

**Winbond Electronics Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2025 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

WINBOND ELECTRONICS CORPORATION

By

YU-CHENG CHIAO
Chairman

February 10, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Winbond Electronics Corporation

Opinion

We have audited the accompanying consolidated financial statements of Winbond Electronics Corporation (the “Company”) and its subsidiaries (collectively referred as the “Group”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Occurrence of Sales Revenue from Specific Series of Flash Memory Products

The sales revenue of Winbond Electronics Corporation and its subsidiaries is mainly derived from the sale of Customized Memory Solution products, Flash Memory products and Logic IC products. As the gross profit and the proportion of sales revenue from the specific series of Flash Memory products are higher than those of other product series, and given that the net income of the specific series is significant to the net income for the year ended December 31, 2025, we considered the occurrence of sales revenue from the specific series of products a key audit matter of the Company's consolidated financial statements for the year ended December 31, 2025.

The audit procedures that we have performed in response to the above-mentioned key audit matter included evaluating the design and implementation of internal controls of the specific series of Flash Memory products and testing their operating effectiveness. In addition, we have performed test of details of the specific series of Flash Memory products by selecting samples to examine customer orders, shipping documents, and payment records. We also assessed whether any significant subsequent returns of the specific series of Flash Memory products had occurred to verify the occurrence of revenue.

Other Matter

We have also audited the parent company only financial statements of Winbond Electronics Corporation as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

The image shows two handwritten signatures in black ink. The first signature is on the left, and the second is on the right. The second signature is accompanied by the printed name 'Wen-yea Shyu' in a cursive font.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 11, 2026

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 audit such consolidated financial statements are those generally applied in the Republic of China.

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 15,733,774	8	\$ 14,100,396	8
Current financial assets at fair value through profit or loss (Notes 4 and 7)	196,442	-	201,804	-
Current financial assets at fair value through other comprehensive income (Notes 4 and 8)	13,150,290	7	8,318,400	5
Accounts receivable, net (Notes 4 and 9)	16,038,146	8	10,010,017	6
Accounts receivable due from related parties, net (Note 31)	33,008	-	28,329	-
Finance lease receivables - current (Notes 4, 10 and 31)	-	-	22,506	-
Other receivables (Notes 11 and 31)	678,355	-	700,684	-
Inventories (Notes 4, 5 and 12)	25,758,040	14	24,201,163	13
Other current assets (Note 31)	<u>1,603,074</u>	<u>1</u>	<u>1,932,190</u>	<u>1</u>
Total current assets	<u>73,191,129</u>	<u>38</u>	<u>59,515,489</u>	<u>33</u>
NON-CURRENT ASSETS				
Non-current financial assets at fair value through profit or loss (Notes 4 and 7)	248,357	-	-	-
Non-current financial assets at fair value through other comprehensive income (Notes 4 and 8)	2,985,536	2	3,442,851	2
Investments accounted for using equity method (Notes 4 and 13)	16,031,734	8	7,390,428	4
Property, plant and equipment (Notes 4 and 14)	93,800,188	49	100,252,092	56
Right-of-use assets (Notes 4, 15 and 31)	1,997,192	1	1,984,623	1
Investment properties (Notes 4 and 16)	1,188,544	1	1,369,827	1
Intangible assets (Notes 4 and 17)	864,491	-	815,589	1
Deferred income tax assets (Notes 4 and 25)	599,652	-	1,665,713	1
Other non-current assets (Notes 6 and 31)	<u>1,285,244</u>	<u>1</u>	<u>1,347,536</u>	<u>1</u>
Total non-current assets	<u>119,000,938</u>	<u>62</u>	<u>118,268,659</u>	<u>67</u>
TOTAL	<u>\$ 192,192,067</u>	<u>100</u>	<u>\$ 177,784,148</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 2,739,451	1	\$ 2,119,990	1
Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	135,470	-	142,481	-
Notes and accounts payable	6,906,840	4	5,506,722	3
Accounts payable due to related parties (Note 31)	1,316,751	1	1,554,595	1
Payables on machinery and equipment	1,067,378	-	2,064,502	1
Other payables (Note 31)	9,459,694	5	8,170,293	5
Current tax liabilities (Notes 4 and 25)	206,028	-	280,031	-
Lease liabilities - current (Notes 4, 15 and 31)	297,218	-	287,101	-
Long-term borrowings and bonds payable - current portion (Notes 18 and 19)	22,991,607	12	19,960,335	11
Other current liabilities (Note 31)	<u>1,494,787</u>	<u>1</u>	<u>1,675,665</u>	<u>1</u>
Total current liabilities	<u>46,615,224</u>	<u>24</u>	<u>41,761,715</u>	<u>23</u>
NON-CURRENT LIABILITIES				
Non-current financial liabilities at fair value through profit or loss (Notes 4 and 7)	10,277	-	-	-
Bonds payable (Notes 4 and 19)	4,865,294	3	-	-
Long-term borrowings (Notes 18 and 28)	21,533,637	11	31,127,718	18
Provisions - non-current (Notes 4 and 20)	1,628,075	1	1,970,859	1
Lease liabilities - non-current (Notes 4, 15 and 31)	1,809,324	1	1,803,971	1
Net defined benefit liabilities - non-current (Notes 4 and 21)	1,135,838	1	1,278,185	1
Other non-current liabilities	<u>464,267</u>	<u>-</u>	<u>682,279</u>	<u>-</u>
Total non-current liabilities	<u>31,446,712</u>	<u>17</u>	<u>36,863,012</u>	<u>21</u>
Total liabilities	<u>78,061,936</u>	<u>41</u>	<u>78,624,727</u>	<u>44</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 4 and 22)				
Share capital	45,000,002	23	45,000,002	25
Capital surplus	13,751,860	7	13,699,048	8
Retained earnings				
Legal reserve	4,823,815	3	4,772,874	3
Unappropriated earnings	26,869,003	14	23,212,159	13
Exchange differences on translation of the financial statements of foreign operations	(1,264,774)	(1)	(906,715)	-
Unrealized gains on financial assets measured at fair value through other comprehensive income	<u>18,756,061</u>	<u>10</u>	<u>5,874,120</u>	<u>3</u>
Total equity attributable to owners of the parent	107,935,967	56	91,651,488	52
NON-CONTROLLING INTERESTS (Note 22)	<u>6,194,164</u>	<u>3</u>	<u>7,507,933</u>	<u>4</u>
Total equity	<u>114,130,131</u>	<u>59</u>	<u>99,159,421</u>	<u>56</u>
TOTAL	<u>\$ 192,192,067</u>	<u>100</u>	<u>\$ 177,784,148</u>	<u>100</u>

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 31)	\$ 89,406,171	100	\$ 81,609,768	100
OPERATING COSTS (Notes 12 and 31)	<u>58,210,043</u>	<u>65</u>	<u>57,608,659</u>	<u>71</u>
GROSS PROFIT	<u>31,196,128</u>	<u>35</u>	<u>24,001,109</u>	<u>29</u>
OPERATING EXPENSES (Note 31)				
Selling expenses	2,448,236	3	2,283,103	3
General and administrative expenses	4,903,701	6	4,792,444	6
Research and development expenses	18,186,458	20	16,406,503	20
Expected credit (gain) loss (Note 9)	<u>123,277</u>	<u>-</u>	<u>11,576</u>	<u>-</u>
Total operating expenses	<u>25,661,672</u>	<u>29</u>	<u>23,493,626</u>	<u>29</u>
INCOME FROM OPERATIONS	<u>5,534,456</u>	<u>6</u>	<u>507,483</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 31)	356,544	-	334,399	-
Dividend income (Note 31)	216,299	-	363,064	-
Other income (Notes 15, 28 and 31)	474,463	1	377,018	1
Share of profit (loss) of associates	119,769	-	221,165	-
Gains (losses) on disposal of property, plant and equipment (Note 31)	467	-	1,019,587	1
Gains (losses) on disposal of intangible assets	1,073	-	-	-
Gains (losses) on foreign exchange (Note 34)	(478,369)	-	596,702	1
Gains (losses) on financial instruments at fair value through profit or loss	47,680	-	(758,204)	(1)
Interest expense (Notes 15, 28 and 31)	(1,387,102)	(2)	(1,206,792)	(1)
Other expenses (Note 31)	<u>(274,795)</u>	<u>-</u>	<u>(342,758)</u>	<u>-</u>
Total non-operating income and expenses	<u>(923,971)</u>	<u>(1)</u>	<u>604,181</u>	<u>1</u>
INCOME BEFORE INCOME TAX	4,610,485	5	1,111,664	1
INCOME TAX EXPENSE (Notes 4 and 25)	<u>1,433,037</u>	<u>1</u>	<u>402,043</u>	<u>-</u>
NET INCOME	<u>3,177,448</u>	<u>4</u>	<u>709,621</u>	<u>1</u>

(Continued)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
Gains on remeasurement of defined benefit plans (Note 21)	\$ 72,518	-	\$ 62,332	-
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	3,737,035	4	(4,360,223)	(5)
Share of other comprehensive income (loss) of associates accounted for using equity method	8,601,008	10	(3,641,686)	(5)
Income tax related to items that will not be reclassified (Note 25)	81,628	-	(563)	-
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>(542,477)</u>	<u>(1)</u>	<u>73,888</u>	<u>-</u>
Other comprehensive income (loss)	<u>11,949,712</u>	<u>13</u>	<u>(7,866,252)</u>	<u>(10)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 15,127,160</u>	<u>17</u>	<u>\$ (7,156,631)</u>	<u>(9)</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the parent	\$ 3,961,929	5	\$ 601,001	1
Non-controlling interests	<u>(784,481)</u>	<u>(1)</u>	<u>108,620</u>	<u>-</u>
	<u>\$ 3,177,448</u>	<u>4</u>	<u>\$ 709,621</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the parent	\$ 16,295,891	18	\$ (7,252,894)	(9)
Non-controlling interests	<u>(1,168,731)</u>	<u>(1)</u>	<u>96,263</u>	<u>-</u>
	<u>\$ 15,127,160</u>	<u>17</u>	<u>\$ (7,156,631)</u>	<u>(9)</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 0.88</u>		<u>\$ 0.14</u>	
Diluted	<u>\$ 0.88</u>		<u>\$ 0.14</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
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Parent								
	Share Capital	Capital Surplus	Retained Earnings		Other Equity		Total	Non-controlling Interests	Total Equity
			Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income			
BALANCE AT 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 for the year ended December 31, 2024	-	-	-	601,001	-	-	601,001	108,620	709,621
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	65,270	101,140	(8,020,305)	(7,853,895)	(12,357)	(7,866,252)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	666,271	101,140	(8,020,305)	(7,252,894)	96,263	(7,156,631)
Issuance of ordinary shares for cash	3,200,000	3,503,392	-	-	-	-	6,703,392	-	6,703,392
Share-based payment (Notes 24 and 27)	-	60,712	-	-	-	-	60,712	-	60,712
Changes in ownership interests in subsidiaries	-	(921)	-	-	-	-	(921)	941	20
Adjustments of the difference between the carrying amount and consideration in disposal or acquisition of interests in subsidiaries	-	-	-	(155,618)	-	-	(155,618)	(138,200)	(293,818)
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Note 13)	-	-	-	(1,247)	-	1,247	-	-	-
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(614,432)	(614,432)
BALANCE AT DECEMBER 31, 2024	45,000,002	13,699,048	4,772,874	23,212,159	(906,715)	5,874,120	91,651,488	7,507,933	99,159,421
Appropriation of 2024 earnings Legal reserve appropriated	-	-	50,941	(50,941)	-	-	-	-	-
Net income (loss) for the year ended December 31, 2025	-	-	-	3,961,929	-	-	3,961,929	(784,481)	3,177,448
Other comprehensive income (loss) for the year ended December 31, 2025	-	-	-	54,074	(358,059)	12,637,947	12,333,962	(384,250)	11,949,712
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	4,016,003	(358,059)	12,637,947	16,295,891	(1,168,731)	15,127,160
Changes in ownership interests in subsidiaries	-	53,150	-	-	-	-	53,150	49,077	102,227
Adjustments of the difference between the carrying amount and consideration in disposal or acquisition of interests in subsidiaries	-	-	-	(64,224)	-	-	(64,224)	(114,831)	(179,055)
Changes in equity of associates accounted for using equity method	-	(338)	-	-	-	-	(338)	-	(338)
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Note 8)	-	-	-	(243,994)	-	243,994	-	-	-
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	(79,284)	(79,284)
BALANCE AT DECEMBER 31, 2025	\$ 45,000,002	\$ 13,751,860	\$ 4,823,815	\$ 26,869,003	\$ (1,264,774)	\$ 18,756,061	\$ 107,935,967	\$ 6,194,164	\$ 114,130,131

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,610,485	\$ 1,111,664
Adjustments for:		
Depreciation expense	12,308,228	12,272,420
Amortization expense	374,605	414,563
Carbon offset	43	54
Expected credit (gain) loss recognized on accounts receivable	123,277	11,576
Interest expense	1,387,102	1,206,792
Interest income	(356,544)	(334,399)
Dividend income	(216,299)	(363,064)
Share-based payment	-	60,712
Share of (profit) loss of associates	(119,769)	(221,165)
(Gains) losses on disposal of property, plant and equipment	(467)	(1,019,587)
(Gains) losses on disposal of intangible assets	(1,073)	-
(Gains) on lease modification	(3,303)	(9,372)
Other income under government grants	(255,747)	(70,304)
Others	-	2,133
Changes in operating assets and liabilities		
(Increase) decrease in financial assets and liabilities at fair value through profit or loss	(7,304)	358,348
(Increase) decrease in accounts receivable	(6,249,490)	(676,774)
(Increase) decrease in accounts receivable due from related parties	(4,679)	16,378
(Increase) decrease in other receivables	39,622	56,248
(Increase) decrease in inventories	(1,556,877)	(331,194)
(Increase) decrease in other current assets	208,203	(537,965)
(Increase) decrease in other non-current assets	17,670	52,487
Increase (decrease) in notes and accounts payable	1,532,805	329,649
Increase (decrease) in accounts payable due to related parties	(237,844)	240,121
Increase (decrease) in other payables	1,295,881	397,026
Increase (decrease) in other current liabilities	(220,256)	(84,466)
Increase (decrease) in other non-current liabilities	(310,994)	(680,941)
Cash flows generated by (used in) operations	12,357,275	12,200,940
Interest received	359,517	342,963
Dividends received	216,299	454,485
Interest paid	(1,387,749)	(1,349,720)
Income taxes paid	(362,580)	(522,788)
Net cash flows generated by (used in) operating activities	<u>11,182,762</u>	<u>11,125,880</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of financial assets at fair value through profit or loss	(248,357)	-
Acquisitions of financial assets at fair value through other comprehensive income	(888,074)	(136,792)

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WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ 164,847	\$ 30,000
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	800	450
Acquisitions of property, plant and equipment	(6,496,025)	(17,056,675)
Proceeds from disposal of property, plant and equipment	3,870	1,030,341
Increase (decrease) in unearned receipts - disposal of assets	-	(95,862)
Acquisitions of government grants	151,425	21,000
(Increase) decrease in refundable deposits	(4,216)	(40,922)
(Increase) decrease in other receivables - time deposits	7,662	(278)
Acquisitions of intangible assets	(373,767)	(476,202)
(Increase) decrease in finance lease receivables	<u>23,989</u>	<u>67,120</u>
Net cash flows generated by (used in) investing activities	<u>(7,657,846)</u>	<u>(16,657,820)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	776,567	1,105,310
Proceeds from long-term borrowings	13,896,990	5,000,000
Repayments of long-term borrowings	(10,538,128)	(8,980,184)
Proceeds from issuance of bonds payable	4,883,290	-
Repayments of bonds payable	(10,000,000)	-
Change in non-controlling interests	(79,284)	(614,432)
Proceeds from issuance of ordinary shares	-	6,703,392
Acquisitions of additional interests in subsidiaries	(179,055)	(293,818)
Repayments of lease liabilities	(328,066)	(314,823)
Increase (decrease) in guarantee deposits	<u>6,275</u>	<u>(78,529)</u>
Net cash flows generated by (used in) financing activities	<u>(1,561,411)</u>	<u>2,526,916</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(330,127)</u>	<u>142,822</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	1,633,378	(2,862,202)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>14,100,396</u>	<u>16,962,598</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>\$ 15,733,774</u>	<u>\$ 14,100,396</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 YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Winbond Electronics Corporation (the “Company”) was incorporated in the Republic of China (ROC) in September 1987 and is engaged in the design, development, manufacture and marketing of very large scale integration (VLSI) integrated circuits (ICs) used in a variety of microelectronic applications.

The Company’s shares have been listed on the Taiwan Stock Exchange Corporation since October 18, 1995.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on February 10, 2026.

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)

Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” did not have a material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

1) The amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

- a) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
 - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
 - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
- b) To clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

2) The amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Group can choose to derecognize the financial liability before the settlement date if, and only if, the Group has initiated a payment instruction that resulted in:

- The Group having no practical ability to withdraw, stop or cancel the payment instruction;
- The Group having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

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

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- 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.

In addition, the following consequential amendments have been made to IAS 7 “Statement of Cash Flows”:

- The Group shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Group has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

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

Basis of Consolidation

a. Principles for preparing consolidated financial statements

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

Attribution of total comprehensive income to non-controlling interests

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

Changes in the Group's ownership interests in existing subsidiaries

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

b. Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership	
			December 31, 2025	December 31, 2024
The Company	Winbond International Corporation (“WIC”)	Investment holding	100.00	100.00
The Company	Winbond Electronics Corporation Japan (“WECJ”)	Research, development, sales and after-sales service of semiconductor	100.00	100.00
The Company	Winbond Electronics (HK) Limited (“WEHK”)	Sales of semiconductor and investment holding	100.00	100.00
The Company	Winbond Technology Ltd. (“WTL”)	Design and marketing service of semiconductor	100.00	100.00
The Company	Callisto Holding Limited (“Callisto”)	Electronic commerce and investment holding	100.00	100.00
The Company	Winbond Electronics Germany GmbH (“WEG”)	Marketing service of semiconductor	100.00	100.00
The Company	Winbond Electronics India Private Limited (“WEIL”)	Sales and service of semiconductor	99.99	99.99
The Company	Atfields Manufacturing Technology Corporation (“AMTC”)	Manufacture of semiconductor and smart factory solutions	100.00	100.00
The Company	Miraxia Edge Technology Corporation (“METC”)	Software and hardware integration design of semiconductor	100.00	100.00
The Company	Nuvoton Technology Corporation (“NTC”, Note 1)	Research, design, development, manufacture and marketing of Logic IC, 6-inch wafer product, test, and OEM	52.78	52.06
WIC	Winbond Electronics Corporation America (“WECA”)	Design, sales and service of semiconductor	100.00	100.00
WEHK	Winbond Electronics (Suzhou) Limited (“WECN”)	Design, development and marketing of VLSI integrated ICs	100.00	100.00
Callisto	Callisto Technology Limited (“CTL”, Note 2)	Electronic commerce and investment holding	-	100.00
METC	Miraxia Technology Taiwan Corporation (“MTTC”)	Development of software and services for automotive and industrial control	100.00	100.00
NTC	Marketplace Management Limited (“MML”, Note 3)	Investment holding	-	100.00
NTC	Nuvoton Technology Corporation America (“NTCA”)	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Investment Holding Ltd. (“NIH”)	Investment holding	100.00	100.00
NTC	Nuvoton Electronics Technology (H.K.) Limited (“NTHK”)	Sales of semiconductor	100.00	100.00
NTC	Song Yong Investment Corporation (“SYT”)	Investment holding	100.00	100.00
NTC	Nuvoton Technology India Private Limited (“NTIPL”)	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Technology Singapore Pte. Ltd. (“NTSG”)	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Technology Korea Limited (“NTKL”)	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Technology Holdings Japan (“NTHJ”)	Investment holding	100.00	100.00
NTC	Nuvoton Technology Germany GmbH (“NTG”)	Customer service and technical support of semiconductor	100.00	100.00
NTC	Nuvoton Technology Corporation Japan (“NTCJ”, Note 4)	Design, sales and service of semiconductor	24.00	-
NIH	Nuvoton Technology Israel Ltd. (“NTIL”)	Design and service of semiconductor	100.00	100.00
NTHK	Nuvoton Electronics Technology (Shenzhen) Limited (“NTSZ”)	Computer software service (except I.C. design), wholesale business for computer, supplement and software	100.00	100.00
NTHK	Nuvoton Electronics Technology (Nanjing) Limited (“NTNJ”)	Provide development of semiconductor and technology, consult service and sale	100.00	100.00
NTHK	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
NTHJ	Nuvoton Technology Corporation Japan (“NTCJ”, Note 4)	Design, sales and service of semiconductor	76.00	100.00

Note 1: The Company acquired 3,000 thousand shares of NTC in the open market in April 2025. As of December 31, 2025, the Company held 52.78% ownership interest of NTC.

Note 2: CTL completed the liquidation and legal procedures in July 2025.

Note 3: MML completed the liquidation and legal procedures in September 2025.

Note 4: NTC originally held 100% ownership interest of NTCJ through NTHJ. In September 2025, NTCJ completed a cash capital injection that was fully subscribed by NTC, resulting in NTC acquiring a 24% equity interest in NTCJ and reducing NTHJ’s ownership interest in NTCJ to 76%.

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.

Foreign Currencies

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

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

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

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

Cash Equivalents

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

Financial Instruments

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

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

a. Financial assets measurement category

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

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

1) Financial asset at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 30 to the consolidated financial statements.

2) Financial assets at amortized cost

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

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

3) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets

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

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

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

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

c. Derecognition of financial assets

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

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

d. Equity instruments

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

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

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

e. Financial liabilities

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading and are stated at fair value, any related gains or losses are recognized in other gains or losses.

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

f. Derecognition of financial liabilities

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

g. Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by NTC are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

h. Derivative financial instruments

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

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

Inventories

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

Investments in Associates

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

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

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

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

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

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

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

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

Property, Plant and Equipment

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

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

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

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

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

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

Investment Properties

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

Intangible Assets

a. Intangible assets acquired separately

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

b. Derecognition of intangible assets

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

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

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

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

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

Provisions

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

a. Warranties

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

b. Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date, when the fair value of the present obligation resulting from past events can be reliably measured. At the end of subsequent reporting periods, such contingent liabilities are measured at their amortized amount. However, if the present obligation amount is assessed to have a probable outflow of resources, the contingent liabilities shall be measured at the higher of the present obligation amount and the amortized amount.

c. Carbon fee provision

In accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC, the carbon fee provision (recoded in other payables) of the Company and NTC are recognized and measured on the basis of the best estimate of the expenditure required to settle the obligation for the current year and the proportion of actual emissions to the total annual emissions.

Revenue Recognition

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

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

Leasing

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

a. The Group as lessor

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

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

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

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

b. The Group as lessee

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

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

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

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

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

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

Borrowing Costs

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

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

Government Grants

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

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

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

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

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

Employee Share Options

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

Taxation

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

a. Current tax

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

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

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

c. Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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 of US reciprocal tariffs on material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

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

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Cash and deposits in banks	\$ 14,918,774	\$ 13,150,396
Repurchase agreements	<u>815,000</u>	<u>950,000</u>
	<u>\$ 15,733,774</u>	<u>\$ 14,100,396</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:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Time deposits	<u>\$ 303,168</u>	<u>\$ 302,152</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):

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Time deposits	<u>\$ -</u>	<u>\$ 7,662</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial assets at FVTPL - current</u>		
Derivative financial assets		
Forward exchange contracts	\$ 744	\$ -
Non-derivative financial assets		
Domestic listed shares	15,466	15,467
Overseas unlisted shares	62,860	65,570
Mutual funds	<u>117,372</u>	<u>120,767</u>
	<u>\$ 196,442</u>	<u>\$ 201,804</u>

(Continued)

	December 31	
	2025	2024
<u>Financial assets at FVTPL - non-current</u>		
Non-derivative financial assets		
Overseas unlisted shares	\$ 248,357	\$ -
<u>Financial liabilities at FVTPL - current</u>		
Derivative financial liabilities		
Forward exchange contracts	\$ 135,470	\$ 129,161
Swap contracts	-	13,320
	<u>\$ 135,470</u>	<u>\$ 142,481</u>
<u>Financial liabilities at FVTPL - non-current</u>		
Held for trading		
Redemption and put option of convertible bonds (Note 19)	\$ 10,277	\$ -
		(Concluded)

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

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2025</u>			
Sell forward exchange contracts	USD to NTD	2026.01.02-2026.04.10	USD448,000/NTD13,914,618
Sell forward exchange contracts	USD to JPY	2026.01.14-2026.02.13	USD25,400/JPY3,917,087
<u>December 31, 2024</u>			
Sell forward exchange contracts	USD to NTD	2025.01.03-2025.03.21	USD197,500/NTD6,383,660
Sell forward exchange contracts	USD to JPY	2025.01.14-2025.02.14	USD27,300/JPY4,149,572
Swap contracts	USD to NTD	2025.01.03	USD15,000/NTD478,455

- 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.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity Instruments at FVTOCI

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Domestic listed shares	\$ 13,211,365	\$ 8,402,276
Domestic unlisted shares	1,456,352	1,291,558
Overseas listed shares	250,630	-
Overseas unlisted shares	12,342	749,160
Beneficiary certificates	<u>1,205,137</u>	<u>1,318,257</u>
	<u>\$ 16,135,826</u>	<u>\$ 11,761,251</u>
Current	\$ 13,150,290	\$ 8,318,400
Non-current	<u>2,985,536</u>	<u>3,442,851</u>
	<u>\$ 16,135,826</u>	<u>\$ 11,761,251</u>

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

For the year ended December 31, 2025, the Group has disposed partial shares of its equity investments. The unrealized gain and loss on financial assets at fair value through other comprehensive income of NT\$243,994 thousand was realized and transferred to retained earnings, refer to Note 22 to the consolidated financial statements.

9. ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 16,343,216	\$ 10,194,306
Less: Allowance for impairment loss	<u>(305,070)</u>	<u>(184,289)</u>
	<u>\$ 16,038,146</u>	<u>\$ 10,010,017</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.

December 31, 2025

	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	\$ 16,118,273	\$ 199,452	\$ 15,506	\$ 124	\$ 9,861	\$ 16,343,216
Loss allowance (lifetime ECL)	(289,644)	(3,989)	(1,551)	(25)	-	(295,209)
Loss allowance (individual customer ECL)	-	-	-	-	(9,861)	(9,861)
Amortized cost	<u>\$ 15,828,629</u>	<u>\$ 195,463</u>	<u>\$ 13,955</u>	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ 16,038,146</u>

December 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	\$ 9,838,641	\$ 320,573	\$ 23,178	\$ 796	\$ 11,118	\$ 10,194,306
Loss allowance (lifetime ECL)	(164,977)	(6,411)	(2,318)	(159)	(694)	(174,559)
Loss allowance (individual customer ECL)	-	-	-	-	(9,730)	(9,730)
Amortized cost	<u>\$ 9,673,664</u>	<u>\$ 314,162</u>	<u>\$ 20,860</u>	<u>\$ 637</u>	<u>\$ 694</u>	<u>\$ 10,010,017</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Balance at January 1	\$ 184,289	\$ 169,488
Recognized impairment loss	123,277	11,576
Effect of exchange rate changes	<u>(2,496)</u>	<u>3,225</u>
Balance at December 31	<u>\$ 305,070</u>	<u>\$ 184,289</u>

10. FINANCE LEASE RECEIVABLES

	December 31	
	2025	2024
<u>Undiscounted lease payments</u>		
Year 1	\$ -	\$ 22,610
Less: Unearned finance income	<u>-</u>	<u>(104)</u>
Finance lease receivables	<u>\$ -</u>	<u>\$ 22,506</u>

Refer to Note 31 to the consolidated financial statements for details of finance lease contracts.

11. OTHER RECEIVABLES

	December 31	
	2025	2024
Business tax refund receivable	\$ 497,099	\$ 498,991
Current tax assets (Note 25)	63,233	53,501
Government grants receivable	36,722	18,415
Interest receivable	8,278	11,424
Time deposits (Note 6)	-	7,662
Others	<u>73,023</u>	<u>110,691</u>
	<u>\$ 678,355</u>	<u>\$ 700,684</u>

12. INVENTORIES

	December 31	
	2025	2024
Finished goods	\$ 3,043,706	\$ 2,633,126
Work-in-process	20,803,392	19,626,791
Raw materials and supplies	1,902,751	1,895,968
Inventories in transit	<u>8,191</u>	<u>45,278</u>
	<u>\$ 25,758,040</u>	<u>\$ 24,201,163</u>

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

	For the Year Ended December 31	
	2025	2024
Inventories sold	\$ 61,124,362	\$ 53,804,852
Recognition of inventory write-downs (reversed)	(4,694,224)	1,703,825
Unallocated production overhead	<u>1,779,905</u>	<u>2,099,982</u>
Operating costs	<u>\$ 58,210,043</u>	<u>\$ 57,608,659</u>

For the year ended December 31, 2025, inventory write-downs have been reversed as a result of increased selling prices in markets and the elimination of inventories that were recognized as inventory write-downs.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Associates that are not individually material		
Chin Xin Investment Co., Ltd. (“Chin Xin”)	\$ 13,762,433	\$ 5,240,577
Tower Partners Semiconductor Co., LTD. (“TPSCo.”)	1,858,891	1,887,907
Theaceae Conservation Corporation (“ThCC”)	<u>410,410</u>	<u>261,944</u>
	<u>\$ 16,031,734</u>	<u>\$ 7,390,428</u>

As of December 31, 2025, the Company held 27,000 thousand shares of ThCC with a 15% ownership interest.

As of December 31, 2025, the Company held 182,841 thousand shares of Chin Xin with a 38% ownership interest.

As of December 31, 2025, NTCJ held 49,539 shares of TPSCo. with a 49% ownership interest.

For the year ended December 31, 2024, the associates has disposed partial shares of its equity investments. The unrealized gain and loss on financial assets at fair value through other comprehensive income of NT\$1,247 thousand was realized and transferred to retained earnings, refer to Note 22 to the consolidated financial statements.

The Group’s investments accounted for using equity method and the shares of profit or loss and other comprehensive income of those investments for the years ended December 31, 2025 and 2024 were based on the associates’ financial statements audited by independent auditors.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
<u>Cost</u>						
Balance at January 1, 2025	\$ 3,523,947	\$ 67,883,419	\$ 213,161,666	\$ 9,575,124	\$ 1,378,863	\$ 295,523,019
Additions	-	607,947	2,540,679	283,302	2,192,720	5,624,648
Disposals	-	(77,977)	(746,537)	(305,726)	-	(1,130,240)
Reclassified	-	516,876	1,103,586	165,823	(1,787,848)	(1,563)
Effect of exchange rate changes	<u>(77,369)</u>	<u>(677,132)</u>	<u>(1,327,730)</u>	<u>(75,923)</u>	<u>32,403</u>	<u>(2,125,751)</u>
Balance at December 31, 2025	<u>\$ 3,446,578</u>	<u>\$ 68,253,133</u>	<u>\$ 214,731,664</u>	<u>\$ 9,642,600</u>	<u>\$ 1,816,138</u>	<u>\$ 297,890,113</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2025	\$ -	\$ 40,370,126	\$ 147,465,138	\$ 7,435,663	\$ -	\$ 195,270,927
Depreciation expense	-	2,472,584	8,627,565	756,066	-	11,856,215
Disposals	-	(77,146)	(745,367)	(304,324)	-	(1,126,837)
Reclassified	-	-	-	(1,793)	-	(1,793)
Effect of exchange rate changes	-	(612,543)	(1,224,288)	(71,756)	-	(1,908,587)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 42,153,021</u>	<u>\$ 154,123,048</u>	<u>\$ 7,813,856</u>	<u>\$ -</u>	<u>\$ 204,089,925</u>
Carrying amount at December 31, 2025	<u>\$ 3,446,578</u>	<u>\$ 26,100,112</u>	<u>\$ 60,608,616</u>	<u>\$ 1,828,744</u>	<u>\$ 1,816,138</u>	<u>\$ 93,800,188</u>
<u>Cost</u>						
Balance at January 1, 2024	\$ 2,997,080	\$ 66,017,865	\$ 216,054,778	\$ 9,100,361	\$ 1,937,580	\$ 296,107,664
Additions	284,787	1,069,816	6,252,657	413,746	2,035,603	10,056,609
Disposals	-	(220,553)	(8,625,007)	(149,829)	-	(8,995,389)
Reclassified	296,370	1,528,710	513,309	274,138	(2,581,788)	30,739
Effect of exchange rate changes	(54,290)	(512,419)	(1,034,071)	(63,292)	(12,532)	(1,676,604)
Balance at December 31, 2024	<u>\$ 3,523,947</u>	<u>\$ 67,883,419</u>	<u>\$ 213,161,666</u>	<u>\$ 9,575,124</u>	<u>\$ 1,378,863</u>	<u>\$ 295,523,019</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2024	\$ -	\$ 38,671,022	\$ 148,361,182	\$ 6,927,772	\$ -	\$ 193,959,976
Depreciation expense	-	2,371,480	8,730,434	719,658	-	11,821,572
Disposals	-	(218,940)	(8,617,473)	(148,222)	-	(8,984,635)
Reclassified	-	8,598	-	155	-	8,753
Effect of exchange rate changes	-	(462,034)	(1,009,005)	(63,700)	-	(1,534,739)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 40,370,126</u>	<u>\$ 147,465,138</u>	<u>\$ 7,435,663</u>	<u>\$ -</u>	<u>\$ 195,270,927</u>
Carrying amount at December 31, 2024	<u>\$ 3,523,947</u>	<u>\$ 27,513,293</u>	<u>\$ 65,696,528</u>	<u>\$ 2,139,461</u>	<u>\$ 1,378,863</u>	<u>\$ 100,252,092</u>

(Concluded)

- a. As of December 31, 2025 and 2024, the carrying amounts of NT\$65,408,395 thousand and NT\$61,750,901 thousand of property, plant and equipment were pledged to secure long-term borrowings and corporate bonds.
- b. Information about capitalized interest

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Capitalized interest amounts	\$ 125,747	\$ 217,597
Interest rates under capitalization	2.87%-2.98%	2.68%-2.84%

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Carrying amount</u>		
Land	\$ 1,364,777	\$ 1,480,566
Buildings	434,359	353,647
Machinery and equipment	88,065	103,214
Other equipment	<u>109,991</u>	<u>47,196</u>
	<u>\$ 1,997,192</u>	<u>\$ 1,984,623</u>
	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Additions to right-of-use assets	<u>\$ 347,823</u>	<u>\$ 279,955</u>
Depreciation charge for right-of-use assets		
Land	\$ 113,131	\$ 114,054
Buildings	168,372	165,395
Machinery and equipment	11,083	11,420
Other equipment	<u>32,079</u>	<u>28,948</u>
	<u>\$ 324,665</u>	<u>\$ 319,817</u>
Income from the subleasing of right-of-use assets (recorded in "other income")	<u>\$ 2,057</u>	<u>\$ 1,993</u>

b. Lease liabilities

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Carrying amount</u>		
Current	<u>\$ 297,218</u>	<u>\$ 287,101</u>
Non-current	<u>\$ 1,809,324</u>	<u>\$ 1,803,971</u>

Ranges of discount rate for lease liabilities are as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Land	1.76%-2.60%	1.76%-2.60%
Buildings	0.14%-6.53%	0.14%-7.46%
Machinery and equipment	0.48%-0.80%	0.48%-0.80%
Other equipment	0.14%-5.23%	0.14%-5.23%

For the years ended December 31, 2025 and 2024, the interest expense under lease liabilities amounted to NT\$48,184 thousand and NT\$51,390 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 31 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 2026 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:

	December 31	
	2025	2024
Year 1	\$ 1,975	\$ 1,975
Year 2	<u>1,975</u>	<u>1,975</u>
	<u>\$ 3,950</u>	<u>\$ 3,950</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

	For the Year Ended December 31	
	2025	2024
Expenses relating to short-term leases	<u>\$ 108,713</u>	<u>\$ 129,721</u>
Expenses relating to low-value asset leases	<u>\$ 928</u>	<u>\$ 706</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 5,928</u>	<u>\$ 5,297</u>
Total cash outflow for leases	<u>\$ 490,026</u>	<u>\$ 499,901</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

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Investment properties, net	<u>\$ 1,188,544</u>	<u>\$ 1,369,827</u>

As of December 31, 2025, the fair values of investment properties held by NTC were NT\$2,276,354 thousand, and the fair values of NT\$2,076,354 thousand were evaluated by independent appraisal agencies, others were evaluated based on Level 3, a commonly used evaluation model, by NTC's management.

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Cost</u>		
Balance at January 1	\$ 6,931,676	\$ 7,165,730
Effect of exchange rate changes	<u>(295,663)</u>	<u>(234,054)</u>
Balance at December 31	<u>6,636,013</u>	<u>6,931,676</u>
<u>Accumulated depreciation and impairment</u>		
Balance at January 1	5,561,849	5,616,730
Depreciation expense	127,348	130,235
Effect of exchange rate changes	<u>(241,728)</u>	<u>(185,116)</u>
Balance at December 31	<u>5,447,469</u>	<u>5,561,849</u>
Investment properties, net	<u>\$ 1,188,544</u>	<u>\$ 1,369,827</u>

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

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

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Year 1	\$ 135,025	\$ 142,541
Year 2	132,678	140,872
Year 3	129,516	138,535
Year 4	129,516	136,042
Year 5	129,516	135,386
More than 5 years	<u>161,895</u>	<u>304,617</u>
	<u>\$ 818,146</u>	<u>\$ 997,993</u>

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

As of December 31, 2025 and 2024, the carrying amounts of NT\$275,263 thousand and NT\$290,024 thousand of investment properties of NTC were pledged to secure long-term borrowings, respectively.

17. INTANGIBLE ASSETS

	Deferred Technical Assets	Other Intangible Assets	Carbon Credits	Total
<u>Cost</u>				
Balance at January 1, 2025	\$ 3,791,479	\$ 1,280,523	\$ 5,750	\$ 5,077,752
Additions	302,781	108,791	-	411,572
Disposals	(127,111)	(213,873)	-	(340,984)
Carbon offset	-	-	(43)	(43)
Reclassified	1,670	-	-	1,670
Effect of exchange rate changes	<u>16,528</u>	<u>(18,297)</u>	<u>-</u>	<u>(1,769)</u>
Balance at December 31, 2025	<u>\$ 3,985,347</u>	<u>\$ 1,157,144</u>	<u>\$ 5,707</u>	<u>\$ 5,148,198</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2025	\$ 3,193,566	\$ 1,068,597	\$ -	\$ 4,262,163
Amortization expenses	268,394	72,593	-	340,987
Disposals	(100,629)	(213,792)	-	(314,421)
Effect of exchange rate changes	<u>8,218</u>	<u>(13,240)</u>	<u>-</u>	<u>(5,022)</u>
Balance at December 31, 2025	<u>\$ 3,369,549</u>	<u>\$ 914,158</u>	<u>\$ -</u>	<u>\$ 4,283,707</u>
Carrying amount at December 31, 2025	<u>\$ 615,798</u>	<u>\$ 242,986</u>	<u>\$ 5,707</u>	<u>\$ 864,491</u>
<u>Cost</u>				
Balance at January 1, 2024	\$ 20,040,063	\$ 1,299,040	\$ 5,804	\$ 21,344,907
Additions	488,218	109,154	-	597,372
Disposals	(16,778,916)	(58,393)	-	(16,837,309)
Carbon offset	-	-	(54)	(54)
Reclassified	34,265	(34,317)	-	(52)
Effect of exchange rate changes	<u>7,849</u>	<u>(34,961)</u>	<u>-</u>	<u>(27,112)</u>
Balance at December 31, 2024	<u>\$ 3,791,479</u>	<u>\$ 1,280,523</u>	<u>\$ 5,750</u>	<u>\$ 5,077,752</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2024	\$ 19,682,066	\$ 1,059,012	\$ -	\$ 20,741,078
Amortization expenses	276,777	98,701	-	375,478
Disposals	(16,778,916)	(58,393)	-	(16,837,309)
Effect of exchange rate changes	<u>13,639</u>	<u>(30,723)</u>	<u>-</u>	<u>(17,084)</u>
Balance at December 31, 2024	<u>\$ 3,193,566</u>	<u>\$ 1,068,597</u>	<u>\$ -</u>	<u>\$ 4,262,163</u>
Carrying amount at December 31, 2024	<u>\$ 597,913</u>	<u>\$ 211,926</u>	<u>\$ 5,750</u>	<u>\$ 815,589</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

	December 31			
	2025		2024	
	Interest Rate		Interest Rate	
	%	Amount	%	Amount
<u>Secured borrowings</u>				
Bank loans	1.45%	\$ 301,200	1.55%-1.70%	\$ 1,490,290
<u>Unsecured borrowings</u>				
Bank lines of credit	1.48%-4.59%	<u>2,438,251</u>	1.17%-1.25%	<u>629,700</u>
		<u>\$ 2,739,451</u>		<u>\$ 2,119,990</u>

On May 17, 2021, NTCJ entered into 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. The syndicated loan in 2024 was secured by property, plant and equipment and investment properties of NTCJ; refer to Notes 14 and 16 to the consolidated financial statements. This syndicated loan also requires the Company to act as a joint guarantor and hold ownership of NTCJ with NTC by no less than 100% with maintenance and operational control as stated in the agreement. According to the financial covenants, the Company and NTCJ are required to maintain their financial ratios not lower than a specific threshold over the effective period, on June 30 and December 31, and there is no breach of the terms of the contract. The financial ratios mentioned above are computed based on the Company's annual audited and semi-annually reviewed consolidated financial statements, and on NTCJ's annual audited individual financial statements.

b. Long-term borrowings

	Period	Interest Rate	December 31	
			2025	2024
<u>Secured borrowings</u>				
Bank of Taiwan syndicated loan (V)	2019.09.19-2026.09.19	2.98%	\$ 21,000,000	\$ 29,400,000
Bank of Taiwan syndicated loan (VI) (Note 28)	2023.12.15-2030.12.15	2.61%-2.91%	15,260,000	6,300,000
CTBC bank syndicated loan	2025.07.16-2032.07.16	2.80%	5,000,000	-
<u>Unsecured borrowings</u>				
The Export - Import Bank of ROC	2020.08.25-2027.08.25	-	-	857,143
Government preferential loan (Note 28)	2020.12.28-2028.11.15	1.38%-1.88%	<u>3,413,288</u>	<u>4,694,273</u>
			44,673,288	41,251,416
Less: Current portion			(22,991,607)	(9,966,699)
Less: Syndication agreement management fee			(86,731)	(45,427)
Less: Government loan discount (Note 28)			<u>(61,313)</u>	<u>(111,572)</u>
			<u>\$ 21,533,637</u>	<u>\$ 31,127,718</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 semi-annual and annual financial covenants, including current ratio, debt ratio, interest coverage ratio, and total equity during the tenures of the loans. The Company was in compliance with the agreed financial ratio requirements. The computations of financial ratios mentioned above are determined based on the annual audited and semi-annual 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 semi-annual and annual financial covenants, including current ratio, debt ratio, interest coverage ratio, and total equity during the tenures of the loans. The Company was in compliance with the agreed financial ratio requirements. The computations of financial ratios mentioned above are determined based on the annual audited and semi-annual reviewed consolidated financial statements.

3) CTBC Bank Syndicated Loan

- a) On May 8, 2025, the Company entered into a syndicated loan with a group of financial institutions to repay outstanding financial borrowings and to strengthen medium-term working capital. The credit line amounted to NT\$25 billion. The principal will be repaid every six months from July 16, 2028 until maturity.
 - b) The amounts of 12-inch building 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 semi-annual and annual financial covenants, including current ratio, debt ratio, interest coverage ratio, and total equity during the tenures of the loans. The Company was in compliance with the agreed financial ratio requirements. The computations of financial ratios mentioned above are determined based on the annual audited and semi-annual reviewed consolidated financial statements.
- 4) The proceeds of the unsecured borrowings from the Export-Import Bank of ROC were provided to NTC for acquiring Panasonic Semiconductor Solutions Co., Ltd. NTC made an early full repayment of the loan in September 2025.

19. BONDS PAYABLE

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Domestic secured bonds	\$ -	\$ 9,993,636
Overseas unsecured convertible bonds	4,865,294	-
Less: Current portion	<u>-</u>	<u>(9,993,636)</u>
	<u>\$ 4,865,294</u>	<u>\$ -</u>

a. Domestic secured bonds

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

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

Refer to Note 14 to the consolidated financial statements for collateral of 12-inch Fab Manufacturing facilities on corporate bonds. The bonds were fully repaid upon maturity on July 17, 2025.

b. Overseas unsecured convertible bonds

In November 2024, the board of directors of NTC resolved to issued the 2024 First Overseas Unsecured Convertible Bonds. On January 21, 2025, NTC publicly offered five-year unsecured zero-coupon convertible bonds on the Singapore Exchange, with a total principal amount of USD150 million and a denomination of USD200 thousand per bond. The principal terms of the issuance are as follows:

- 1) Bondholders may request NTC to convert the bonds into ordinary shares of NTC at the conversion price of NT\$118.68 per share, at any time the day following three months after the issuance date until ten days prior to the maturity date, or five days prior to the exercise date of the put option or the issuer's call option. The conversion price will be adjusted according to the anti-dilution clause of the 2024 First Overseas Unsecured Convertible Bonds Issuance and Conversion Rules of NTC. The conversion shall be calculated using a fixed exchange rate of USD1=NT\$32.917, divided by the conversion price per share on the conversion date. Since NTC distributed cash dividends in August 2025, the conversion price should be adjusted according to the issuance and conversion measures, so the conversion price has been adjusted to NT\$118.02 since August 3, 2025.
- 2) From the day following three months after the issuance date until the maturity date, if the closing price of NTC's common shares listed on the Taiwan Stock Exchange equals or exceeds 130% of the prevailing conversion price for at least 20 trading days within any 30 consecutive business days, NTC may redeem all outstanding bonds in cash at their principal amount.
- 3) On or after the third anniversary of the issuance date, bondholders may request NTC to redeem all or part of their bonds. The repurchase price shall be the principal amount plus interest compensation calculated at an annual rate of 1.55%, compounded semiannually.
- 4) Except for the bonds that have been redeemed, repurchased, converted or bought back and cancelled by NTC in the market, all outstanding bonds shall be redeemed at maturity in U.S. dollars at their face value plus a yield calculated at an annual interest rate of 1.55%, compounded semiannually. The redemption amount will be converted into New Taiwan Dollars using the fixed exchange rate of NT\$32.917 to USD1, and then reconverted into U.S. dollars based on the prevailing exchange rate at the time of redemption.
- 5) The effective interest rate of the convertible bonds liability component was 2.29% per annum on initial recognition.

Proceeds from issuance (less transaction costs of NT\$54,260 thousand)	\$ 4,883,290
Equity component (less transaction costs of NT\$1,253 thousand)	(112,804)
Redemption and put option derivative (recognized as financial liability at fair value through profit or loss) (less transaction costs of NT\$92 thousand)	(8,302)
Interest charged at an effective interest rate of 2.29%	<u>103,110</u>
Liability component at December 31, 2025	<u>\$ 4,865,294</u>

20. PROVISIONS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Non-current</u>		
Employee benefits	\$ 840,728	\$ 1,093,623
Decommissioning liabilities	436,740	461,360
Warranties	<u>350,607</u>	<u>415,876</u>
	<u>\$ 1,628,075</u>	<u>\$ 1,970,859</u>

	Employee Benefits	Decom- missioning Liabilities	Warranties	Total
Balance at January 1, 2025	\$ 1,093,623	\$ 461,360	\$ 415,876	\$ 1,970,859
Decreased	(213,404)	(4,632)	(58,158)	(276,194)
Effects of foreign currency exchange differences	<u>(39,491)</u>	<u>(19,988)</u>	<u>(7,111)</u>	<u>(66,590)</u>
Balance at December 31, 2025	<u>\$ 840,728</u>	<u>\$ 436,740</u>	<u>\$ 350,607</u>	<u>\$ 1,628,075</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

a. Defined contribution plan

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

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

b. Defined benefit plan

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

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

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

	December 31	
	2025	2024
Present value of the defined benefit obligation	\$ 4,026,096	\$ 3,984,891
Fair value of the plan assets	<u>(2,890,258)</u>	<u>(2,706,706)</u>
Net defined benefit liabilities, non-current	<u>\$ 1,135,838</u>	<u>\$ 1,278,185</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2025	\$ 3,984,891	\$ (2,706,706)	\$ 1,278,185
Service cost			
Current service cost	85,817	-	85,817
Net interest expense (income)	83,231	(64,093)	19,138
Others	<u>-</u>	<u>1,433</u>	<u>1,433</u>
Recognized in profit or loss	<u>169,048</u>	<u>(62,660)</u>	<u>106,388</u>
Remeasurement			
Actuarial (gain) loss			
- realized rate greater than the discounted rate	-	(131,246)	(131,246)
- changes in financial assumptions	31,331	(88)	31,243
- demographic assumption adjustments	(4,459)	-	(4,459)
- experience adjustments	<u>73,109</u>	<u>(41,165)</u>	<u>31,944</u>
Recognized in other comprehensive income	<u>99,981</u>	<u>(172,499)</u>	<u>(72,518)</u>
Contributions from the employer	-	(107,615)	(107,615)
Benefits paid	(285,276)	248,862	(36,414)
Paid by the Group	(1,000)	-	(1,000)
Effect of exchange rate changes	<u>58,452</u>	<u>(89,640)</u>	<u>(31,188)</u>
Balance at December 31, 2025	<u>\$ 4,026,096</u>	<u>\$ (2,890,258)</u>	<u>\$ 1,135,838</u>
Balance at January 1, 2024	\$ 4,174,363	\$ (2,490,778)	\$ 1,683,585
Service cost			
Current service cost	80,799	-	80,799
Net interest expense (income)	75,469	(56,725)	18,744
Others	<u>-</u>	<u>1,150</u>	<u>1,150</u>
Recognized in profit or loss	<u>156,268</u>	<u>(55,575)</u>	<u>100,693</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement			
Actuarial (gain) loss			
- realized rate greater than the discounted rate	\$ (9)	\$ (156,194)	\$ (156,203)
- changes in financial assumptions	42,409	(45)	42,364
- experience adjustments	<u>88,409</u>	<u>(36,902)</u>	<u>51,507</u>
Recognized in other comprehensive income	<u>130,809</u>	<u>(193,141)</u>	<u>(62,332)</u>
Contributions from the employer	-	(100,821)	(100,821)
Benefits paid	(464,916)	178,564	(286,352)
Paid by the Group	(21,719)	-	(21,719)
Effect of exchange rate changes	<u>10,086</u>	<u>(44,955)</u>	<u>(34,869)</u>
Balance at December 31, 2024	<u>\$ 3,984,891</u>	<u>\$ (2,706,706)</u>	<u>\$ 1,278,185</u> (Concluded)

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

	<u>For the Year Ended December 31</u>	
	2025	2024
Operating costs	\$ 14,799	\$ 14,545
Selling expenses	1,813	1,712
General and administrative expenses	8,988	13,820
Research and development expenses	<u>80,788</u>	<u>70,616</u>
	<u>\$ 106,388</u>	<u>\$ 100,693</u>

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

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	<u>December 31</u>	
	2025	2024
Discount rates	1.40%-5.74%	1.60%-5.94%
Expected rates of salary increase	1.50%-3.50%	2.00%-3.50%

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

	<u>December 31</u>	
	2025	2024
Discount rates		
0.25%-0.50% increase	<u>\$ (57,555)</u>	<u>\$ (63,203)</u>
0.25%-0.50% decrease	<u>\$ 65,520</u>	<u>\$ 70,735</u>
Expected rates of salary increase/decrease		
0.25%-0.50% increase	<u>\$ 63,755</u>	<u>\$ 68,968</u>
0.25%-0.50% decrease	<u>\$ (56,673)</u>	<u>\$ (62,384)</u>

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

	<u>December 31</u>	
	2025	2024
The expected contribution to the plan for the next year	<u>\$ 138,922</u>	<u>\$ 129,465</u>
The average duration of defined benefit obligation	6.20-11.47 years	6.70-11.34 years

22. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	2025	2024
Number of shares authorized (in thousands)	<u>6,700,000</u>	<u>6,700,000</u>
Shares authorized	<u>\$ 67,000,000</u>	<u>\$ 67,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>4,500,000</u>	<u>4,500,000</u>
Shares issued	<u>\$ 45,000,002</u>	<u>\$ 45,000,002</u>

On May 2, 2024, the Company's board of directors resolved to issue 320,000 thousand shares with a par value of NT\$10 for capital increase, and the price of the issue at premium NT\$21 per share. The issuance of shares was approved by the Financial Supervisory Commission, Taiwan, R.O.C. on June 14, 2024. The subscription date of the capital increase, which was determined by the chairman, was set on

August 15, 2024. The relevant issuance costs amounted to NT\$16,608 thousand and were recognized as the deduction of capital surplus - from the issuance of share capital.

b. Capital surplus

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Arising from issuance of share capital	\$ 11,050,593	\$ 11,050,593
Arising from treasury share transactions	2,342,036	2,342,036
Arising from conversion of bonds	136,352	136,352
<u>May only be used to offset a deficit</u>		
Arising from changes in percentage of ownership interest in subsidiaries	206,371	153,221
Arising from share of changes in capital surplus of associates	<u>16,508</u>	<u>16,846</u>
	<u>\$ 13,751,860</u>	<u>\$ 13,699,048</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. No less than 3% of the employee remuneration shall be allocated as remuneration for rank-and-file 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 2024 and 2023 were as follows:

	Appropriation of Earnings		Cash Dividends Per Share (NT\$)	
	For Year 2024	For Year 2023	For Year 2024	For Year 2023
	Legal reserve appropriated	\$ 50,941	\$ -	
Cash dividends	<u>-</u>	<u>-</u>	\$ -	\$ -
	<u>\$ 50,941</u>	<u>\$ -</u>		

No cash dividends appropriated for 2023 were resolved by the board of directors on February 6, 2024; no legal reserve appropriated for 2023 was resolved by the shareholders on May 9, 2024.

No cash dividends appropriated for 2024 were resolved by the board of directors on February 18, 2025; the appropriation of earnings for 2024 were resolved by the shareholders meeting on May 27, 2025.

The appropriation of earnings for 2025 was as follows:

	For Year 2025
Legal reserve appropriated	<u>\$ 370,778</u>
Cash dividends	<u>\$ 2,250,000</u>
Cash dividends per share (NT\$)	\$ 0.5

The above-mentioned appropriation for cash dividends has been resolved by the board of directors on February 10, 2026. The other appropriations will be resolved by the shareholders in their meeting in 2026.

d. Other equity items

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

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ (906,715)	\$ (1,007,855)
Exchange differences arising on translating the financial statements of foreign operations	<u>(358,059)</u>	<u>101,140</u>
Balance at December 31	<u>\$ (1,264,774)</u>	<u>\$ (906,715)</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

	<u>For the Year Ended December 31</u>	
	2025	2024
Balance at January 1	\$ 5,874,120	\$ 13,893,178
Unrealized gains (losses) on revaluation of financial assets at FVTOCI	3,994,224	(4,378,619)
Share of unrealized gains (losses) on revaluation of financial assets at FVTOCI of associates accounted for using equity method	8,601,008	(3,641,686)
Income tax related to items that will not be reclassified	42,715	-
Disposal of investments in equity instruments designated at FVTOCI	<u>243,994</u>	<u>1,247</u>
Balance at December 31	<u>\$ 18,756,061</u>	<u>\$ 5,874,120</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

	<u>For the Year Ended December 31</u>	
	2025	2024
Balance at January 1	\$ 7,507,933	\$ 8,163,361
Share attributable to non-controlling interests		
Profit (loss) for the year	(784,481)	108,620
Exchange differences on translation of the financial statements of foreign operations	(184,418)	(27,252)
Remeasurement of defined benefit plans	18,072	(3,501)
Unrealized gains (losses) on financial assets measured at FVTOCI	(257,189)	18,396
Income tax related to items that will not be reclassified	39,285	-
Cash dividends issued by subsidiaries to non-controlling interests	(79,284)	(614,432)
Acquisition of non-controlling interests in subsidiaries	(114,831)	(138,200)
Changes in ownership interests in subsidiaries	<u>49,077</u>	<u>941</u>
Balance at December 31	<u>\$ 6,194,164</u>	<u>\$ 7,507,933</u>

23. REVENUE

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

24. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION, AND AMORTIZATION

	For the Year Ended December 31, 2025			Total
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	
Short-term employee benefits	\$ 5,163,970	\$ 12,424,974	\$ -	\$ 17,588,944
Post-employment benefits	\$ 211,824	\$ 652,632	\$ -	\$ 864,456
Depreciation	\$ 10,989,310	\$ 1,187,420	\$ 131,498	\$ 12,308,228
Amortization	\$ 28,125	\$ 312,862	\$ 21,706	\$ 362,693

	For the Year Ended December 31, 2024			Total
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	
Short-term employee benefits	\$ 4,381,272	\$ 11,332,069	\$ -	\$ 15,713,341
Post-employment benefits	\$ 204,812	\$ 689,592	\$ -	\$ 894,404
Share-based payment	\$ 27,605	\$ 33,107	\$ -	\$ 60,712
Depreciation	\$ 11,059,796	\$ 1,076,626	\$ 135,998	\$ 12,272,420
Amortization	\$ 4,829	\$ 370,650	\$ 35,392	\$ 410,871

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 compensation to 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. In accordance with the amendment to the Securities and Exchange Act in August 2024, the Company amended its Articles of Incorporation at the 2025 shareholders' meeting to stipulate that no less than 3% of the employees' remuneration shall be allocated as remuneration for rank-and-file employees.

For the years ended December 31, 2025 and 2024, the employees' compensation and remuneration of directors were as follows:

	For the Year Ended December 31			
	2025		2024	
	Amounts	Accrual Rate	Amounts	Accrual Rate
Employees' compensation	<u>\$ 102,949</u>	2%	<u>\$ 13,400</u>	2%
Remuneration of directors	<u>\$ 51,475</u>	1%	<u>\$ 6,700</u>	1%

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

The compensation to employees and remuneration to the directors of 2024 were approved by the Company's board of directors on March 14, 2025, were as below: (There was no employees' compensation and remuneration of the directors in 2023 due to a net loss before income tax.)

	For the Year Ended December 31, 2024	
	Amounts	Rate
Employees' compensation in cash	<u>\$ 13,400</u>	2%
Remuneration of directors	<u>\$ 6,700</u>	1%

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2024.

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 expense were as follows:

	For the Year Ended December 31	
	2025	2024
Current income tax (benefit) expense		
Current tax expense	\$ 252,088	\$ (121,509)
Adjustment for prior years	18,609	87,947
Deferred income tax		
Change in current year	<u>1,162,340</u>	<u>435,605</u>
Income tax expense recognized in profit or loss	<u>\$ 1,433,037</u>	<u>\$ 402,043</u>

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

	For the Year Ended December 31	
	2025	2024
Income tax expense from continuing operations at the statutory rate	\$ 926,171	\$ 387,166
Tax effect of adjustment item		
Permanent differences	47,265	(161,485)
Others	441,289	125,660
Income tax on unappropriated earnings	22,923	-
Loss carryforwards, investment credits and deductible temporary differences	(22,923)	(39,000)
Adjustment for prior years' income tax expense	18,609	87,947
Others	<u>(297)</u>	<u>1,755</u>
Tax expense recognized in profit or loss	<u>\$ 1,433,037</u>	<u>\$ 402,043</u>

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

b. Income tax recognized in other comprehensive income

	December 31	
	2025	2024
Deferred income tax		
Change in current year	<u>\$ 81,628</u>	<u>\$ (563)</u>
Income tax benefit (expense) recognized in other comprehensive income	<u>\$ 81,628</u>	<u>\$ (563)</u>

c. Current tax assets and liabilities

	December 31	
	2025	2024
Current tax assets (Note 11)	<u>\$ 63,233</u>	<u>\$ 53,501</u>
Current tax liabilities	<u>\$ 206,028</u>	<u>\$ 280,031</u>

d. Deferred tax assets

As of December 31, 2025 and 2024, deferred income tax assets of NT\$599,652 thousand and NT\$1,665,713 thousand, respectively, were mainly generated from idle capacity, unrealized inventory losses and asset impairment losses.

e. Deferred tax liabilities

As of December 31, 2025 and 2024, deferred income tax liabilities of NT\$76,652 thousand and NT\$62,373 thousand, respectively, were mainly generated from unrealized valuation gains or losses on financial assets at FVTOCI.

f. Tax return assessments

The tax returns of the Company and NTC through 2023 have been assessed and approved by the tax authorities.

g. Pillar Two Income Tax Act

As of December 31, 2025, the Group has no material tax exposure related to the Pillar Two income tax legislation.

26. EARNINGS PER SHARE

	For the Year Ended December 31					
	2025			2024		
	Amounts (Numerator)		Earnings Per Share (NT\$)	Amounts (Numerator)		Earnings Per Share (NT\$)
	Net Income After Income Tax (Attributable to Owners of the Parent)	Shares (Denominator) (In Thousands)	Net Income After Income Tax (Attributable to Owners of the Parent)	Net Income After Income Tax (Attributable to Owners of the Parent)	Shares (Denominator) (In Thousands)	Net Income After Income Tax (Attributable to Owners of the Parent)
Basic earnings per share						
Net income attributed to ordinary shareholders	\$ 3,961,929	4,500,000	<u>\$ 0.88</u>	\$ 601,001	4,301,530	<u>\$ 0.14</u>
Effect of dilutive potential ordinary shares						
Employees' compensation	-	1,374		-	905	
Diluted earnings per share						
Net income attributed to ordinary shareholders	<u>\$ 3,961,929</u>	<u>4,501,374</u>	<u>\$ 0.88</u>	<u>\$ 601,001</u>	<u>4,302,435</u>	<u>\$ 0.14</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.

27. SHARE-BASED PAYMENT ARRANGEMENTS

The Company was approved by the FSC on June 14, 2024 to issue 320,000 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 August 11, 2024. 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\$60,712 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	2024.8.11	31,954 thousand shares	Vested immediately

b. The fair value of share options acquired by employees on grant day, August 11, 2024, 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\$)
\$22.90	\$21	29.87%	2 days	1.27%	\$1.9

28. GOVERNMENT GRANTS

The Company received government preferential loans of NT\$5,131,600 thousand at a below-market interest rates. These loans will be used for the purchase of machinery and equipment and to support 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 rates. The total fair value of the loans was estimated by using the prevailing market interest rates. The difference between the proceeds and the fair value of the loans is the benefit derived from the below-market interest rates which has been recognized as deferred revenue. The deferred revenue will be recognized as other income over time. For the years ended December 31, 2025 and 2024, the other income under government grants were NT\$50,260 thousand and NT\$58,831 thousand, respectively. The interest expense under loans were NT\$155,336 thousand and NT\$167,223 thousand, respectively.

Additionally, the Company applied for the "IC Design Summit Grant Program" from the Ministry of Economic Affairs' Industrial Technology Department, which was approved in September 2024. The total approved grant was NT\$555,500 thousand, with the grant program starting from April 1, 2024 to September 30, 2027. The Company has established a dedicated account for the grant, and monthly withdrawals must be based on the expenses summary report, with the withdrawal amount not exceeding the actual expenses incurred. The dedicated account for the grant will be closed once the project is completed. Starting from April 1, 2025, each grant installment (with a six-month period) will be disbursed by the Ministry of Economic Affairs after the actual expense report has been reviewed. As of December 31, 2025, a total of NT\$191,306 thousand has been recognized as other income under government grant.

Additionally, the Company participated in the Industrial Development Administration, Ministry of Economic Affairs' "Post-Pandemic Low Carbon Transformation Grant Program" to collaborate with 13 suppliers and outsourcing manufacturers to develop a carbon reduction plan. The grant program started from September 1, 2023 to August 31, 2025, with annual progress reviews. The Ministry of Economic Affairs approved a total grant of NT\$18,800 thousand, including equipment purchases and research and development expenses. The government grant related to equipment purchases is recognized as deferred revenue. The deferred revenue is recognized as other income over the useful lives of the related equipment. As of December 31, 2025, a total of NT\$14,569 thousand has been recognized as other income under government grants.

29. CAPITAL MANAGEMENT

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

30. FINANCIAL INSTRUMENT

a. Fair value of financial instruments

1) Valuation techniques and assumptions used in fair value measurement

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

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes publicly traded stock and mutual funds).
- The fair values of derivative foreign exchange contracts are measured using quoted middle and discount rates of foreign exchange contracts matching the foreign exchange rate on the maturity date of the contracts.
- Domestic and overseas unlisted equity instrument at FVTPL and FVTOCI were all measured based on Level 3. Fair values of the above equity instruments were determined using 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.
- The put options and redemption options of the overseas convertible bonds issued by NTC are derivative instruments for which there is no market price available for reference. NTC assesses the fair value using a binomial tree convertible bond valuation model. The significant unobservable input used is the stock price volatility. As the stock price volatility increases, the fair value of these derivative instruments will change. As of December 31, 2025, the stock price volatility applied was 41.69%.

2) Fair value measurements recognized in the consolidated balance sheets

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 inputs are unobservable inputs for an asset or liability.

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

Fair value hierarchy as of December 31, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Financial liabilities at amortized cost				
Bonds payable (unsecured)	\$ _____	\$ _____	\$ 4,865,294	\$ 4,865,294

Fair value hierarchy as of December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Financial liabilities at amortized cost				
Bonds payable (secured)	\$ _____	\$ 9,993,636	\$ _____	\$ 9,993,636

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

Fair value hierarchy as of December 31, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 744	\$ -	\$ 744
Non-derivative financial assets				
Domestic listed securities	15,466	-	-	15,466
Overseas unlisted securities	-	-	311,217	311,217
Mutual funds	<u>117,372</u>	<u>-</u>	<u>-</u>	<u>117,372</u>
	<u>\$ 132,838</u>	<u>\$ 744</u>	<u>\$ 311,217</u>	<u>\$ 444,799</u>
<u>Financial assets at FVTOCI</u>				
Equity securities				
Domestic and overseas listed securities	\$ 13,461,995	\$ -	\$ -	\$ 13,461,995
Domestic and overseas unlisted securities	-	35,780	1,432,914	1,468,694
Beneficiary certificates	<u>-</u>	<u>-</u>	<u>1,205,137</u>	<u>1,205,137</u>
	<u>\$ 13,461,995</u>	<u>\$ 35,780</u>	<u>\$ 2,638,051</u>	<u>\$ 16,135,826</u>
<u>Financial liabilities</u>				
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ _____	\$ 135,470	\$ 10,277	\$ 145,747

Fair value hierarchy as of December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets				
Domestic listed securities	\$ 15,467	\$ -	\$ -	\$ 15,467
Overseas unlisted securities	-	-	65,570	65,570
Mutual funds	<u>120,767</u>	<u>-</u>	<u>-</u>	<u>120,767</u>
	<u>\$ 136,234</u>	<u>\$ -</u>	<u>\$ 65,570</u>	<u>\$ 201,804</u>
<u>Financial assets at FVTOCI</u>				
Equity securities				
Domestic listed securities	\$ 8,402,276	\$ -	\$ -	\$ 8,402,276
Domestic and overseas unlisted securities	-	29,400	2,011,318	2,040,718
Beneficiary certificates	<u>-</u>	<u>-</u>	<u>1,318,257</u>	<u>1,318,257</u>
	<u>\$ 8,402,276</u>	<u>\$ 29,400</u>	<u>\$ 3,329,575</u>	<u>\$ 11,761,251</u>
<u>Financial liabilities</u>				
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 142,481</u>	<u>\$ -</u>	<u>\$ 142,481</u>

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

The financial assets measured at Level 3 fair value were non-derivative financial assets classified as financial assets at FVTPL and equity investments classified as financial assets at FVTOCI. Reconciliations for the years ended December 31, 2025 and 2024 were as follows:

	<u>For the Year Ended December 31</u>	
	2025	2024
Balance at January 1	\$ 3,395,145	\$ 3,097,755
Additions	317,731	136,792
Recognized in other comprehensive income	(554,162)	125,696
Recognized in profit or loss	-	2,362
Proceeds from capital reduction of investment	(800)	(450)
Disposals	(164,847)	(30,000)
Effect of exchange rate changes	<u>(43,799)</u>	<u>62,990</u>
Balance at December 31	<u>\$ 2,949,268</u>	<u>\$ 3,395,145</u>

The financial liabilities measured at Level 3 fair value were the put options and redemption options of overseas convertible bonds classified as financial liabilities at FVTPL. Reconciliations for the year ended December 31, 2025 was as follows:

	For the Year Ended December 31, 2025
Balance at January 1	\$ -
Additions	8,302
Recognized in profit or loss	<u>1,975</u>
Balance at December 31	<u>\$ 10,277</u>

b. Categories of financial instruments

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

	December 31			
	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>				
Measured at amortized cost				
Cash and cash equivalents	\$ 15,733,774	\$ 15,733,774	\$ 14,100,396	\$ 14,100,396
Accounts receivable (included related parties)	16,071,154	16,071,154	10,038,346	10,038,346
Finance lease receivables	-	-	22,506	22,506
Other receivables	678,355	678,355	700,684	700,684
Refundable deposits (recorded in other non-current assets)	489,994	489,994	485,859	485,859
Financial assets at FVTPL (current and non-current)	444,799	444,799	201,804	201,804
Financial assets at FVTOCI (current and non-current)	16,135,826	16,135,826	11,761,251	11,761,251
<u>Financial liabilities</u>				
Measured at amortized cost				
Short-term borrowings	2,739,451	2,739,451	2,119,990	2,119,990
Notes and accounts payable (included related parties)	8,223,591	8,223,591	7,061,317	7,061,317
Payable on equipment and other payables	10,527,072	10,527,072	10,234,795	10,234,795
Bonds payable (included current portion)	4,865,294	4,865,294	9,993,636	9,993,636
Long-term borrowings (included current portion)	44,525,244	44,525,244	41,094,417	41,094,417
Guarantee deposits (recorded in other current liabilities and other non-current liabilities)	938,151	938,151	1,217,192	1,217,192
Financial liabilities at FVTPL (current and non-current)	145,747	145,747	142,481	142,481

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

Substantially all the Group's sales are denominated in U.S. dollar, and more than half of its capital expenditures are in currencies other than NT dollar, primarily U.S. dollar and Japanese yen. As a result, any significant adverse fluctuations in the exchanges rate of NT dollar against these currencies, in particular a weakening of U.S. dollar against NT dollar, would negatively affect the Group's revenue and operating profit when expressed in NT dollars. 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 of foreign currency risk focuses on monetary items denominated in foreign currencies as of the end of the reporting period. It estimates the potential adverse impact resulting from exchange rate fluctuations. Based on a sensitivity analysis performed on the Group's total monetary assets and liabilities for the years ended December 31, 2025 and 2024, a hypothetical adverse foreign currency exchange rate change of 1% would have decreased (increased) its net income (loss) by NT\$138,027 thousand and NT\$69,688 thousand respectively. The amounts did not consider the impact of hedge contracts and hedged item.

b) Interest rate risk

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

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

	December 31	
	2025	2024
Cash flow interest rate risk		
Financial assets	\$ 2,700	\$ 8,413
Financial liabilities	47,412,739	43,371,406

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 100 basis points, the Group's cash outflows would have increased by NT\$474,100 thousand and NT\$433,630 thousand for the years ended December 31, 2025 and 2024, 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 amounts of each individual accounts receivables at the end of the reporting period to ensure that adequate impairment losses are recognized for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk was significantly reduced.

3) Liquidity risk

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

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

	December 31, 2025			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-interest bearing	\$ 19,481,715	\$ 207,099	\$ -	\$ 19,688,814
Lease liabilities	346,118	289,877	1,781,475	2,417,470
Variable interest rate liabilities	25,731,058	3,737,954	17,943,727	47,412,739
Fixed interest rate liabilities	<u>-</u>	<u>-</u>	<u>5,334,035</u>	<u>5,334,035</u>
	<u>\$ 45,558,891</u>	<u>\$ 4,234,930</u>	<u>\$ 25,059,237</u>	<u>\$ 74,853,058</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Lease liabilities	<u>\$ 635,995</u>	<u>\$ 598,202</u>	<u>\$ 1,183,273</u>

	December 31, 2024			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-interest bearing	\$ 18,118,164	\$ 395,140	\$ -	\$ 18,513,304
Lease liabilities	332,371	270,273	1,810,682	2,413,326
Variable interest rate liabilities	12,086,689	22,829,321	8,455,396	43,371,406
Fixed interest rate liabilities	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>10,000,000</u>
	<u>\$ 40,537,224</u>	<u>\$ 23,494,734</u>	<u>\$ 10,266,078</u>	<u>\$ 74,298,036</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Lease liabilities	\$ 602,644	\$ 509,747	\$ 1,300,935

31. RELATED PARTY TRANSACTIONS

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

<u>Related Party</u>	<u>Relationship with the Group</u>
Walsin Lihwa Corporation (“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
Infopower Technologies Private Limited	Related party in substance
Energy Helper TCC Corporation (“Energy Helper TCC”)	Related party in substance
Su, Yuan-Mou	Chairman of NTC

b. Operating activities

	<u>For the Year Ended December 31</u>	
	2025	2024
1) Operating revenue		
Associate	\$ 257,545	\$ 247,980
Related party in substance	<u>72,708</u>	<u>106,406</u>
	<u>\$ 330,253</u>	<u>\$ 354,386</u>

Price and terms were determined in accordance with mutual agreements.

	<u>For the Year Ended December 31</u>	
	2025	2024
2) Purchases of goods		
Associate		
TPSCo.	\$ <u>3,477,494</u>	\$ <u>3,745,639</u>

Price and terms were determined in accordance with mutual agreements.

	<u>For the Year Ended December 31</u>	
	2025	2024
3) Manufacturing expenses		
Related party in substance	\$ 4,586,233	\$ 5,080,217
Associate	<u>1,681,316</u>	<u>1,709,399</u>
	<u>\$ 6,267,549</u>	<u>\$ 6,789,616</u>
4) Operating expenses		
Associate	\$ 275,828	\$ 257,025
Related party in substance	14,841	61,652
Investor that exercises significant influence over the Group	<u>15,366</u>	<u>11,054</u>
	<u>\$ 306,035</u>	<u>\$ 329,731</u>
5) Dividend income		
Investor that exercises significant influence over the Group		
Walsin Lihwa	\$ 123,764	\$ 272,280
Related party in substance		
United Industrial Gases.	59,840	59,840
Others	<u>26,653</u>	<u>24,300</u>
	<u>\$ 210,257</u>	<u>\$ 356,420</u>
6) Other income and expenses		
Related party in substance	\$ 4,271	\$ 2,149
Associate	<u>37</u>	<u>8,359</u>
	<u>\$ 4,308</u>	<u>\$ 10,508</u>

	December 31	
	2025	2024
7) Accounts receivable		
Associate	\$ 27,953	\$ 24,349
Related party in substance	<u>5,055</u>	<u>3,980</u>
	<u>\$ 33,008</u>	<u>\$ 28,329</u>
8) Accounts payable		
Related party in substance	\$ 905,578	\$ 1,056,797
Associate	<u>411,173</u>	<u>497,798</u>
	<u>\$ 1,316,751</u>	<u>\$ 1,554,595</u>
9) Other receivables and other current assets		
Associate	\$ 6,437	\$ 34,235
Related party in substance	<u>4,971</u>	<u>1,089</u>
	<u>\$ 11,408</u>	<u>\$ 35,324</u>
10) Other payables and other current liabilities		
Related party in substance	\$ 147,023	\$ 369,785
Associate	144,903	196,709
Investor that exercises significant influence over the Group	<u>2,123</u>	<u>1,449</u>
	<u>\$ 294,049</u>	<u>\$ 567,943</u>
11) Refundable deposits (recorded in “other non-current assets”)		
Related party in substance	\$ 33,830	\$ 1,722
Investor that exercises significant influence over the Group	<u>203</u>	<u>203</u>
	<u>\$ 34,033</u>	<u>\$ 1,925</u>

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

	Disposal Price		Gain (Loss) on Disposal	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2025	2024	2025	2024
Associate	\$ -	\$ 687	\$ -	\$ 687
Related party in substance	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
	<u>\$ -</u>	<u>\$ 689</u>	<u>\$ -</u>	<u>\$ 689</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

	For the Year Ended December 31	
	2025	2024
1) Acquisition of right of use assets		
Investor that exercises significant influence over the Group	\$ 9,025	\$ -
Related party in substance	<u>-</u>	<u>30,315</u>
	<u>\$ 9,025</u>	<u>\$ 30,315</u>
	December 31	
	2025	2024
2) Lease liabilities		
Related party in substance	\$ 14,809	\$ 19,827
Investor that exercises significant influence over the Group	<u>6,115</u>	<u>-</u>
	<u>\$ 20,924</u>	<u>\$ 19,827</u>
	For the Year Ended December 31	
	2025	2024
3) Interest expense		
Related party in substance	\$ 509	\$ 712
Investor that exercises significant influence over the Group	<u>174</u>	<u>-</u>
	<u>\$ 683</u>	<u>\$ 712</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.

	December 31	
	2025	2024
1) Operating lease receivables		
Associate		
TPSCo.	<u>\$ 11,872</u>	<u>\$ 12,410</u>
2) Future lease payment receivables		
Associate		
TPSCo.	<u>\$ 809,475</u>	<u>\$ 981,545</u>

For the Year Ended December 31
2025 2024

3) Lease income

Associate TPSCo.	\$ 134,478	\$ 136,836
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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 December 31, 2025 and 2024, the balance of finance lease receivables were NT\$0 thousand and NT\$22,506 thousand, respectively. No impairment loss was recognized as of December 31, 2024. The amounts of interest income under finance leases for the year ended December 31, 2025 and 2024 were NT\$110 thousand and NT\$1,464 thousand, respectively.

f. Acquisition of financial assets

For the year ended December 31, 2025:

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Investor that exercises significant influence over the Group				
Walsin Lihwa	Financial assets at FVTOCI - current	19,648,289	Ordinary shares of Walsin Lihwa	<u>\$ 373,317</u>

For the year ended December 31, 2024: None.

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

For the Year Ended December 31
2025 2024

Short-term employment benefits	\$ 496,200	\$ 429,934
Post-employment benefits	12,672	16,546
Termination benefits	-	3,265
Share-based payment	<u>-</u>	<u>5,221</u>
	<u>\$ 508,872</u>	<u>\$ 454,966</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; additionally the remuneration was resolved by the board of directors.

32. PLEDGED AND COLLATERALIZED ASSETS

Refer to Notes 6, 14 and 16 to the consolidated financial statements.

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Amounts available under unused letters of credit were as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
USD	\$ <u>155</u>	\$ <u>-</u>
JPY	\$ <u>-</u>	\$ <u>1,116,637</u>

b. Unrecognized commitments were as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Acquisition of property, plant and equipment	\$ <u>11,716,282</u>	\$ <u>1,945,070</u>

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

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

	<u>December 31</u>					
	<u>2025</u>			<u>2024</u>		
	<u>Foreign Currency (In Thousands)</u>	<u>Exchange Rate (Note 1)</u>	<u>New Taiwan Dollar (In Thousands)</u>	<u>Foreign Currency (In Thousands)</u>	<u>Exchange Rate (Note 1)</u>	<u>New Taiwan Dollar (In Thousands)</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 568,421	31.43	\$ 17,865,463	\$ 341,580	32.785	\$ 11,198,694
USD	76,281	156.52	2,397,503	44,195	156.19	1,448,921
		(Note 2)			(Note 2)	
USD	1,167	3.1802	36,669	823	3.6557	26,989
		(Note 3)			(Note 3)	
EUR	2,798	36.90	103,235	3,134	34.14	107,009
JPY	3,825,508	0.2008	768,162	4,077,263	0.2099	855,817
RMB	30,587	4.496	137,518	30,696	4.478	137,457
ILS	14,422	9.883	142,531	15,225	8.9682	136,544
<u>Non-monetary items</u>						
EUR	7,000	36.90	258,297	-	-	-

(Continued)

	December 31					
	2025			2024		
	Foreign Currency (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollar (In Thousands)	Foreign Currency (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollar (In Thousands)
<u>Financial liabilities</u>						
Monetary items						
USD	\$ 174,409	31.43	\$ 5,481,666	\$ 153,973	32.785	\$ 5,048,005
USD	45,556	156.52	1,431,839	21,598	156.19	708,105
		(Note 2)			(Note 2)	
EUR	2,716	36.90	100,229	2,319	34.14	79,174
JPY	3,143,859	0.2008	631,287	4,425,259	0.2099	928,862
ILS	25,932	9.883	256,286	21,228	8.9682	190,380
						(Concluded)

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

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

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

For the years ended December 31, 2025 and 2024, 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.

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

36. OTHER ITEMS: NONE

37. ADDITIONAL DISCLOSURE

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

Number	Item	Index
1)	Financings provided	Table 1
2)	Endorsements/guarantees provided	Table 2
3)	Significant marketable securities held (excluding investments in subsidiaries and associates)	Table 3
4)	Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital	Table 4
5)	Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital	Table 5
6)	Intercompany relationships and significant intercompany transactions.	Table 8

- b. Information on investments: Refer to Table 6 to the consolidated financial statements attached.

c. Information on investment in mainland China

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

38. SEGMENT INFORMATION

a. Basic information about operating segment

1) Classification of operating segments

The Group's reportable segments under IFRS 8 "Operating Segments" was as follows:

a) Segment of Customized Memory Solution product

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

b) Segment of Flash Memory product

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

c) Segment of Logic IC product

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

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

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

b. Segment revenues and operating results

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

	Segment Revenue		Segment Profit and Loss	
	For the Year Ended December 31		For the Year Ended December 31	
	2025	2024	2025	2024
Customized Memory Solution product	\$ 26,243,596	\$ 19,435,487	\$ 2,561,260	\$ (3,736,429)
Flash Memory product	31,074,913	28,753,759	8,845,633	8,564,766
Logic IC product	<u>30,249,300</u>	<u>31,685,733</u>	<u>2,370,290</u>	<u>3,590,798</u>
Total of segment revenue	87,567,809	79,874,979	13,777,183	8,419,135
Other revenue	<u>1,838,362</u>	<u>1,734,789</u>	1,838,362	1,734,789
Operating revenue	<u>\$ 89,406,171</u>	<u>\$ 81,609,768</u>		
Unallocated expenditure				
Administrative and supporting expenses			(4,903,701)	(4,792,444)
Sales and other common expenses			<u>(5,177,388)</u>	<u>(4,853,997)</u>
Income from operations			<u>5,534,456</u>	<u>507,483</u>
Non-operating income and expenses				
Interest income			356,544	334,399
Dividend income			216,299	363,064
Other income			474,463	377,018
Share of profit (loss) of associates			119,769	221,165
Gains (losses) on disposal of property, plant and equipment			467	1,019,587
Gains (losses) on disposal of intangible assets			1,073	-
Gains (losses) on foreign exchange			(478,369)	596,702
Gains (losses) on financial instruments at fair value through profit or loss			47,680	(758,204)
Interest expense			(1,387,102)	(1,206,792)
Other expenses			<u>(274,795)</u>	<u>(342,758)</u>
Income before income tax			<u>\$ 4,610,485</u>	<u>\$ 1,111,664</u>

c. Geographical information

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2025	2024	2025	2024
Asia	\$ 83,591,826	\$ 75,612,186	\$ 114,486,054	\$ 112,455,045
America	2,067,282	2,122,070	164,729	192,558
Europe	3,326,851	3,676,875	274	39
Others	<u>420,212</u>	<u>198,637</u>	<u>-</u>	<u>-</u>
	<u>\$ 89,406,171</u>	<u>\$ 81,609,768</u>	<u>\$ 114,651,057</u>	<u>\$ 112,647,642</u>

d. Major customer information

For the years ended December 31, 2025 and 2024, the Group's operating revenue were NT\$89,406,170 thousand and NT\$81,609,768 thousand and single customer contacting 10% or more to the Group's operating revenue were NT\$11,176,472 thousand and NT\$7,934,302 thousand, respectively. For the years ended December 31, 2025 and 2024, there was no other individual customer exceeded 10% of the Group's operating revenue.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

**FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Amount Actually Drawn	Interest Rate	Nature of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
1	NTSZ	NTNJ	Other receivables - related parties	Yes	\$ 67,440	\$ 67,440	\$ 13,488	3%	The need for short-term financing	\$ -	Operating capital	\$ -	None	\$ -	\$ 260,213	\$ 260,213

Note 1: The maximum balance for the period and ending balance represent the amounts approved by the board of director of NTSZ.

Note 2: The aggregate amount available for lending to others by NTSZ shall not exceed the net worth of NTSZ nor 40% of the net worth of NTC as shown in its latest financial statements, and shall be limited to the lower of the two.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(Amounts in Thousands of New Taiwan Dollars)

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
		Name	Relationship										
0	WEC	NTCJ	NTC's indirect subsidiary with 100% ownership	\$ 12,336,022 (Note 1)	\$ 6,024,000 (Note 3)	\$ 6,024,000 (Note 3)	\$ -	\$ -	5.58	\$ 53,967,983 (Note 5)	Y	N	N
1	NTC	NTCJ	Subsidiary	13,117,836 (Note 2)	2,619,150 (Note 4)	2,619,150 (Note 4)	629,924	-	19.97	13,117,836 (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.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD

DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Held Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
WEC	<u>Shares</u> Walsin Lihwa Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman. As WEC's corporate director, the investee held 22.11% ownership interest in WEC.	Current financial assets at FVTOCI	267,175,782	\$ 8,496,190	6	\$ 8,496,190	
	Hannstar Display Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	"	150,000,210	1,170,001	5	1,170,001	
	Walsin Technology Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	"	5,300,117	620,114	1	620,114	
	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	2,863,583	10	2,863,583	
	<u>Shares</u> IQM Quantum Computers	None	Non-current financial assets at FVTPL	14,741	248,357	1	248,357	
	<u>Shares</u> CHIA-HO Green Energy Corporation	WEC's chairman as a director of the investee's parent company	Non-current financial assets at FVTOCI	55,500,000	554,524	15	554,524	
	Kai-Hong Energy Co., Ltd	WEC as the investee's supervisor	"	12,698,800	116,780	7	116,780	
WECA	<u>Beneficiary certificates</u> JVP VIII, L.P.	None	Non-current financial assets at FVTOCI	-	USD 20,829	7	USD 20,829	
	JVP X Funds	None	"	-	USD 17,514	8	USD 17,514	
WECJ	<u>Shares</u> Progress Technologies Group Inc.	None	Non-current financial assets at FVTOCI	512,800	JPY 624,078	7	JPY 624,078	
NTC	<u>Shares</u> United Industrial Gases Co., Ltd.	NTC as the investee's director	Non-current financial assets at FVTOCI	8,800,000	677,600	4	677,600	

Note 1: Significant marketable securities refer to securities amounted to NT\$100 million.

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

TABLE 4

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts 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	\$ 14,990,736	27	Net 90 days from invoice date	N/A	N/A	\$ 2,295,738	21	
	WECJ	Direct subsidiary with 100% ownership	Sales	3,924,702	7	Net 90 days from invoice date	N/A	N/A	671,534	6	
	WECN	Indirect subsidiary with 100% ownership	Sales	2,834,445	5	Net 90 days from invoice date	N/A	N/A	-	-	
	WECA	Indirect subsidiary with 100% ownership	Sales	1,575,166	3	Net 90 days from invoice date	N/A	N/A	155,197	1	
	NTC	Direct subsidiary with 52.78% ownership	Sales	179,684	-	Net 30 days from invoice date	N/A	N/A	37,828	-	
AMTC	TPSCo.	Associate	Sales	JPY 1,211,476	32	Net 15 days end of the month	N/A	N/A	JPY 136,418	23	
	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	JPY 981,436	26	Net 30 days end of the month	N/A	N/A	JPY 196,333	33	
NTC	NTHK	NTC's direct subsidiary with 100% ownership	Sales	7,654,629	40	Net 50 days from invoice date	N/A	N/A	1,259,226	48	
	NTCA	NTC's direct subsidiary with 100% ownership	Sales	152,229	1	Net 50 days from invoice date	N/A	N/A	33,970	1	
	NTSG	NTC's direct subsidiary with 100% ownership	Sales	293,795	2	Net 8 days end of the month	N/A	N/A	44,349	2	
	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	909,380	5	Net 8 days end of the month	N/A	N/A	53,963	2	
	NTSG	NTC's direct subsidiary with 100% ownership	Purchases	390,934	5	Net 8 days end of the month	N/A	N/A	(22,708)	(1)	
	NTCJ	NTC's indirect subsidiary with 100% ownership	Purchases	4,631,047	54	Net 8 days end of the month	N/A	N/A	(273,906)	(15)	
NTSG	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	USD 58,447	54	Net 10 days end of the month	N/A	N/A	USD 4,795	45	
	NTHK	NTC's direct subsidiary with 100% ownership	Sales	USD 8,251	8	Net 10 days end of the month	N/A	N/A	USD 545	5	
NTCJ	NTSG	NTC's direct subsidiary with 100% ownership	Sales	JPY 8,916,019	12	Net 10 days end of the month	N/A	N/A	JPY 765,113	7	
	NTHK	NTC's direct subsidiary with 100% ownership	Sales	JPY 14,388,986	20	Net 10 days end of the month	N/A	N/A	JPY 1,614,298	14	
	TPSCo.	Associate	Purchases	JPY 16,625,541	46	Net 10 days end of the month	N/A	N/A	JPY (2,047,672)	(43)	

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2025

(Amounts 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	\$ 2,295,738	10.49	\$ -	-	\$ 1,312,940	\$ -
	WECJ	Direct subsidiary with 100% ownership	671,534	6.80	-	-	-	-
	WECA	Indirect subsidiary with 100% ownership	155,197	8.37	-	-	94,101	-
WECA	WEC	Parent company	USD 7,290	(Note)	-	-	USD 4,563	-
NTC	NTHK	NTC's direct subsidiary with 100% ownership	1,259,226	5.81	-	-	559,170	-
NTSG	NTCJ	NTC's indirect subsidiary with 100% ownership	USD 4,795	11.44	-	-	USD 4,795	-
NTCJ	NTSG	NTC's direct subsidiary with 100% ownership	JPY 765,113	8.70	-	-	JPY 765,113	-
	NTHK	NTC's direct subsidiary with 100% ownership	JPY 1,614,298	10.15	-	-	JPY 1,614,298	-
	NTC	Parent company	JPY 1,364,076	17.08	-	-	JPY 1,364,076	-
NTIL	NTC	Parent company	ILS 19,369	(Note)	-	-	ILS 19,369	-

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2025
(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
WEC	NTC	Taiwan	Research, design, development, manufacture and marketing of Logic IC, 6-inch wafer product, test, and OEM	\$ 4,909,793	\$ 4,730,738	221,554,635	52.78	\$ 6,898,326	\$ (1,664,644)	\$ (879,298)	
	WIC	British Virgin Islands	Investment holding	2,758,517	2,758,517	87,960,000	100.00	2,047,512	43,384	43,384	
	WEHK	Hong Kong	Sales of semiconductor and investment holding	278,158	278,158	71,150,000	100.00	1,107,692	217,709	217,709	
	METC	Japan	Software and hardware integration design of semiconductor	167,660	167,660	4,000	100.00	366,001	67,798	67,798	
	AMTC	Japan	Manufacture of semiconductor and smart factory solutions	237,052	237,052	4,000	100.00	385,076	65,215	65,215	
	WECJ	Japan	Research, development, sales and after-sales service of semiconductor	190,070	190,070	2,970	100.00	358,508	42,660	42,660	
	WEIL	India	Sales and service of semiconductor	133,617	133,617	27,998,400	99.99	128,272	355	355	
	Callisto	Hong Kong	Electronic commerce and investment holding	156,292	156,292	40,000,000	100.00	76,736	1,470	1,470	
	WTL	Israel	Design and marketing service of semiconductor	21,242	21,242	100,000	100.00	136,013	17,816	17,816	
	WEG	Germany	Marketing service of semiconductor	28,679	28,679	850,000	100.00	33,532	772	772	
	Chin Xin	Taiwan	Investment holding	1,874,825	1,874,825	182,840,999	38.00	13,762,433	182,206	68,675	
	ThCC	Taiwan	Agriculture and forestry botanic conservation	270,000	270,000	27,000,000	15.00	410,410	6,505	976	
	WIC	WECA	United States of America	Design, sales and service of semiconductor	1,683,207	1,683,207	3,067	100.00	2,090,515	43,530	43,530
Callisto	CTL	Hong Kong	Electronic commerce and investment holding	-	30,895	-	-	-	-	-	
				USD -	USD 1,000			USD -	USD -	USD -	Note 1
METC	MTTC	Taiwan	Development of software and services for automotive and industrial control	3,000	3,000	300,000	100.00	2,415	(184)	(184)	
NTC	NTHK	Hong Kong	Sales of semiconductor	427,092	427,092	107,399,999	100.00	942,602	105,936	105,936	
	MML	British Virgin Islands	Investment holding	-	274,987	-	-	-	(7,803)	(7,803)	Note 2
	NIH	British Virgin Islands	Investment holding	515,251	515,251	15,633,161	100.00	575,986	69,151	69,151	
	SYI	Taiwan	Investment holding	38,500	38,500	3,850,000	100.00	82,582	3,855	3,855	
	NTIPL	India	Design, sales and service of semiconductor	30,211	30,211	600,000	100.00	21,127	345	345	
	NTCA	United States of America	Design, sales and service of semiconductor	190,862	190,862	60,500	100.00	256,151	18,859	18,859	
	NTSG	Singapore	Design, sales and service of semiconductor	1,319,054	1,319,054	45,100,000	100.00	2,342,152	202,652	202,652	
	NTKL	Korea	Design, sales and service of semiconductor	67,611	67,611	280,000	100.00	52,493	3,766	3,766	
	NTHJ	Japan	Investment holding	5,927,849	5,927,849	100	100.00	5,653,643	(2,105,056)	(2,105,056)	
	NTG	Germany	Customer service and technical support of semiconductor	67,980	67,980	2,000,000	100.00	73,819	1,499	1,499	
NTCJ	Japan	Design, sales and service of semiconductor	3,067,500	-	3,000	24.00	2,401,088	(2,297,156)	(191,974)	Note 3	
NIH	NTIL	Israel	Design and service of semiconductor	46,905	46,905	1,000	100.00	575,243	69,284	69,284	
NTHJ	NTCJ	Japan	Design, sales and service of semiconductor	111,520	111,520	9,480	76.00	5,822,927	(2,297,156)	(2,105,182)	Note 3
NTCJ	TPSCo.	Japan	Foundry and sales of semiconductor	1,708,037	1,708,037	49,539	49.00	1,858,891	85,307	50,118	Note 4

Note 1: CTL completed the liquidation and legal procedures in July 2025.

Note 2: MML completed the liquidation and legal procedures in September 2025.

Note 3: NTC originally held 100% ownership interest of NTCJ through NTHJ. In September 2025, NTCJ completed a cash capital injection that was fully subscribed by NTC, resulting in NTC acquiring a 24% equity interest in NTCJ and reducing NTHJ's ownership interest in NTCJ to 76%.

Note 4: NTCJ's share of profit (loss) includes downstream and upstream transactions.

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(Amounts 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, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025
					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)	\$ 11,485	100.00	\$ 11,485	\$ 358,883	\$ 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 NTHK in the third area, which then invested in the investee in mainland China indirectly	68,036 (USD 2,000)	-	-	68,036 (USD 2,000)	2,237	52.78	1,181	53,464	-
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)	3,564	52.78	1,881	133,823	-
NTNJ	Provide development of semiconductor and technology, consult service and sale	28,800 (USD 900) (Note 2)	Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly	- (Note 2)	-	-	- (Note 2)	2,571	52.78	1,357	13,045	-

Note 1: The gain or loss on investment for the year ended December 31, 2025 was recognized on the basis of the financial statements audited by the auditor.

Note 2: 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 December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
WEC	\$ 276,435 (USD9,000)	\$ 276,435 (USD9,000)	\$ 68,478,078
NTC	282,135 (USD8,500) (Note 3)	282,135 (USD8,500) (Note 3)	7,870,702

Note 3: The investment amounts of Winbond Electronics (Nanjing) Ltd. which has completed the cancellation and liquidation process in May 2023 was NT\$16,429 thousand (USD500 thousand).

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

3. Refer to Table 4 for significant transactions with the investee in mainland China directly and indirectly through investing in companies in the third area.

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

5. Refer to Table 1 for financing of funds to investee in mainland China directly and indirectly through investing in companies in the third area.

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship	Transaction Details			Percentage of Consolidated Operating Revenue or Total Assets (%)
				Financial Statement Account	Amount	Terms (Note 1)	
0	WEC	WEHK	Transactions between parent company and subsidiaries	Operating revenue	\$ 14,990,736	-	17
		WEHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	2,295,738	-	1
		WECA	Transactions between parent company and subsidiaries	Operating revenue	1,575,166	-	2
		WECA	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	155,197	-	-
		WECA	Transactions between parent company and subsidiaries	Operating expenses	796,593	-	1
		WECA	Transactions between parent company and subsidiaries	Other payables	229,127	-	-
		WECJ	Transactions between parent company and subsidiaries	Operating revenue	3,924,702	-	4
		WECJ	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	671,534	-	-
		WECJ	Transactions between parent company and subsidiaries	Operating expenses	313,245	-	-
		WTL	Transactions between parent company and subsidiaries	Operating expenses	481,255	-	1
		WECN	Transactions between parent company and subsidiaries	Operating revenue	2,834,445	-	3
		NTC	Transactions between parent company and subsidiaries	Operating revenue	179,684	-	-
		NTC	Transactions between parent company and subsidiaries	Other income	132,693	-	-
1	AMTC	NTCJ	Transactions between subsidiaries	Operating revenue	204,605	-	-
2	NTC	NTHK	Transactions between parent company and subsidiaries	Operating revenue	7,654,629	-	9
		NTHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	1,259,226	-	1
		NTCA	Transactions between parent company and subsidiaries	Operating revenue	152,229	-	-
		NTSG	Transactions between parent company and subsidiaries	Operating revenue	293,795	-	-
		NTCJ	Transactions between parent company and subsidiaries	Operating revenue	909,380	-	1
		NTSG	Transactions between parent company and subsidiaries	Operating costs	390,934	-	-
		NTCJ	Transactions between parent company and subsidiaries	Operating costs	4,631,047	-	5
		NTCJ	Transactions between parent company and subsidiaries	Accounts payable due to related parties	273,906	-	-
		NTIL	Transactions between parent company and subsidiaries	Operating expenses	1,583,282	-	2
		NTIL	Transactions between parent company and subsidiaries	Other payables	191,419	-	-
		NTCA	Transactions between parent company and subsidiaries	Operating expenses	450,747	-	1
3	NTCJ	NTSG	Transactions between subsidiaries	Operating revenue	1,866,390	-	2
		NTSG	Transactions between subsidiaries	Accounts receivable due from related parties	153,635	-	-
		NTHK	Transactions between subsidiaries	Operating revenue	2,984,302	-	3
		NTHK	Transactions between subsidiaries	Accounts receivable due from related parties	324,151	-	-
4	NTSG	NTCJ	Transactions between subsidiaries	Operating revenue	1,832,600	-	2
		NTCJ	Transactions between subsidiaries	Accounts receivable due from related parties	150,699	-	-
		NTHK	Transactions between subsidiaries	Operating revenue	258,323	-	-

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.