORROWINGS

### a. Short-term borrowings

	March 31, 2024		December 31, 2023		March 31, 2023	
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
	%		%		%	
<u>Secured borrowings</u>						
Bank loans	1.20%-1.30%	\$ 211,500	1.17%-1.18%	\$ 847,080	1.17%	\$ 1,006,720
<u>Unsecured borrowings</u>						
Bank lines of credit	1.05%-1.93%	<u>3,411,500</u>	1.00%-1.01%	<u>217,200</u>	-	<u>-</u>
		<u>\$ 3,623,000</u>		<u>\$ 1,064,280</u>		<u>\$ 1,006,720</u>

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	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings</u>					
Bank of Taiwan syndicated loan (V)	2019.09.19-2026.09.19	2.68%	\$ 33,600,000	\$ 37,800,000	\$ 31,000,000
Bank of Taiwan syndicated loan (VI) (Note 28)	2023.12.15-2030.12.15	2.24%-2.54%	6,300,000	1,300,000	-
<u>Unsecured borrowings</u>					
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	1.94%	1,000,000	1,000,000	1,000,000
Government grants (Note 28)	2020.12.28-2028.11.15	1.38%-1.58%	<u>5,069,100</u>	<u>5,131,600</u>	<u>5,131,600</u>
			45,969,100	45,231,600	37,631,600
Less: Current portion			(9,380,787)	(8,980,184)	(6,405,357)
Less: Syndication agreement management fee			(70,284)	(80,820)	(40,500)
Less: Government loan discount (Note 28)			<u>(156,009)</u>	<u>(146,058)</u>	<u>(188,488)</u>
			<u>\$ 36,362,020</u>	<u>\$ 36,024,538</u>	<u>\$ 30,997,255</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Domestic secured bonds	<u>\$ 9,984,125</u>	<u>\$ 9,980,978</u>	<u>\$ 9,971,574</u>

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:

<b>Issuance Date</b>	<b>Period</b>	<b>Amount</b>	<b>Coupon Rate</b>	<b>Repayment and Interest Payment</b>
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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<u>Current</u>			
Decommissioning liabilities	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>119,639</u>
<u>Non-current</u>			
Employee benefits	\$ 1,285,680	\$ 1,360,661	\$ 1,462,261
Warranties	452,718	564,722	731,060
Decommissioning liabilities	<u>464,877</u>	<u>477,406</u>	<u>502,902</u>
	<u>\$ 2,203,275</u>	<u>\$ 2,402,789</u>	<u>\$ 2,696,223</u>

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

## 21. RETIREMENT BENEFIT PLANS

The employee benefit expense in respect of the Group's defined benefit retirement plans was calculated using the actuarially determined pension cost discount rate as of December 31, 2023 and 2022, and recognized NT\$23,316 thousand and NT\$23,611 thousand for the three months ended March 31, 2024 and 2023, respectively.

## 22. EQUITY

### a. Share capital

#### Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Number of shares authorized (in thousands)	6,700,000	6,700,000	6,700,000
Shares authorized	<u>\$ 67,000,000</u>	<u>\$ 67,000,000</u>	<u>\$ 67,000,000</u>
Number of shares issued and fully paid (in thousands)	4,180,000	4,180,000	3,980,000
Shares issued	<u>\$ 41,800,002</u>	<u>\$ 41,800,002</u>	<u>\$ 39,800,002</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
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	\$ 7,486,489	\$ 5,026,873
Arising from treasury share transactions	2,342,036	2,342,036	2,342,036
Arising from conversion of bonds	136,352	136,352	136,352
May only be used to offset a deficit			
Arising from changes in percentage of ownership interest in subsidiaries	154,152	154,142	155,791
Arising from share of changes in capital surplus of associates	<u>16,846</u>	<u>16,846</u>	<u>28,923</u>
	<u>\$ 10,135,875</u>	<u>\$ 10,135,865</u>	<u>\$ 7,689,975</u>

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 2023 and 2022 were as follows

	<b>Appropriation of Earnings</b>		<b>Cash Dividends Per Share</b>	
	<b>For Year 2023</b>	<b>For Year 2022</b>	<b>(NT\$)</b>	
			<b>For Year 2023</b>	<b>For Year 2022</b>
Legal reserve appropriated	\$ -	\$ 1,338,709		
Cash dividends	<u>-</u>	<u>3,980,000</u>	\$ -	\$ 1.0
	<u>\$ -</u>	<u>\$ 5,318,709</u>		

The above 2023 and 2022 appropriations for cash dividends were resolved by the board of directors on February 6, 2024 and March 14, 2023, respectively; legal reserve appropriated for 2022 were resolved by the shareholders meeting on May 30, 2023. The appropriation of earnings for 2023 will be resolved by the shareholders meeting to be held on May 9, 2024.

d. Other equity items

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

	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ (1,007,855)	\$ (654,652)
Exchange differences arising on translating the financial statements of foreign operations	<u>30,801</u>	<u>(111,079)</u>
Balance at March 31	<u>\$ (977,054)</u>	<u>\$ (765,731)</u>

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

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

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 13,893,178	\$ 15,016,611
Unrealized gains (losses) on revaluation of financial assets at FVTOCI	(329,059)	902,186
Share of unrealized gains (losses) on revaluation of financial assets at FVTOCI of associates accounted for using equity method	<u>(572,156)</u>	<u>1,132,109</u>
Balance at March 31	<u>\$ 12,991,963</u>	<u>\$ 17,050,906</u>

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

e. Non-controlling interests

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 8,163,361	\$ 8,570,720
Share attributable to non-controlling interests		
Profit for the period	199,586	327,686
Exchange differences on translation of the financial statements of foreign operations	(46,513)	(75,256)
Unrealized gains (losses) on financial assets measured at FVTOCI	34,879	11,477
Cash dividends issued by subsidiaries to non-controlling interests	(614,432)	(1,433,674)
Changes in ownership interests in subsidiaries	<u>10</u>	<u>58,757</u>
Balance at March 31	<u>\$ 7,736,891</u>	<u>\$ 7,459,710</u>

## 23. REVENUE

Refer to Note 39 to the consolidated financial statements for the Group's revenue.



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

For the Three Months Ended March 31, 2024				
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	\$ 1,075,940	\$ 2,796,164	\$ -	\$ 3,872,104
Post-employment benefits	\$ 50,490	\$ 160,883	\$ -	\$ 211,373
Depreciation	\$ 2,656,999	\$ 260,110	\$ 34,559	\$ 2,951,668
Amortization	\$ 1,297	\$ 88,903	\$ 10,536	\$ 100,736

For the Three Months Ended March 31, 2023				
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	\$ 1,078,068	\$ 2,831,345	\$ -	\$ 3,909,413
Post-employment benefits	\$ 50,253	\$ 178,718	\$ -	\$ 228,971
Depreciation	\$ 2,523,721	\$ 251,646	\$ 36,788	\$ 2,812,155
Amortization	\$ 1,933	\$ 87,653	\$ 6,750	\$ 96,336

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.

There was no estimation of employees' compensation and remuneration of the directors for the three months ended March 31, 2024 and 2023, due to a net loss before income tax of the Company.

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 were approved by the Company's board of directors on March 14, 2023, were as below: (There was no employees' compensation and remuneration of the directors in 2023 due to a net loss before income tax.)

	<b>For the Year Ended December 31, 2022</b>	
	<b>Amounts</b>	<b>Rate</b>
Employees' compensation in cash	<u>\$ 307,880</u>	2%
Remuneration of directors	<u>\$ 153,940</u>	1%

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 year ended December 31, 2022.

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 were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Current income tax expense		
Current tax expense	\$ 42,754	\$ 126,085
Adjustment for prior years	(277)	27,616
Deferred income tax		
Change in current year	<u>(204,280)</u>	<u>(377,889)</u>
Income tax benefit recognized in profit or loss	<u>\$ (161,803)</u>	<u>\$ (224,188)</u>

### b. The tax returns of the Company and NTC through 2022 have been assessed by the tax authorities.

### c. Pillar Two Income Tax Act

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 March 31, 2024, 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. LOSSES PER SHARE

	For the Three Months Ended March 31					
	2024			2023		
	Amounts (Numerator)		Losses Per Share (NT\$)	Amounts (Numerator)		Losses Per Share (NT\$)
	Net Loss After Income Tax (Attributable to Owners of the Parent)	Shares (Denominator) (In Thousands)	Net Loss After Income Tax (Attributable to Owners of the Parent)	Net Loss After Income Tax (Attributable to Owners of the Parent)	Shares (Denominator) (In Thousands)	Net Loss After Income Tax (Attributable to Owners of the Parent)
Basic losses per share						
Net loss attributed to ordinary shareholders	\$ (464,347)	4,180,000	<u>\$ (0.11)</u>	\$ (1,011,167)	3,980,000	<u>\$ (0.25)</u>
Effect of dilutive potential ordinary shares						
Employees' compensation	-	-		-	-	
Diluted losses per share						
Net loss attributed to ordinary shareholders	<u>\$ (464,347)</u>	<u>4,180,000</u>	<u>\$ (0.11)</u>	<u>\$ (1,011,167)</u>	<u>3,980,000</u>	<u>\$ (0.25)</u>

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.

There was no employees' compensation from the Company to be paid in the first quarter of 2024. For the three months ended March 31, 2023, the Company had a 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

The Company received government loans of NT\$5,131,600 thousand at a below-market interest rate. It will be used for 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. The Company also received Part A of Bank of Taiwan Syndicated Loan (VI) of NT\$1,770,000 thousand at a below-market interest rate. The total fair value of the loans was estimated by using the prevailing market interest rates. The total difference between the proceeds and the fair value of the loans 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 three months ended March 31, 2024 and 2023, the other income under government grants was NT\$14,394 thousand and NT\$14,098 thousand, respectively. The interest expense under loans was NT\$36,256 thousand and NT\$30,106 thousand, respectively.

## 29. BUSINESS COMBINATIONS

- a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
AMTC	Manufacture of semiconductor and smart factory solutions	January 2023	100.00	<u>\$ 237,052</u>
WEIL	Sales and service of semiconductor	September 2023	99.99	<u>\$ 106,939</u>

The Company acquired 100% ownership interest of AMTC from the sub-subsidiary NTCJ. 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

	AMTC	WEIL
Current assets		
Cash and cash equivalents	\$ 197,863	\$ 22,027
Accounts receivable and other receivables	104,826	515
Inventories	11,310	-
Other current assets	3,235	294
Non-current assets		
Financial assets at FVTOCI	-	11,644
Property, plant and equipment	1,976	-

(Continued)

	AMTC	WEIL
Intangible assets	\$ 540	\$ -
Deferred income tax assets	13,798	-
Other non-current assets	<u>-</u>	<u>72,939</u>
Total assets	<u>\$ 333,548</u>	<u>\$ 107,419</u>
Current liabilities		
Accounts payable and other payables	\$ 86,298	\$ 115
Current tax liabilities	-	365
Other current liabilities	<u>10,198</u>	<u>-</u>
Total liabilities	<u>\$ 96,496</u>	<u>\$ 480</u>
Net assets	<u>\$ 237,052</u>	<u>\$ 106,939</u>
		(Concluded)

c. Equity transaction difference under common control

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

### 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 March 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Financial liabilities at amortized cost				
Bonds payable (secured)	\$ -	\$ 9,984,125	\$ -	\$ 9,984,125

Fair value hierarchy as of December 31, 2023

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

Fair value hierarchy as of March 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Financial liabilities at amortized cost				
Bonds payable (secured)	\$ -	\$ 9,971,574	\$ -	\$ 9,971,574

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

Fair value hierarchy as of March 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 70	\$ 80,000	\$ 80,070
Non-derivative financial assets				
Domestic listed and emerging securities	15,197	-	-	15,197
Overseas unlisted securities	-	-	64,000	64,000
Mutual funds	<u>117,908</u>	<u>-</u>	<u>-</u>	<u>117,908</u>
	<u>\$ 133,105</u>	<u>\$ 70</u>	<u>\$ 144,000</u>	<u>\$ 277,175</u>

Financial assets at FVTOCI

Equity securities				
Domestic listed and emerging securities	\$ 12,497,738	\$ -	\$ -	\$ 12,497,738
Domestic and overseas unlisted securities	-	24,460	1,874,501	1,898,961
Beneficiary certificates	<u>-</u>	<u>-</u>	<u>1,223,101</u>	<u>1,223,101</u>
	<u>\$ 12,497,738</u>	<u>\$ 24,460</u>	<u>\$ 3,097,602</u>	<u>\$ 15,619,800</u>

Financial liabilities

Financial liabilities at FVTPL

Derivative financial liabilities	<u>\$ -</u>	<u>\$ 155,924</u>	<u>\$ -</u>	<u>\$ 155,924</u>
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Fair value hierarchy as of December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
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	<u>113,604</u>	<u>-</u>	<u>-</u>	<u>113,604</u>
	<u>\$ 128,598</u>	<u>\$ 218,979</u>	<u>\$ 138,173</u>	<u>\$ 485,750</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
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	<u>-</u>	<u>-</u>	<u>1,173,603</u>	<u>1,173,603</u>
	<u>\$ 12,894,135</u>	<u>\$ 23,460</u>	<u>\$ 2,959,582</u>	<u>\$ 15,877,177</u>

Financial liabilities

Financial liabilities at FVTPL

Derivative financial liabilities	<u>\$ -</u>	<u>\$ 786</u>	<u>\$ -</u>	<u>\$ 786</u> (Concluded)
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Fair value hierarchy as of March 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 5,063	\$ 121,125	\$ 126,188
Non-derivative financial assets				
Domestic listed and emerging securities	44,304	-	-	44,304
Overseas unlisted securities	-	-	60,900	60,900
Mutual funds	<u>111,480</u>	<u>-</u>	<u>-</u>	<u>111,480</u>
	<u>\$ 155,784</u>	<u>\$ 5,063</u>	<u>\$ 182,025</u>	<u>\$ 342,872</u>

Financial assets at FVTOCI

Equity securities				
Domestic listed and emerging securities	\$ 15,609,657	\$ -	\$ -	\$ 15,609,657
Domestic and overseas unlisted securities	-	22,900	1,697,578	1,720,478
Beneficiary certificates	<u>-</u>	<u>-</u>	<u>1,221,448</u>	<u>1,221,448</u>
	<u>\$ 15,609,657</u>	<u>\$ 22,900</u>	<u>\$ 2,919,026</u>	<u>\$ 18,551,583</u>

Financial liabilities

Financial liabilities at FVTPL

Derivative financial liabilities	<u>\$ -</u>	<u>\$ 50,552</u>	<u>\$ -</u>	<u>\$ 50,552</u>
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## 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 three months ended March 31, 2024 and 2023 were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 3,097,755	\$ 3,099,560
Recognized in other comprehensive income	101,217	9,402
Recognized in profit or loss	3,237	(650)
Effect of exchange rate changes	<u>39,393</u>	<u>(7,261)</u>
Balance at March 31	<u>\$ 3,241,602</u>	<u>\$ 3,101,051</u>

## b. Categories of financial instruments

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

	<b>March 31, 2024</b>		<b>December 31, 2023</b>		<b>March 31, 2023</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<u>Financial assets</u>						
Measured at amortized cost						
Cash and cash equivalents	\$ 13,710,169	\$ 13,710,169	\$ 16,962,598	\$ 16,962,598	\$ 18,129,136	\$ 18,129,136
Accounts receivable (included related parties)	11,386,817	11,386,817	9,783,527	9,783,527	9,587,066	9,587,066
Finance lease receivables (current and non-current)	90,086	90,086	115,377	115,377	193,128	193,128
Other receivables	754,289	754,289	710,059	710,059	876,747	876,747
Refundable deposits (recorded in other non-current assets)	598,374	598,374	580,508	580,508	582,542	582,542
Financial assets at FVTPL (current and non-current)	277,175	277,175	485,750	485,750	342,872	342,872
Financial assets at FVTOCI (current and non-current)	15,619,800	15,619,800	15,877,177	15,877,177	18,551,583	18,551,583
<u>Financial liabilities</u>						
Measured at amortized cost						
Short-term borrowings	3,623,000	3,623,000	1,064,280	1,064,280	1,006,720	1,006,720
Notes and accounts payable (included related parties)	6,517,613	6,517,613	7,297,889	7,297,889	6,754,389	6,754,389
Payable on equipment and other payables	10,868,182	10,868,182	16,901,502	16,901,502	17,772,527	17,772,527
Bonds payable	9,984,125	9,984,125	9,980,978	9,980,978	9,971,574	9,971,574
Long-term borrowings (included current portion)	45,742,807	45,742,807	45,004,722	45,004,722	37,402,612	37,402,612
Guarantee deposits (recorded in other non-current liabilities)	1,844,190	1,844,190	1,968,423	1,968,423	2,506,009	2,506,009
Financial liabilities at FVTPL	155,924	155,924	786	786	50,552	50,552

## 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 loss decrease in the amounts of NT\$67,274 thousand and NT\$47,145 thousand for the three months ended March 31, 2024 and 2023, 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:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Cash flow interest rate risk			
Financial assets	\$ 8,413	\$ 8,413	\$ 8,413
Financial liabilities	46,892,100	46,295,880	38,638,320

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 have increased by NT\$117,209 thousand and NT\$96,575 thousand for the three months ended March 31, 2024 and 2023, 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:

	<b>March 31, 2024</b>			
	<b>Within 1 Year</b>	<b>1-2 Years</b>	<b>Over 2 Years</b>	<b>Total</b>
Non-interest bearing	\$ 17,385,795	\$ 1,844,190	\$ -	\$ 19,229,985
Lease liabilities	315,990	284,707	1,954,141	2,554,838
Variable interest rate liabilities	10,303,787	9,966,699	26,621,614	46,892,100
Fixed interest rate liabilities	<u>2,700,000</u>	<u>10,000,000</u>	<u>-</u>	<u>12,700,000</u>
	<u>\$ 30,705,572</u>	<u>\$ 22,095,596</u>	<u>\$ 28,575,755</u>	<u>\$ 81,376,923</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 2 Years</b>	<b>2-5 Years</b>	<b>Over 5 Years</b>
<u>Non-derivative financial liabilities</u>			
Lease liabilities	<u>\$ 600,697</u>	<u>\$ 553,850</u>	<u>\$ 1,400,291</u>

	<b>December 31, 2023</b>			
	<b>Within 1 Year</b>	<b>1-2 Years</b>	<b>Over 2 Years</b>	<b>Total</b>
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	<u>-</u>	<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>
	<u>\$ 34,536,537</u>	<u>\$ 22,192,380</u>	<u>\$ 28,221,427</u>	<u>\$ 84,950,344</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 2 Years</b>	<b>2-5 Years</b>	<b>Over 5 Years</b>
<u>Non-derivative financial liabilities</u>			
Lease liabilities	<u>\$ 549,940</u>	<u>\$ 522,116</u>	<u>\$ 1,414,594</u>

	<b>March 31, 2023</b>			
	<b>Within 1 Year</b>	<b>1-2 Years</b>	<b>Over 2 Years</b>	<b>Total</b>
Non-interest bearing	\$ 24,526,916	\$ 2,506,009	\$ -	\$ 27,032,925
Lease liabilities	315,920	249,799	2,080,269	2,645,988
Variable interest rate liabilities	7,412,077	7,323,644	23,902,599	38,638,320
Fixed interest rate liabilities	<u>-</u>	<u>-</u>	<u>10,000,000</u>	<u>10,000,000</u>
	<u>\$ 32,254,913</u>	<u>\$ 10,079,452</u>	<u>\$ 35,982,868</u>	<u>\$ 78,317,233</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 2 Years</b>	<b>2-5 Years</b>	<b>Over 5 Years</b>
<u>Non-derivative financial liabilities</u>			
Lease liabilities	<u>\$ 565,719</u>	<u>\$ 563,745</u>	<u>\$ 1,516,524</u>

## 32. RELATED PARTY TRANSACTIONS

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

<u>Related Party</u>	<u>Relationship with the Group</u>
Walsin Lihwa Corporation (“Walsin Lihwa”)	Investor that exercises significant influence over the Group
ThCC	Associate
Chin Xin	Associate
TPSCo.	Associate
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
Waltech Advanced Engineering (Suzhou) Ltd. (“Waltech (Suzhou)”)	Related party in substance
Taiwan Cement Corporation (“Taiwan Cement”)	Related party in substance
United Industrial Gases Co., Ltd. (“United Industrial Gases”)	Related party in substance
Walsin (Nanjing) Development Co., Ltd. (“Walsin (Nanjing) Development”)	Related party in substance

- b. Operating activities

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
1) Operating revenue		
Associate	\$ 58,995	\$ 79,617
Related party in substance	<u>29,517</u>	<u>31,861</u>
	<u>\$ 88,512</u>	<u>\$ 111,478</u>

Price and terms were determined in accordance with mutual agreements.

		<b>For the Three Months Ended March 31</b>	
		<b>2024</b>	<b>2023</b>
2) Purchases of goods			
Associate			
TPSCo.		\$ <u>724,337</u>	\$ <u>863,819</u>

Price and terms were determined in accordance with mutual agreements.

		<b>For the Three Months Ended March 31</b>	
		<b>2024</b>	<b>2023</b>
3) Manufacturing expenses			
Related party in substance		\$ 1,302,398	\$ 1,335,269
Associate		<u>410,397</u>	<u>496,692</u>
		\$ <u>1,712,795</u>	\$ <u>1,831,961</u>
4) Operating expenses			
Associate		\$ 65,129	\$ 80,027
Related party in substance		18,587	6,758
Investor that exercises significant influence over the Group		<u>2,473</u>	<u>2,576</u>
		\$ <u>86,189</u>	\$ <u>89,361</u>
5) Other income and expenses			
Related party in substance		\$ 2,392	\$ -
Associate		<u>102</u>	<u>(2,539)</u>
		\$ <u>2,494</u>	\$ <u>(2,539)</u>

		<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
6) Accounts receivable				
Related party in substance	\$ 29,892	\$ 20,625	\$ 25,996	
Associate	<u>20,877</u>	<u>24,082</u>	<u>31,458</u>	
	\$ <u>50,769</u>	\$ <u>44,707</u>	\$ <u>57,454</u>	
7) Accounts payable				
Related party in substance	\$ 1,085,889	\$ 928,614	\$ 1,759,554	
Associate	<u>297,943</u>	<u>385,860</u>	<u>565,468</u>	
	\$ <u>1,383,832</u>	\$ <u>1,314,474</u>	\$ <u>2,325,022</u>	

(Continued)

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
8) Other receivables and other current assets			
Associate	\$ 36,759	\$ 36,518	\$ 133,134
Related party in substance	3,220	555	1,285
Investor that exercises significant influence over the Group	<u>1,277</u>	<u>-</u>	<u>23</u>
	<u>\$ 41,256</u>	<u>\$ 37,073</u>	<u>\$ 134,442</u>
9) Other payables			
Associate	\$ 267,974	\$ 100,102	\$ 162,343
Related party in substance	263,965	270,284	328,540
Investor that exercises significant influence over the Group	<u>1,723</u>	<u>2,614</u>	<u>1,878</u>
	<u>\$ 533,662</u>	<u>\$ 373,000</u>	<u>\$ 492,761</u>
10) Refundable deposits (recorded in “other non-current assets”)			
Related party in substance	\$ 1,722	\$ 1,722	\$ 1,722
Investor that exercises significant influence over the Group	<u>203</u>	<u>203</u>	<u>203</u>
	<u>\$ 1,925</u>	<u>\$ 1,925</u>	<u>\$ 1,925</u>
11) Guarantee deposits (recorded in “other non-current liabilities”)			
Related party in substance	<u>\$ 244,800</u>	<u>\$ 244,800</u>	<u>\$ 244,800</u>

(Concluded)

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

c. Disposal of property, plant and equipment

	<b>Disposal Price</b>		<b>Gain (Loss) on Disposal</b>	
	<b>For the Three Months Ended March 31</b>		<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Associate	\$ 489	\$ -	\$ 489	\$ -
Related party in substance	<u>2</u>	<u>5</u>	<u>2</u>	<u>5</u>
	<u>\$ 491</u>	<u>\$ 5</u>	<u>\$ 491</u>	<u>\$ 5</u>

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.

d. Lease arrangements - the Group is lessee

		<b>For the Three Months Ended March 31</b>	
		<b>2024</b>	<b>2023</b>
1) Acquisition of right of use assets			
Related party in substance		<u>\$ 30,315</u>	<u>\$ -</u>
	<b>Disposal of Right-of-use Assets For the Three Months Ended March 31</b>	<b>Gain (Loss) on Disposal of Right-of-use Assets For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>
			<b>2023</b>
Investor that exercises significant influence over the Group	<u>\$ -</u>	<u>\$ 5,845</u>	<u>\$ -</u>
			<u>\$ 36</u>
	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
2) Lease liabilities			
Related party in substance	<u>\$ 29,743</u>	<u>\$ -</u>	<u>\$ -</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2024</b>	<b>2023</b>
3) Interest expense			
Related party in substance		<u>\$ 223</u>	<u>\$ -</u>

e. 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.

		<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
1) Operating lease receivables				
Associate TPSCo.		<u>\$ 12,505</u>	<u>\$ 12,842</u>	<u>\$ 19,463</u>
2) Future lease payment receivables				
Associate TPSCo.		<u>\$ 1,091,340</u>	<u>\$ 1,155,776</u>	<u>\$ 1,344,372</u>

		<b>For the Three Months Ended March 31</b>	
		<b>2024</b>	<b>2023</b>
3) Lease income			
Associate			
TPSCo.		\$ 34,183	\$ 53,352

Lease 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 the second quarter of 2022. The net investment in leases was NT\$277,390 thousand at the inception of the lease and the contract has average implicit interest rate of approximately 1.85% per 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 March 31, 2024, December 31, 2023 and March 31, 2023, the balance of finance lease receivables were NT\$90,086 thousand, NT\$115,377 thousand and NT\$193,128 thousand, respectively. No impairment loss was recognized for the three months ended March 31, 2024 and 2023. The amounts of interest income under finance leases for the three months ended March 31, 2024 and 2023 were NT\$520 thousand and NT\$1,003 thousand, respectively.

f. Acquisition of financial assets

For the three months ended March 31, 2024: None

For the three months ended March 31, 2023:

<b>Related Party Category/Name</b>	<b>Line Item</b>	<b>Number of Shares</b>	<b>Underlying Assets</b>	<b>Purchase Price</b>
Associate TPSCo.	Investments accounted for using equity method	3,920	Ordinary shares of TPSCo.	\$ 59,586

g. 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.

h. Compensation of key management personnel

		<b>For the Three Months Ended March 31</b>	
		<b>2024</b>	<b>2023</b>
Short-term employment benefits		\$ 113,715	\$ 197,051
Post-employment benefits		2,639	2,216
Termination benefits		3,265	-
		<u>\$ 119,619</u>	<u>\$ 199,267</u>



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

### 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 March 31, 2024 and 2023 were approximately US\$904 thousand and US\$8,187 thousand, JPY228,000 thousand and JPY87,641 thousand, respectively.
- b. Unrecognized commitments were as follows:

**March 31, 2024**

Acquisition of property, plant and equipment \$ 10,997,703

- 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. The transaction was terminated in the first quarter of 2024 due to the failure of the conditions precedent.

### 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:

	March 31, 2024			December 31, 2023			March 31, 2023		
	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollars (In Thousands)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollars (In Thousands)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollars (In Thousands)
<b>Financial assets</b>									
Monetary items									
USD	\$ 378,638	32.00	\$ 12,116,417	\$ 429,937	30.705	\$ 13,201,226	\$ 377,217	30.45	\$ 11,486,260
USD	63,880	151.30	2,044,168	87,402	141.37	2,683,675	96,003	133.09	2,923,286
		(Note 2)			(Note 2)			(Note 2)	
EUR	3,498	34.46	120,545	6,614	33.98	224,727	2,543	33.15	84,284
JPY	3,778,172	0.2115	799,083	11,489,304	0.2172	2,495,477	2,818,848	0.2288	644,952
RMB	46,015	4.408	202,834	21,947	4.327	94,967	12,159	4.431	53,876
ILS	11,274	8.6973	98,050	10,874	8.4694	92,097	10,145	8.4221	85,443
<b>Financial liabilities</b>									
Monetary items									
USD	168,406	32.00	5,389,008	306,450	30.705	9,409,545	222,388	30.45	6,771,719
USD	28,170	151.30	901,439	35,538	141.37	1,091,184	51,184	133.09	1,558,560
		(Note 2)			(Note 2)			(Note 2)	
EUR	3,227	34.46	111,186	78,331	33.98	2,661,690	2,319	33.15	76,872
JPY	3,482,189	0.2115	736,483	10,771,001	0.2172	2,339,461	2,947,764	0.2288	674,448
ILS	15,230	8.6973	132,460	17,226	8.4694	145,895	14,226	8.4221	119,815

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 three months ended March 31, 2024 and 2023, 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**

When the magnitude 7.2 earthquake struck eastern Taiwan on April 3, 2024, the Company's wafer fabs in Taichung City and Kaohsiung City immediately initiated emergency safety procedures. The Company confirmed that all employees were safe, and there was no major damage to offices and factory buildings. In addition, NTC's 6-inch wafer fab in Hsinchu Science Park did not suffer major damage, and some of the machines were restarted due to the self-protection mechanism. Overall, there is no significant impact on NTC's operation and finance.

### **37. OTHER ITEMS**

On February 15, 2023, the president of the ROC announced the amendments to the "Climate Change Response Act", which added the provision of carbon fee collection. Subsequently, on April 29, 2024, the Ministry of Environment announced the draft "Regulations Governing the Collection of Carbon Fees", "Regulations for Administration of Voluntary Reduction Plans" and "Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees". According to the draft "Regulations Governing the Collection of Carbon Fees", companies belonging to the power generation industry and large-scale operators in the manufacturing industry, with total annual greenhouse gas emissions generated by direct emissions and indirect emissions that occur through the use of purchased electricity exceeding 25,000 metric tons of carbon dioxide equivalent (tCO<sub>2</sub>e), shall pay carbon fees if their plants are the emission sources subject to inventory, registration and inspection as announced by the Ministry of Environment.

Based on the emissions of the Group in 2022, the Group expects that the aforementioned threshold will be reached in 2024. However, because the aforementioned drafts are still in the stage of draft preview and the rates of the carbon fee have not yet been announced, the Group is not able to reasonably estimate the impact of carbon fees.

### 38. 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	None
5)	Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital	None
6)	Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital	None
7)	Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital	Table 3
8)	Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital	Table 4
9)	Information about the derivative financial instruments transaction	Note 7
10)	Intercompany relationships and significant intercompany transactions	Table 7

- b. Information on investments: Refer to Table 5 attached.

- c. Information on investment in mainland China

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 6
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 6

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

### 39. SEGMENT INFORMATION

- a. Basic information about operating segment

1) Classification of operating segments

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

a) Segment of DRAM IC product

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

b) Segment of Flash Memory product

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

c) Segment of Logic IC product

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

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

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

- b. Segment revenues and operating results

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

	<b>Segment Revenue</b>		<b>Segment Profit and Loss</b>	
	<b>For the Three Months Ended</b>		<b>For the Three Months Ended</b>	
	<b>March 31</b>		<b>March 31</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
DRAM IC product	\$ 5,190,892	\$ 3,027,999	\$ (1,067,155)	\$ (914,418)
Flash Memory product	6,091,856	5,122,797	1,628,662	1,701,577
Logic IC product	<u>8,417,135</u>	<u>8,837,849</u>	<u>1,352,044</u>	<u>1,359,359</u>
Total of segment revenue	19,699,883	16,988,645	1,913,551	2,146,518
Other revenue	<u>421,468</u>	<u>527,082</u>	421,468	527,082
Operating revenue	<u>\$ 20,121,351</u>	<u>\$ 17,515,727</u>		

(Continued)

	<b>Segment Revenue</b>		<b>Segment Profit and Loss</b>	
	<b>For the Three Months Ended</b>		<b>For the Three Months Ended</b>	
	<b>March 31</b>		<b>March 31</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Unallocated expenditure				
Administrative and				
supporting expenses			\$ (1,150,422)	\$ (1,209,552)
Sales and other common				
expenses			<u>(1,371,234)</u>	<u>(2,565,305)</u>
Loss from operations			<u>(186,637)</u>	<u>(1,101,257)</u>
Non-operating income and				
expenses				
Interest income			81,863	69,519
Dividend income			633	486
Other income			72,597	90,002
Share of profit (loss) of				
associates			(75,840)	334,542
Gains (losses) on disposal of				
property, plant and				
equipment			16,838	79,486
Gains (losses) on disposal of				
non-current assets held for				
sale			107,961	-
Gains (losses) on foreign				
exchange			311,003	(63,590)
Gains (losses) on financial				
instruments at fair value				
through profit or loss			(351,289)	(31,524)
Interest expense			(285,186)	(169,875)
Other expenses			<u>(118,507)</u>	<u>(115,458)</u>
Loss before income tax			<u>\$ (426,564)</u>	<u>\$ (907,669)</u>
				(Concluded)

TABLE 1

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(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	\$ 17,149,158 (Note 1)	\$ 6,345,000 (Note 3)	\$ 6,345,000 (Note 3)	\$ 211,500	\$ -	6.98	\$ 45,481,033 (Note 5)	Y	N	N	
1	NTC	NTCJ	Subsidiary	15,856,981 (Note 2)	2,222,550 (Note 4)	2,222,550 (Note 4)	211,357	-	14.02	15,856,981 (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**  
**MARCH 31, 2024**  
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
WEC	<u>Shares</u> Walsin Lihwa Corporation	The investee’s chairman are relatives within the second degree of relationship of WEC’s chairman. As WEC’s corporate director, the investee held 21.99% ownership interest in WEC.	Current financial assets at FVTOCI	247,527,493	\$ 9,294,658	6	\$ 9,294,658	
	Hannstar Display Corporation	The investee’s chairman are relatives within the second degree of relationship of WEC’s chairman.	"	150,000,210	1,590,002	5	1,590,002	
	Walsin Technology Corporation	The investee’s chairman are relatives within the second degree of relationship of WEC’s chairman.	"	5,300,117	598,913	1	598,913	
	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	896,121	10	896,121	
	Cathay Financial Holdings Co., Ltd.	None	"	5,305	258	-	258	
	<u>Shares</u> Hsin Chu Golf Country Club	None	Non-current financial assets at FVTOCI	3	13,560	-	13,560	
	Linkou Golf Course	None	"	1	10,900	-	10,900	
	Intellectual Property Innovation Corporation	WEC as the investee’s director	"	1,000,000	8,682	10	8,682	
	Harbinger III Venture Capital Corp.	WEC as the investee’s supervisor	"	5,440	149	5	149	
	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	551,900	15	551,900	
	<u>Preference shares</u> Fubon Financial Holding Co., Ltd.	None	Current financial assets at FVTPL	182,000	11,284	-	11,284	
	Preference Shares B (2881A) Cathay Financial Holding Co., Ltd.	None	"	65,000	3,913	-	3,913	

(Continued)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
WECA	<u>Shares</u> Kneron Holding Company	None	Current financial assets at FVTPL	377,808	USD 2,000	1	USD 2,000	
	<u>Funds</u> Vanguard Short-Term Corporate Bond ETF (VCSH)	None	Current financial assets at FVTPL	24,000	USD 1,855	-	USD 1,855	
	iShares National Muni Bond ETF (MUB)	None	"	17,000	USD 1,829	-	USD 1,829	
	<u>Beneficiary certificates</u> 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	<u>Shares</u> Nihon Computer Co., Ltd.	None	Non-current financial assets at FVTOCI	10	JPY -	1	JPY -	
WEIL	<u>Shares</u> 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	<u>Shares</u> Yu-Ji Venture Capital Co., Ltd.	The held company as the investee's director	Non-current financial assets at FVTOCI	375,000	7,605	5	7,605	
	Brightek Optoelectronic Co., Ltd.	None	"	34,680	1,626	-	1,626	
	United Industrial Gases Co., Ltd.	The held company as the investee's director	"	8,800,000	598,400	4	598,400	
	Autotalks Ltd. - Preference E. Share	None	"	3,932,816	640,000	9	640,000	
	Allxon Inc.	None	"	5,625,000	56,250	15	56,250	
	<u>Warrants</u> Autotalks Ltd.	None	Non-current financial assets at FVTPL	-	80,000	-	80,000	
SYI	<u>Shares</u> Nyquest Technology Co., Ltd.	The held company as the investee's director	Non-current financial assets at FVTOCI	1,650,000	116,160	5	116,160	
NTCJ	<u>Shares</u> Symetrix Corporation	None	Non-current financial assets at FVTOCI	50,268	-	1	-	

Note: Refer to Tables 5 and 6 for information of investment in subsidiaries, investments in associates and investment in mainland China.

(Concluded)



**TABLE 3**

**WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
WEC	WEHK	Direct subsidiary with 100% ownership	Sales	\$ 2,998,608	27	Net 90 days from invoice date	N/A	N/A	\$ 857,562	16	
	WECJ	Direct subsidiary with 100% ownership	Sales	752,341	7	Net 90 days from invoice date	N/A	N/A	117,953	2	
	WECN	Indirect subsidiary with 100% ownership	Sales	515,023	5	Net 90 days from invoice date	N/A	N/A	-	-	
	WECA	Indirect subsidiary with 100% ownership	Sales	367,909	3	Net 90 days from invoice date	N/A	N/A	148,826	3	
NTC	NTHK	NTC's direct subsidiary with 100% ownership	Sales	1,793,429	39	Net 50 days from invoice date	N/A	N/A	1,167,953	44	
	NTSG	NTC's direct subsidiary with 100% ownership	Sales	212,929	5	Net 8 days end of the month	N/A	N/A	98,706	4	
	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	182,163	4	Net 8 days end of the month	N/A	N/A	208,762	8	
	NTSG	NTC's direct subsidiary with 100% ownership	Purchases	150,046	7	Net 8 days end of the month	N/A	N/A	(60,616)	(3)	
	NTCJ	NTC's indirect subsidiary with 100% ownership	Purchases	1,241,120	70	Net 8 days end of the month	N/A	N/A	(531,354)	(26)	
NTSG	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	USD 22,227	46	Net 10 days end of the month	N/A	N/A	USD 7,494	33	
	NTHK	NTC's direct subsidiary with 100% ownership	Sales	USD 3,810	8	Net 10 days end of the month	N/A	N/A	USD 1,846	8	
NTCJ	NTSG	NTC's direct subsidiary with 100% ownership	Sales	JPY 3,405,988	15	Net 10 days end of the month	N/A	N/A	JPY 1,379,987	10	
	NTHK	NTC's direct subsidiary with 100% ownership	Sales	JPY 3,262,915	15	Net 10 days end of the month	N/A	N/A	JPY 549,502	4	
	TPSCo.	Associate	Purchases	JPY 3,414,422	42	Net 10 days end of the month	N/A	N/A	JPY (1,408,712)	(28)	

**TABLE 4**

**WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
MARCH 31, 2024  
(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	\$ 857,562	3.81	\$ -	-	\$ 732,473	\$ -
	WECJ	Direct subsidiary with 100% ownership	117,953	3.92	-	-	-	-
	WECA	Indirect subsidiary with 100% ownership	148,826	2.79	-	-	-	-
	NTC	Direct subsidiary with 51.21% ownership	736,880	(Note)	-	-	-	-
WECA	WEC	Parent company	USD 5,345	(Note)	-	-	USD 1,798	-
NTC	NTHK	NTC's direct subsidiary with 100% ownership	1,167,953	6.02	-	-	438,383	-
	NTCJ	NTC's indirect subsidiary with 100% ownership	208,762	3.50	-	-	184,591	-
NTSG	NTCJ	NTC's indirect subsidiary with 100% ownership	USD 7,494	10.17	-	-	USD 7,494	-
NTCJ	NTSG	NTC's direct subsidiary with 100% ownership	JPY 1,379,987	10.32	-	-	JPY 1,379,987	-
	NTHK	NTC's direct subsidiary with 100% ownership	JPY 549,502	15.84	-	-	JPY 549,502	-
	NTC	Parent company	JPY 2,521,498	8.89	-	-	JPY 2,521,498	-

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

TABLE 5

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2024	December 31, 2023	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	\$ 8,101,570	\$ 409,057	\$ 209,429	
	WIC	British Virgin Islands	Investment holding	2,758,517	2,758,517	87,960,000	100.00	2,051,330	5,560	5,560	
	WEHK	Hong Kong	Sales of semiconductor and investment holding	278,158	278,158	71,150,000	100.00	739,783	38,319	38,319	
	METC	Japan	Software and hardware integration design of semiconductor	167,660	167,660	4,000	100.00	303,555	14,276	14,276	
	AMTC	Japan	Manufacture of semiconductor and smart factory solutions	237,052	237,052	4,000	100.00	295,123	17,626	17,626	
	WECJ	Japan	Research, development, sales and after-sales service of semiconductor	190,070	190,070	2,970	100.00	352,134	15,104	15,104	
	WEIL	India	Sale and service of semiconductor	133,617	133,617	27,998,400	99.99	135,251	(124)	(124)	
	Callisto	Hong Kong	Electronic commerce and investment holding	156,292	156,292	40,000,000	100.00	75,324	(4,017)	(4,017)	
	WTL	Israel	Design and service of semiconductor	21,242	21,242	100,000	100.00	90,417	2,899	2,899	
	WEG	Germany	Marketing service of semiconductor	28,679	28,679	850,000	100.00	29,823	387	387	
	Chin Xin	Taiwan	Investment holding	1,874,825	1,874,825	182,840,999	38.00	8,268,554	(12,029)	(4,534)	
	ThCC	Taiwan	Agriculture and forestry botanic conservation	270,000	270,000	27,000,000	15.00	282,163	546	82	
WIC	WECA	United States of America	Design, sales and service of semiconductor	1,683,207	1,683,207	3,067	100.00	2,094,087	5,527	5,527	
Callisto	CTL	Hong Kong	Electronic commerce and investment holding	30,895	30,895	1,000,000	100.00	32,187	162	162	
METC	MTTC	Taiwan	Development of software and services for automotive and industrial control	USD 1,000 3,000	USD 1,000 3,000	300,000	100.00	USD 1,006 2,777	USD 5 (62)	USD 5 (62)	
NTC	NTHK	Hong Kong	Sales of semiconductor	427,092	427,092	107,400,000	100.00	742,987	14,422	14,422	
	MML	British Virgin Islands	Investment holding	274,987	274,987	8,897,789	100.00	288,116	319	319	
	NIH	British Virgin Islands	Investment holding	515,251	515,251	15,633,161	100.00	394,028	13,889	13,889	
	SYI	Taiwan	Investment holding	38,500	38,500	3,850,000	100.00	145,228	35	35	
	NTIPL	India	Design, sales and service of semiconductor	30,211	30,211	600,000	100.00	22,505	92	92	
	NTCA	United States of America	Design, sales and service of semiconductor	190,862	190,862	60,500	100.00	233,212	4,579	4,579	
	NTSG	Singapore	Design, sales and service of semiconductor	1,319,054	1,319,054	45,100,000	100.00	2,240,940	132,730	132,730	
	NTKL	Korea	Design, sales and service of semiconductor	67,611	30,828	280,000	100.00	51,343	644	644	
	NTHJ	Japan	Investment holding	5,927,849	5,927,849	100	100.00	8,441,656	146,917	146,917	
	NTG	Germany	Customer service and technical support of semiconductor	67,980	67,980	2,000,000	100.00	68,920	-	-	
MML	GLLC	United States of America	Investment holding	1,473,559	1,473,559	-	100.00	288,442	520	520	
NIH	NTIL	Israel	Design and service of semiconductor	46,905	46,905	1,000	100.00	393,080	13,911	13,911	
NTHJ	NTCJ	Japan	Design, sales and service of semiconductor	111,520	111,520	9,480	100.00	11,432,772	146,852	146,852	
NTCJ	TPSCo.	Japan	Foundry and sales of semiconductor	1,708,037	1,708,037	49,539	49.00	1,710,373	(64,002)	(71,388)	(Note 1)

Note 1: NTCJ’s share of profit (loss) includes downstream and upstream transactions.

Note 2: Refer to Table 6 for information on investment in mainland China.

TABLE 6

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(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, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 1)	Carrying Amount as of March 31, 2024	Accumulated Repatriation of Investment Income as of March 31, 2024
					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)	\$ 4,966	100.00	\$ 4,966	\$ 311,637	\$ 35,880
NTSH	Provide projects for 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)	673	51.21	345	147,882	-
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)	2,166	51.21	1,109	121,252	-
Song Zhi Suzhou	Provide development of semiconductor and technology, consult service and equipment leasing business	8,688 (CNY 2,000) (Note 2)	Through investing in NTSH in the third area, which then invested in the investee in mainland China indirectly	- (Note 2)	-	-	- (Note 2)	2	51.21	1	4,064	-
NTNJ	Provide development of semiconductor and technology, consult service and sale	28,800 (USD 900) (Note 3)	Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly	- (Note 3)	-	-	- (Note 3)	(1,672)	51.21	(856)	13,568	-

Note 1: The gain or loss on investment for the three months ended March 31, 2024 was recognized on the basis of the financial statements reviewed by the auditor.

Note 2: NTSH directly injected the capital in Song Zhi Suzhou.

Note 3: NTHK directly injected the capital in NTNJ.

2. Information on any investee company in mainland China, main businesses and procedures, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income:

Company	Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 5)
WEC	\$ 276,435 (USD9,000)	\$ 276,435 (USD9,000)	\$ 54,577,240
NTC	282,135 (USD8,500) (Note 4)	282,135 (USD8,500) (Note 4)	9,514,188

Note 4: Through investing in MML in the third area in the British Virgin Islands, the amount that was indirectly invested in the investee in mainland China was NT\$16,429 thousand (USD 500 thousand). WENJ has completed the cancellation and liquidation process in May 2023.

Note 5: Upper limit on the amount of 60% of the investee’s net carrying amount.

3. Refer to Table 3 for significant transactions with the investee in mainland China directly and indirectly through investing in companies in the third area.
4. Handling endorsement, guarantee and collateral to the investee in mainland China directly and indirectly through investing in companies in the third area: None.
5. Financing of funds to investee in mainland China directly and indirectly through investing in companies in the third area: None.
6. Other transactions with significant influence on profit or loss for the period or financial performance: None.

**TABLE 7**

**WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(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	
0	WEC	WEHK	Transactions between parent company and subsidiaries	Operating revenue	\$ 2,998,608	-	15
		WEHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	857,562	-	-
		WECA	Transactions between parent company and subsidiaries	Operating revenue	367,909	-	2
		WECA	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	148,826	-	-
		WECA	Transactions between parent company and subsidiaries	Operating expenses	168,691	-	1
		WECA	Transactions between parent company and subsidiaries	Other payables	171,032	-	-
		WECJ	Transactions between parent company and subsidiaries	Operating revenue	752,341	-	4
		WECJ	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	117,953	-	-
		WECN	Transactions between parent company and subsidiaries	Operating revenue	515,023	-	3
		NTC	Transactions between parent company and subsidiaries	Other receivables	736,880	-	-
1	NTC	NTHK	Transactions between parent company and subsidiaries	Operating revenue	1,793,429	-	9
		NTHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	1,167,953	-	1
		NTSG	Transactions between parent company and subsidiaries	Operating revenue	212,929	-	1
		NTCJ	Transactions between parent company and subsidiaries	Operating revenue	182,163	-	1
		NTCJ	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	208,762	-	-
		NTSG	Transactions between parent company and subsidiaries	Operating costs	150,046	-	1
		NTCJ	Transactions between parent company and subsidiaries	Operating costs	1,241,120	-	6
		NTCJ	Transactions between parent company and subsidiaries	Accounts payable due to related parties	531,354	-	-
		NTIL	Transactions between parent company and subsidiaries	Operating expenses	296,118	-	1
		NTCA	Transactions between parent company and subsidiaries	Operating expenses	110,920	-	1
2	NTCJ	NTSG	Transactions between subsidiaries	Operating revenue	722,629	-	4
		NTSG	Transactions between subsidiaries	Accounts receivable due from related parties	291,867	-	-
		NTHK	Transactions between subsidiaries	Operating revenue	692,074	-	3
		NTHK	Transactions between subsidiaries	Accounts receivable due from related parties	116,220	-	-
3	NTSG	NTCJ	Transactions between subsidiaries	Operating revenue	698,534	-	3
		NTCJ	Transactions between subsidiaries	Accounts receivable due from related parties	239,819	-	-
		NTHK	Transactions between subsidiaries	Operating revenue	119,779	-	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 8****WINBOND ELECTRONICS CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2024**

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.