

TSE: 2344

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***We Deliver***



Winbond Electronics Corp.

2022 Annual Report

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# A Letter to Our Shareholders

Dear Shareholders,

Central banks around the world have raised interest rates to curb inflation arising from conflicts between Ukraine and Russia, rising energy prices, and China's zero COVID policy in 2022. Tightened fiscal policies have significantly slowed manufacturing activity, weakened global stock and bond market performance, and signaled a clear trend toward an economic downturn. For Winbond, operations in the first half of the year remained at peak levels thanks to the flow of electronic products and remote business opportunities presented by the pandemic. In the latter half of 2022, however, business growth has been hampered by diminished demand for consumer electronics, alleviated material shortages, and the accumulated inventory stemming from supply chain imbalances during the pandemic. Nevertheless, with the easing of the pandemic, the pace of innovation-driven operations in the electronic and electrical manufacturing industries is expected to slowly but gradually pick up pace. We are confident that we can overcome the challenges of the current global economic and political situation as well as continue to work closely with our partners on total memory solutions, ultimately reaching the goal of stability and growth.

## Financial Performance

In 2022, our consolidated revenue amounted to NT\$94.53 billion, a decrease of 5.06% compared to 2021, mainly due to the impact of inventory adjustments and weakened demand for consumer electronics. Memory and logic products constituted 56% and 44% of consolidated revenue respectively. The gross margin was 46% and the operating margin was 17%. Our net earnings after tax were NT\$15.0 billion (NT\$12.9 billion attributed to the parent company) while earnings per share were NT\$3.25.

## Market and Product Applications

Winbond's memory business is dedicated to the design, fabrication, and distribution of Code Storage Flash Memory and Specialty DRAM. The two product lines are the cornerstones of the Company's robust operation. Our logic IC business provides eight major solutions—microcontroller applications, smart home, cloud security, motion sensing technologies, battery monitoring, IoT applications, semiconductor components, and IC foundry, and we are always seeking to expand its product lineup to give our clients the most comprehensive service possible.

In terms of product application, Winbond's memory IC products are balanced across the four major sectors of electronics. In 2022, the communication applications product line remains the major revenue source of our memory business, accounting for 29% of its total revenue. Automotive and industrial products were unaffected by the economic downturn in the second half of the year, accounting for 27% of our total revenue, with uninterrupted growth thanks to the growing adoption of electric vehicles and the advancement of smart technologies. Attributable to a wave of replacements due to software upgrades, computing and peripheral products generated 24% of our total revenue, with only 20% on consumer products as less was spent on electronics during the post-pandemic period. Our automotive applications also showed significant growth, accounting for 40% of our logic IC revenue. Communications and consumer products revenue were at 22% each, on par with the previous year. Although the smartphone market weakened, sales of our CSP MOSFETs for lithium-ion mobile battery protection performed well, which continue to increase our market share and help maintain our momentum. Revenue from computing and peripheral products and applications decreased slightly to 16%.

## Capacity Planning

Winbond's Kaohsiung Fab has commenced operations according to plan with a capacity of 10,000 wafers per month expected to go toward our 2023 revenue. Our latest DRAM 25 Snm technology will provide 2G/4G DDR3 and other higher-end niche products to meet the specs for IoT, smart systems, automotive, industrial, and metaverse applications. Facilities will continue to be built in Kaohsiung Fab 1 based on market and business prospects.

The CTSP Fab in Central Taiwan Science Park is currently producing 58,000 wafers per month while catering to Code Storage Flash Memory and Specialty DRAM product lines. With the Kaohsiung Fab now having Specialty DRAM capacity, we will be able to progressively increase our Code Storage Flash Memory fabrication at the CTSP Fab, thus maintaining our leading position in the market.

## Product Innovation and Technology Development

To bolster our competitive advantage, Winbond is proactively incorporating green design thinking into the core product design process. We have completed verification of using flash memory in low-temperature soldering (LTS) processes that

conform with Joint Electron Device Engineering Council (JEDEC) standards, which effectively reduces our carbon footprint. The process flow for surface mount technology has been streamlined and shortened to reduce production costs. Vigorous growth of the Internet of Vehicles has highlighted network security risks and the rising significance of information security functions for vehicular systems and software. In 2022, Winbond became the world's first memory manufacturer to match international industry standards with ISO/SAE 21434 Road Vehicles—Cybersecurity Engineering certification.

A multitude of resources have been invested in our logic IC business, developing various types of products that are in demand. For automotive products, we are developing novel Human-Machine Interface solutions with vehicular communication security technology that supports quick startup and high-resolution displays. We verified our battery deterioration diagnosis technology in collaboration with international manufacturers to build a circular ecosystem for recycling automotive batteries. For industrial control systems, Winbond launched the first MA35D1 series microprocessor based on the dual-core 64-bit Arm® Cortex®-A35 and single-core Cortex®-M4 architectures to target the need for high-performance edge computing in industrial IoT. On top of breakthroughs in computing, communications, and consumer products, we are always looking to bring new products and applications to the market.

For the development of in-house memory technologies, our latest DRAM 25 Snm technology has been put into production as the main line of the Kaohsiung Fab. The development of next-generation DRAM 20 nm processes is on schedule and projected to enter production in the second half of 2023, providing yet another solid foundation and driving force for our long-term growth. Regarding flash processes, Winbond is developing NOR Flash 45 nm and NAND Flash 24 nm processes in response to future market demand for high-capacity memory. Our goal is to increase the technological competitive edges of both Winbond and our clients by strengthening core technologies and value-added products.

### **Corporate Sustainability**

Winbond established the Sustainability Development Committee (ESG Committee) in May, which is directly supervised by the Board of Directors and headed by the Chair. In August, we joined the Taiwan Climate Partnership (TCP), a major climate initiative organization, with the Chair serving as director and group convener. In November, Winbond acquired 1,000 tons of CO<sub>2</sub>e high-quality blue carbon credits from the Singaporean Climate Impact X (CIX), some of which were used to offset carbon emissions for the zero-carbon 35<sup>th</sup> Anniversary ESG Family Day. For green products, we have successfully developed a 1.2V Serial NOR Flash—the first of its kind that supports ultra-low voltage operations which significantly reduce energy consumption.

Winbond gives back to society by serving breakfasts for students and children in rural areas and supporting STSP Charity Month activities aimed at improving the lives and quality of life for economically disadvantaged families. Regarding environmental protection, in 2022, Winbond combined efforts to adopt and maintain the HouFeng Bikeway. To foster interdisciplinary semiconductor talent, Winbond joined hands with National Cheng Kung University to plan and develop the Winbond × NCKU Semiconductor Leadership Program.

Winbond's robust profitability and outstanding performance in sustainability and corporate governance allow us to pass the rigorous review of investment institutions and be selected as a constituent of their investment indices. In 2022, we were included in the FTSE4Good Emerging Index, FTSE4Good TIP Taiwan ESG Index, and TWSE Corporate Governance 100 Index while ranking in the top 6%-20% ranking in the TWSE Corporate Governance Evaluation for multiple years consecutively.

### **Honors and Awards**

In 2022, Winbond received numerous awards for innovation and sustainable development. Our TrustME® W77Q Secure Flash Memory was crowned the winner at the 2022 China OFweek 7th IoT& AI Innovative Technology Product Awards. The product supports secure storage and startup, root of trust, and system recovery, which allows a simple drop-in replacement for existing NOR Flash devices. Furthermore, our HYPERRAM™ 3.0 product was recognized at the 7<sup>th</sup> China IoT Technology Innovation Award in 2022 by Elecfans for its low pin count, low power consumption, and ease of control, which substantially improve the performance of IoT end devices.

The NuMicro® M030G/M031G series microcontrollers launched by our logic IC business with a complete platform solution for optical transceiver applications were named Microcontroller/Interface of the Year at the ASPENCORE World Electronics Achievement Awards (WEAA) and Promising Product of the Year at the 2022 EE Awards Asia: Asian Golden Selection Award.

In terms of sustainable development, Winbond has stayed true to our commitment to corporate governance and environmental sustainability. In 2022, we won three awards at the 2022 Taiwan Corporate Sustainability Awards (TCSA): In addition to once again winning the IT & IC Manufacturing Platinum Award and the Talent Development Leadership Award, we took home our first Top 100 Sustainability Exemplary Taiwanese Company Award. These accomplishments are exemplary

of the recognition by external organizations for our performance and results in striking a balance between corporate sustainability, ESG management, and business resilience.

### **Future Prospects**

The Winbond Group envisions itself as “a hidden champion in the use of sustainable semiconductor technology to enrich human life”, which our business activities, organizational design, talent development, cultural shaping, technology development, as well as product design, manufacturing, and applications, all aligned with. Humanity as a whole is confronting several significant developments: the advent of aging societies, climate change, biodiversity issues, the Internet of Everything and cybersecurity challenges, geopolitical tensions, as well as deglobalization. As a leading provider of electronics technology, we are taking a proactive stance in the game.

The time has come for the creation of a smart future in which technology makes the lives of people—young and old—easier. Smart living involves smart home appliances and the application of AI and robotics. It is high time we used technology to drive energy transition, including the generation, storage, and transfer of green energy, which must be implemented on multiple levels with wide-ranging investments from governments and private sectors alike. We vow to work in concert with our clients, affiliates, and shareholders to strive for this momentous innovation opportunity. As many countries have promulgated laws and regulations to secure and safeguard Internet-accessible systems, we are prepared to satisfy customers’ needs with new products and applications in this regard.

Irrespective of globalization or deglobalization, the next step that businesses like us need to take is localization, which is of particular importance given the shortage of talent caused by the aging population. Global recruitment is key to ensuring our ability to survive and fostering future corporate development. In recent decades, the Winbond Group has stationed over one-third of its employees at multiple overseas R&D bases and locations, and we will continue to ramp up efforts to strengthen the consistency of our working platforms and ensure cultural inclusivity for all employees, at home and abroad. Our ultimate goal is to serve every customer and make them feel at home, no matter where they are in the world.

Finally, on behalf of the management team at Winbond, I would like to express our utmost gratitude to our shareholders, who continue to support and further the growth of the company through such trying times.



Arthur Yu-Cheng Chiao  
Chairman and CEO

## Company Profile

### (I) Company History

Winbond was established in September 1987 and listed on Taiwan Stock Exchange in 1995. Winbond operates 12-inch fabs with high levels of smart technology and automation in Central Taiwan Science Park and Southern Taiwan Science Park, with the company headquarters located in Central Taiwan Science Park (the Kaohsiung Fab began operations in 2022).

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

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

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

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

1. Due to improvements in production efficiency, the 12-inch wafer fabrication plant at Central Taiwan Science Park (CTSP) plans to increase its monthly capacity of 12-inch wafers from 58,000 to 60,000 in 2023.
2. The DRAM 25nm production process technology has been developed and put into mass production at the Kaohsiung Fab. Good progress is being made on the development of the latest 20nm DRAM production process, which has had a successful trial production run; it is expected to enter mass production at the Kaohsiung Fab in the second half of 2023.
3. We embarked on the Kaohsiung fab construction project in October 2018 and completed construction in 2021. The machinery at the fab has been installed and entered production in 2022. The fab's monthly capacity will be gradually expanded to 10,000 wafers by 2023 and to 14,000 wafers by 2024. The management team will implement plans to expand the monthly capacity of the Kaohsiung Fab to 20,000 wafers depending on market conditions and customer needs.

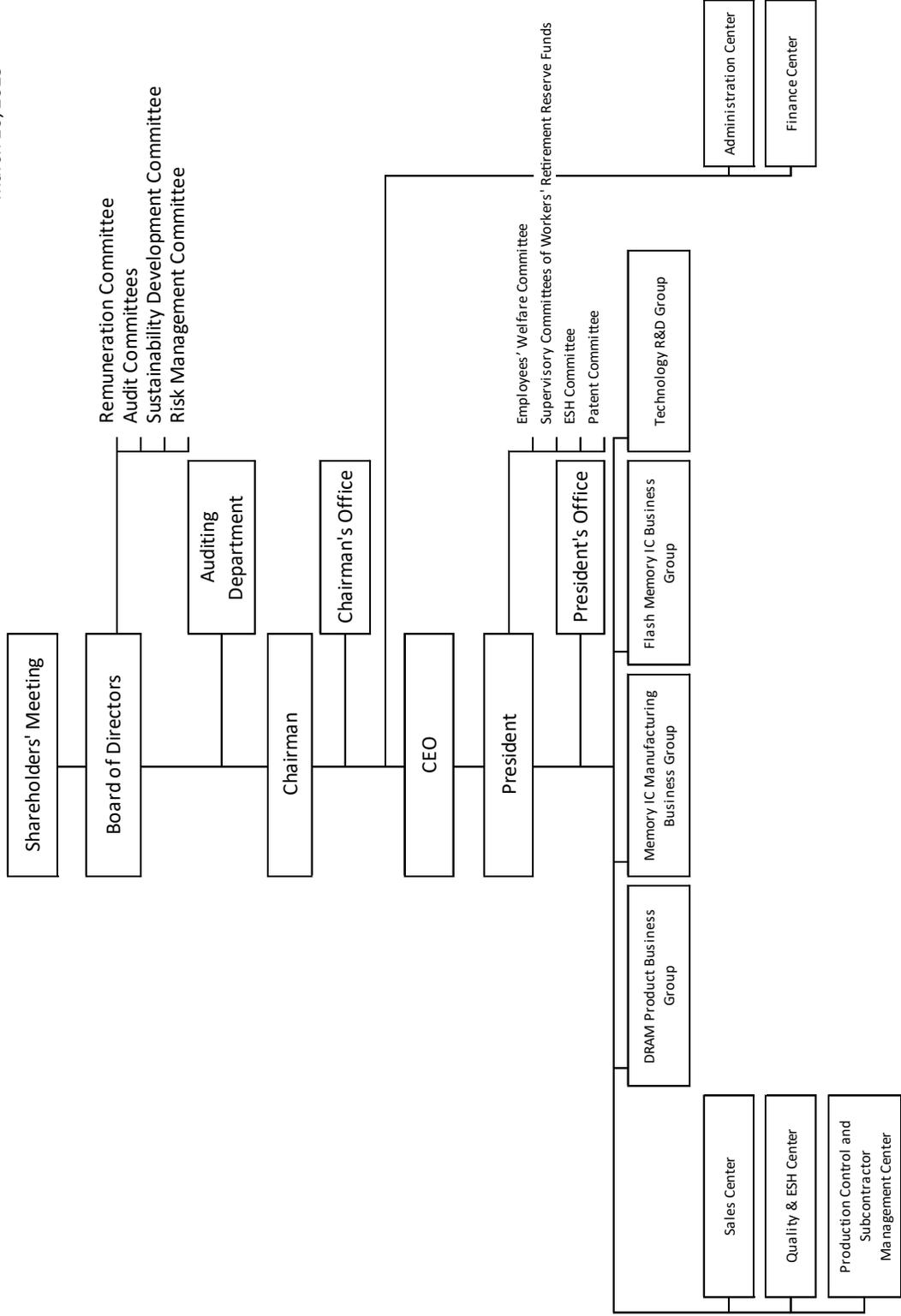
### (III) Investment in affiliates in the past year and up to the date of the report

For the Company's investment in affiliated enterprises, please see pages 230–237 of this report.

# Corporate Governance

## I. Organization 1. Organizational structure

March 16, 2023



## 2. Major business units and their key operations

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

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

### 1. Directors (1)

Title	Nationality or place of registration	Name	Gender and age	Date appointed	Tenure (in years)	Date first elected	Shares held when elected		Shares currently held		Shares currently held by spouse and minor children		Shares held in the name of others		Education/Work experience	Other positions at the Company or elsewhere	Officer, director or supervisor who is the person's spouse or relative within the second degree of kinship			Notes	
							Number of shares	Shareholding percentage <sup>1</sup>	Number of shares	Shareholding percentage <sup>1</sup>	Number of shares	Shareholding percentage <sup>1</sup>	Number of shares	Shareholding percentage <sup>1</sup>			Title	Name	Relationship		
Chair	R.O.C.	Arthur Yu-Cheng Chiao	M 60 to 70 years old	2020.06.12	3	1987.09.04	63,472,995	1.59%	63,472,995	1.59%	11,778,797	0.30%	-	-	MS in Electrical Engineering, University of Washington (UW) MRes, UW School of Business Administration Chair of Walsin Lihwa Corp. Chair of NuvoTon Technology Co. CEO of Winbond; (Incumbent)	See note 3	Director	Yung Chin Wei-Hsin Ma	Spouse Relative by marriage	See note 15	
Vice Chair	R.O.C.	Tung-Yi Chan	M 60 to 70 years old	2020.06.12	3	2009.06.19 Note 4	901,000	0.02%	551,000	0.01%	-	-	-	-	Ph.D. in Electrical Engineering, U.C. Berkeley and Master's in Management Science, Stanford University CEO of BCD Semiconductor Deputy CEO of Winbond; (Incumbent)	See note 4	N/A	N/A	N/A	N/A	
Director	R.O.C.	Yung Chin	F 60 to 70 years old	2020.06.12	3	1996.04.09	11,778,797	0.30%	11,778,797	0.30%	63,472,995	1.59%	-	-	MS in Applied Mathematics, University of Washington BS in Mathematics, National Taiwan University Chief Administrative Officer of Winbond Chair of the Theaceae Conservation Corp.; (Incumbent)	See note 5	Chair and CEO	Arthur Yu-Cheng Chiao Wei-Hsin Ma	Spouse Relative by marriage	N/A	
Independent Director	R.O.C.	Allen Hsu	M 60 to 70 years old	2020.06.12	3	2014.06.17	-	-	-	-	-	-	-	-	MBA, National Chengchi University Graduated from the Advanced Management Program, Wharton School of the University of Pennsylvania Chair of Altek Corporation Chair of Taiwan Mask Corporation Chair of Myson Century, Inc. Convener of Winbond's Audit Committee; (Incumbent)	See note 6	N/A	N/A	N/A	N/A	
Independent Director	R.O.C.	Stephen T. Tso	M 70 to 80 years old	2020.06.12	3	2019.06.14	-	-	-	-	-	-	-	-	Ph.D. in Materials Science, U.C. Berkeley President of WaferTech President of the CVD Department of Applied Materials, Inc. Vice President of Operations and Organization, TSMC Convener of Winbond's Remuneration Committee; (Incumbent)	See note 7	N/A	N/A	N/A	N/A	
Independent Director	R.O.C.	Francis Tsai	M 70 to 80 years old	2020.06.12	3	2014.06.17	-	-	-	-	-	-	-	-	Graduated from the Computer and Control Engineering Department, National Chiao Tung University Chair and CEO of Wafer Technology Corp. (Incumbent) Chair of NAFCCO (Incumbent)	See note 8	N/A	N/A	N/A	N/A	
Independent Director	R.O.C.	Jerry Hsu	M 40 to 50 years old	2020.06.12	3	2014.06.17	-	-	-	-	-	-	-	-	MS in International Business, Waseda University, Japan Chairperson and President of AcBel Polytex; (Incumbent)	See note 9	N/A	N/A	N/A	N/A	
Director	R.O.C.	Walsin Lihwa Corp.	-	2020.06.12	3	1987.09.04	883,848,423	22.20%	883,848,423	22.20%	-	-	-	-	-	-	-	-	-	-	-

March 16, 2023

Title	Nationality or place of registration	Name	Gender and age	Date appointed	Tenure (in years)	Date first elected	Shares held when elected		Shares currently held		Shares currently held by spouse and minor children		Shares held in the name of others		Education/Work experience	Other positions at the Company or elsewhere	Officer, director or supervisor who is the person's spouse or relative within the second degree of kinship			
							Number of shares	Shareholding percentage <sup>1</sup>	Number of shares	Shareholding percentage <sup>2</sup>	Number of shares	Shareholding percentage <sup>2</sup>	Number of shares	Shareholding percentage <sup>2</sup>			Title	Name	Relationship	Notes
Representative	R.O.C.	Fred Pan	M 60 to 70 years old	2020.06.12	3	2020.06.12	-	-	-	-	-	-	-	-	MBA, Tulane University CEO of Philips Semiconductors Asia Pacific CFO of the Sales and Marketing Division of Philips Semiconductors Taiwan President of Walsin Iuhwa; (Incumbent)	See note 10	N/A	N/A	N/A	
Director	R.O.C.	Chin Xin Investment Corp.	-	2020.06.12	3	103.06.17 Note 11	221,003,072	5.55%	240,003,072	6.03%	-	-	-	-	-	-	-	-	-	-
Director	R.O.C.	Yuan-Mou Su	M 60 to 70 years old	2020.06.12	3	2017.06.13	709,279	0.02%	-	-	-	-	-	-	MS in Electrical Engineering, University of Southern California BS in Electronics Engineering, National Chiao Tung University Vice Chair and Deputy CEO of Winbond Chair and CEO of Nuvoton Technology Corp; (Incumbent)	See note 12	N/A	N/A	N/A	
Director	R.O.C.	Chih-Chen Lin	M 40 to 50 years old	2020.06.12	3	2017.06.13	-	-	-	-	-	-	-	-	MBA, Stern School of Business, New York University BS in Chemical Engineering, National Taiwan University President of Taiwan Mobile Corporation Ltd.; (Incumbent)	See note 13	N/A	N/A	N/A	
Director	R.O.C.	Wei-Hsin Ma	F 50 to 60 years old	2020.06.12	3	2017.06.13	-	-	-	-	22,859,166	0.57%	-	-	Ph. D., School of Humanities, Tsinghua University Executive MBA, Peking University Graduated from the Department of East Asian Languages, U.C. Berkeley Chairperson of HammsTouch Solution Inc.; (Incumbent)	See note 14	Chair and CEO	Arthur Yu-Cheng Chiao	Relative by marriage	N/A

Notes:

- "Shareholding percentage when appointed" is based on the number of common shares outstanding (3,980,000,193 shares) as of the period of the person's appointment.
- "Shareholding percentage" is based on the number of common shares outstanding (3,980,000,193 shares) as of March 16, 2023.
- Serves concurrently as the Chair of Chin Xin Investment Corp. and Cheng He Investment Corp. Serves concurrently as a Director of Walsin Iuhwa Corp., Walsin Technology Corporation, MITAC Holdings Corporation, United Industrial Gases Co., Ltd., Kolin Cons. & Development Co., Ltd. Serves concurrently as an Independent Director of Taiwan Cement Corp. and the Convener of its Remuneration Committee. For more information regarding other positions held in other Winbond subsidiaries, please refer to the "Profiles of affiliates and subsidiaries" section on pages 230-237 of this report.
- Vice Chair Tung-Yi Chan served as a Director of Winbond from June 19, 2009, to June 12, 2017, and is serving concurrently as a Director of Walton Advanced Engineering, Inc. For more information regarding other positions held in other Winbond subsidiaries, please refer to the "Profiles of affiliates and subsidiaries" section on pages 230-237 of this report.
- Serves concurrently as a Supervisor of Qing An Investment Limited, Yau Cheung Investment Limited, Yau Cheung Investment Limited, and Cheng He Investment Corp. For more information regarding other positions held in other Winbond subsidiaries, please refer to the "Profiles of affiliates and subsidiaries" section on pages 230-237 of this report.
- Serves concurrently as the Chair of Yizhong Technology Inc., Unus Tech Co., Ltd., You Yuan Investment Ltd., and Pao Yueh Investment Ltd. Serves concurrently as an Independent Director of Nuvoton Technology Co; serves concurrently as a Director of Innodisk Corporation and ACME Electronics Corporation.
- Serves as an Independent Director of AOPEN Inc.
- Serves concurrently as the Chair of Getac Holdings Corporation.
- Serves concurrently as the Chair of AcBel Polytech (Dongguan), AcBel Polytech (Wuhan), AcBel (USA) Polytech Inc., AcBel Polytech (Philippines) Inc., and Huhua Hardware Electron (Wujiang) Co., Ltd. Serves concurrently as an Executive Director of Huhua Hardware Electron Co., Ltd. in Tongjiang District, Chongqing City, and Chongqing Kanghua Metal Products Inc. Serves concurrently as vice chair of Cal-Comp Electronics (Thailand) Ltd.; Serves concurrently as a Director of Kinpo Electronics, Inc., Lippo Big Data, Eslite Life, AcBel Polytech(SAMOA)Investment Inc., AcBel Polytech (Singapore) Pte Ltd., AcBel Polytech (UK) Limited, AcBel Polytech Japan Inc., Power Station Holdings Ltd., Compal Electronics Inc., Castle Net Technology Inc., Acbel Polytech Holdings Inc., Acbel Polytech (Ireland) Limited, Acbel Polytech International Inc., Kang Rei Energy Inc., CK Holdings Inc., LIZ Electronics Inc., Reber Biomedical Ltd., Ray-Kwong Medical Management Consulting Co., CSA Holdings Inc., QBIT Semiconductor Holding LTD., Target Gain Corporation, Melvita Taiwan Co., Ltd., ARCE Therapeutics Inc., Cal-Comp Electronics & Communications Co., Ltd., Kangan Power Co., Ltd., Qbit Semiconductor Ltd., New Era AI Robotic Inc., NKG Advanced Intelligence & Technology Development (Yueyang) Co., Ltd., Ca-Comp Precision (Malaysia) SDN.BHD., Cal-Comp Electronics (USA) Co., Ltd., Cal-Comp USA (San Diego) Inc., Cal-Comp Holding (Brazil) S.A., Kinpo & Compal Group Assets Development Corporation, and YesCir Ltd. Serves concurrently as a Supervisor of Teoport Access Services Inc., Fu Bao Investment Inc., and Kinpo Group Management Service Company. Serves concurrently as the President of AcBel Polytech (Dongguan) Inc., AcBel (USA) Polytech Inc., and AcBel Polytech (Philippines) Inc., AcBel Polytech (Wuhan) Inc., and Kinpo & Compal Group Assets Development Corporation. Serves concurrently as the Chief Strategy Officer of Cal-Comp Electronics & Communications Co., Ltd. Serves concurrently as a Deputy Chair of Taiwan Electrical and Electronic Manufacturers' Association (TEEMA), a Director of the Importers & Exporters Association of Taipei, and a member of the Third Wednesday Club-Young Entrepreneur Group.

10. Serves concurrently as the Vice Chair of Walsin (Nanjing) Development Ltd. Serves concurrently as a Director of Nanjing Walsin Property Management Ltd., Walsin International Investment Ltd., and Joint Success Enterprises Limited. Serves concurrently as a Director and the President of Kolin Cons. & Development Co., Ltd. and Walsin (China) Investment Ltd.
11. Chin Xin Investment Corp. served as a Supervisor of Winbond from June 17, 2014, to June 12, 2017.
12. For more information regarding other positions held in other Winbond subsidiaries, please refer to the "Profiles of affiliates and subsidiaries" section on pages 230-237 of this report.
13. Serves concurrently as the Chair of AppWorks Ventures Co., Ltd., AppWorks Fund II Co., Ltd., AppWorks Fund III Co., Ltd., AppWorks Fund IV Co., Ltd., AppWorks School Co., Ltd., AppWorks Digital Service Co., Ltd., Fu Shu Lin Media Technologies Co., Ltd., Fu Tien Hsia Media Men Investment Co., Ltd., Fu Sheng Digital Co., Ltd., Taiwan Teleservices & Technologies Co., Ltd., Taiwan MVideo Co., Ltd., Taiwan Stampede Franchise Film Co., Ltd., Taiwan Global Service Co., Ltd., Fu Shu Lin Media Technologies Co., Ltd., Fu Tien Hsia Media Technologies Co., Ltd., Win TV Broadcasting Co., Ltd., Taiwan Kuro Times Co., Ltd., Phoenix Cable TV Co., Ltd., Phoenix Cable TV Co., Ltd., Yeong Jia Leh Cable TV Co., Ltd., and GloballyView Cable TV Co., Ltd. Serves concurrently as director of AppWorks Ventures II Limited, AppWorks Ventures III Limited, AppWorks IV Limited, AppWorks Fund V Admin Global Limited, AWTH, 91APP, Inc., Dcard Holdings Ltd., EZTable, Ltd., VV3 Inc., WeMo (Cayman) Corp., LINE Bank Taiwan Ltd., Taiwan Mobile Co., Ltd., Bridge Mobile Pte Ltd., Taiwan Cellular Co., Ltd., Wealth Media Technology Co., Ltd., Taipei New Horizon Co., Ltd., Tainshin Property Insurance Agent Co., Ltd., TFN Media Co., Ltd., and Fubon Multimedia Technology Co., Ltd. Serves concurrently as president of Taiwan Mobile Co., Ltd., Taiwan Mobile Venture Co., Ltd., Taiwan Cellular Co., Ltd., Taiwan Stampede Franchise Film Co., Ltd., Wealth Media Technology Co., Ltd., TFN Media Co., Ltd., and TFN Venture Capital Co., Ltd.
14. Serves concurrently as the Chair of Jimpingguo Investment Corp., Yin Wang Investment Co., Ltd., and Huo Chu Investment Corp. Serves concurrently as a Director of HamStar Display Corporation, Walsin Lihwa Corp., United Integrated Services Co., Ltd., Glorystones Inc., and Hams Blegrain Ltd. Serves concurrently as a Supervisor of Pottery Inc.
15. The purpose of having the same person serve concurrently as both Chair and CEO of the Company is to have this individual lead the management team in efficiently executing the board's decisions. With the aforesaid practice in place, the number of independent directors on the board of the company is increased from the statutory requirement of 3 to 4, with more than half of the board positions filled by individuals who are not managers of the Company.
16. The Directors of this Company are the major shareholders of the institutional shareholder.

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Name of institutional shareholder	Major shareholders
Walsin Lihwa Corporation	Winbond Electronics Corporation (6.63%), Chin Xin Investment Corp. (6.63%), LGT Bank (Singapore) Ltd. Investment Fund held by the Standard Chartered Bank (Taiwan), Main Branch (6.38%), TECO (5.64%), Rong Chiang International Ltd. (4.92%), Yu-Hwei Chiao (2.92%), Oriental Consortium Investment Limited (2.87%), Yu-Heng Chiao (1.75%), Pai-Yung Hong (1.39%), and Yu-Chi Chiao (1.38%).
Chin Xin Investment Corp.	Winbond Electronics Corporation (37.69%), Walsin Lihwa Corporation (36.99%), Oriental Consortium Investment Limited (4.43%), Yu-Cheng Chiao (3.14%), Yu-Lon Chiao (3.14%), Yu-Heng Chiao (3.14%), Yu-Chi Chiao (3.14%), Walsin Technology Corporation (1.86%), HamStar Board Corporation (1.34%), and Prosperity Dielectrics Co., Ltd. (0.72%).

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

Name of institutional shareholder	Major shareholders
Winbond Electronics Corporation	Walsin Lihwa Corp. (22.20%), Chin Xin Investment Corp. (6.03%), Yu-Cheng Chiao (1.59%), Vanguard Emerging Markets Stock Index Fund held by JP Morgan Chase Bank, N.A., Taipei Branch (1.05%), LGT Bank (Singapore) Ltd. Investment Fund held by the Standard Chartered Bank (Taiwan), Main Branch (1.04%), Pai-Yung Hong (0.97%), Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds held by JPMorgan Chase Bank, N.A., Taipei Branch (0.96%), Yu-Heng Chiao (0.75%), Shares MSCI Taiwan Index ETF Investment Fund held by the Standard Chartered Bank (Taiwan), Main Branch (0.69%), and Yu-Lon Chiao (0.65%).
Chin Xin Investment Corp.	See Note 16
TECO	PJ Asset Management Co., Ltd. (17.45%), Walsin Lihwa Corp. (10.81%), Land Union Investment Limited (6.34%), Creative Sensor Inc. (2.87%), He Yuan Investment Co., Ltd. (2.36%), Tung Kuang Investment Co., Ltd. (1.50%), Norges Bank Investment Fund held by Citibank (Taiwan) (1.45%), Vanguard Emerging Markets Stock Index Fund held by JPMorgan Chase Bank, N.A., Taipei Branch (1.21%).
Rong Chiang International Ltd. Investment Limited	Tian Jiang Co., Ltd. (69.67%), Wonderful Assets Co., Ltd. (30.33%)
Walsin Lihwa Corp.	HamStar Display Corporation (100%)
Walsin Technology Corporation	See note 16
HamStar Board Corporation	Walsin Lihwa Corp. (18.30%), HamStar Board Corporation (7.65%), Global Brands Manufacture Ltd. (3.30%), Walton Advanced Engineering, Inc. (2.74%), Yu-Heng Chiao (2.65%), Citi Hosting Maybank King Eng Securities Customer Investment Fund (2.61%), Winbond Electronics Corporation (1.72%), Giga Investment Co. (1.37%), Vanguard Emerging Markets Fund Investment Fund held by JPMorgan Chase Bank, N.A. (1.37%), Vanguard Total International Stock Index Fund of the Vanguard Star Fund held by JPMorgan Chase Bank, N.A. (1.35%)
Prosperity Dielectrics Co., Ltd.	Walsin Technology Corporation (20.32%), Walsin Lihwa Corp. (12.06%), Career Technology (Mfg.) Co., Ltd. (5.44%), Chin Xin Investment Corp. (3.55%), Yu-Heng Chiao (2.19%), Pai-Yung Hong (1.86%), Fund of the NP Paribas Wealth Management Bank, Singapore Branch held by HSBC Bank (1.50%), Prosperity Dielectrics Co., Ltd. (1.07%), Tsai Yi Corporation (0.96%), and Yu Yue Corp. (0.89%).

Directors (2)

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

Name	Criteria	Professional qualifications and experience	Independence	Number of Independent Director Positions Held in Other Public Companies
Chair Arthur Yu-Cheng Chiao	Mr. Yu-Cheng Chiao has chaired the Company since 1987 and currently serves as its CEO. In the past, he has also served in varying capacities in a range of industries and public organizations and associations. This service includes his tenure as chair of Nuvoton Technology Corporation from 2008 to 2019, chair of Walsin Lihwa Corporation from 1986 to 1994, and chair of the Taiwan Electrical and Electronic Manufacturers' Association (TEEMA) from 2007 to 2013. In 2019, Mr. Chiao received the ERSO Award and was elected as one of the eighth Industrial Technology Research Institute (ITRI) Laureates.	1. Chairperson Chiao and Director Yung Chin are in a marital relationship; he is also related to Director Wei-Hsin Ma through affinity. 2. Current CEO of Winbond	1	
Vice Chair Tung-Yi Chan	Mr. Tung-Yi Chan previously served as the president of Winbond and was promoted to the position of vice CEO in March 2020. Prior to that, Chan served as senior engineer at Intel, technical manager at Cypress, technical manager at Siliconix, vice president of Winbond's Sales Center, and CEO of BCD Semiconductor, accumulating 33 years of technical and managerial experience in this professional field.	Current Vice Chair of Winbond	-	
Director Yung Chin	Ms. Yung Chin chairs the board of Theaceae Conservation Corporation and served as a director at Nuvoton Technology Corp. from 2008 to 2022. Chin has served in various positions in the Company, including as vice president of the Knowledge and Information Management unit from 2002 to 2006, chief auditor in 2001, and vice president of the Finance Center from 1998 to 2000. During her tenure as vice president of the Finance Center, she was selected as Financial Officer of the Year. Prior to joining the Company, Chin served as Chief Auditor at Walsin Lihwa Corporation. She has more than 30 years of professional experience in the field.	Director Yung Chin and Chair Chiao are in a marital relationship; she is also related to Director Wei-Hsin Ma through affinity.	-	
Independent Director (Convener of the Audit Committee) Allen Hsu	Mr. Allen Hsu chairs the boards of Unus Tech Co., Ltd. and 3R Life Sciences Ltd.; he also serves as independent director of Nuvoton Technology Corp. and director of Innodisk Corporation and ACME Electronics Corporation. Hsu joined the Yulon Group in September 1989 to serve as special advisor to the group's chair. During his tenure at Yulon and until his retirement in 2012, he was responsible for overseeing the group's investment operations and also served as vice CEO of Yulon Motor Co., Ltd. and deputy CEO of the Administrative Office. During his tenure, Hsu also served as chair of several TWSE/GTSM listed companies whose shares are held by the Yulon Group, such as Yulon Finance Corporation, Taiwan Mask Corporation, Altek Corporation, Myson Century Inc., and Lisheng Semiconductor. Prior to taking office in the Yulon Group, Hsu was active in the financial sector and served at the US-based Chase Bank and Bankers Trust from 1978 to 1989, leading their credit investigation, corporate finance, and investment banking department. Hsu also served as deputy chair of the Taiwan Venture Capital Association and has had the honor of being recognized as an outstanding alumnus of National Chiao Tung University and an outstanding financial executive as well as being awarded the Mr. Lu Feng-Zhang Memorial Award.	In the two years prior to Hsu's election as Independent Director and during his tenure in this position, the Company verified the internally and externally disclosed information and found that all independence criteria set forth in the <i>Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies</i> have been met. In accordance with his legally conferred powers, Hsu has been granted the authority to oversee the Company's operations and participate in major decision-making of the Company during his tenure.	1	
Independent Director (Convener of the Remuneration Committee) Stephen T. Tso	Dr. Stephen T. Tso served as the senior vice president and chief information officer of information technology, materials management, and risk management at Taiwan Semiconductor Manufacturing Company (TSMC) from 2004 up to his retirement in 2018. Tso also held various managerial positions in operational organizations and subsidiaries—including as chair/CEO of TSMC	In the two years prior to Tso's election as Independent Director and during his tenure in this position, the Company has verified the internally and externally disclosed information and found that all independence criteria set forth in the <i>Regulations Governing Appointment of</i>	1	

Name	Criteria	Professional qualifications and experience	Independence	Number of Independent Director Positions Held in Other Public Companies
		Solid State Lighting Ltd. and TSMC Solar Co., Ltd. from 2014 to 2015; general manager of Wafertech LLC. from 2001 to 2005; senior vice president of Operations at TSMC from 1998 to 2001; senior vice president responsible for TSMC's global marketing operations from 1997 to 1998; and vice president of research and development and technology development at TSMC from 1996 to 1997. Before joining TSMC, Tso served as president of the world's largest semiconductor supplier, Applied Materials, Inc., where he was tasked with heading two divisions, the Metal CVD Division and CVD II-Advanced Technology Division. Dr. Tso was plant manager and vice president at SGS-Thomson Microelectronics from 1989 to 1994; before that, Tso served at Texas Instruments.	<i>Independent Directors and Compliance Matters for Public Companies</i> are met. In accordance with his legally conferred powers, Tso has been granted the authority to oversee the Company's operations and participate in major decision-making of the Company during his tenure.	
Independent Director Francis Tsai		Mr. Francis Tsai currently serves as chair of Waffer Technology Corp. and NAFCO and vice chair of Getac Technology Corporation. Mr. Tsai has held a variety of positions in the Getac Group—one of the top three rugged laptop manufacturers in the world—where he acted as chair during several critical junctures for the group, including Getac Group's 2007 merger with MiTAC Precision Technology Corp., its 2009 expansion of business to Waffer Technology Corp. (Taiwan's third largest magnesium and aluminum alloy solution provider), and the 2011 acquisition of aerospace engine fastener manufacturer NAFCO. During the 80s, Tsai was engaged in the marketing and sales of Intel microprocessors and minicomputers, and helped drive the computerization of Taiwanese industries. From 1993 onward, he served at MiTAC Computing Technology Corp., where he led the establishment of OEM electronics manufacturing bases in China and gradually expanded production to include mechanical and plastic components. Tsai was later promoted to president of MiTAC in 1999 and also served as chair of Getac Technology Corporation, Tyan Computer Corporation, and MiTAC Precision Technology Corp.	In the two years prior to Tsai's election as Independent Director and during his tenure in this position, the Company has verified the internally and externally disclosed information and found that all independence criteria set forth in the <i>Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies</i> have been met. In accordance with his legally conferred powers, Tsai has been granted the authority to oversee the Company's operations and participate in major decision-making of the Company during his tenure.	-
Independent Director Jerry Hsu		Mr. Jerry Hsu serves as chair/president of AcBel Polytech, director of the Kinpo Group, deputy chair of TEEMA, and director of the Importers & Exporters Association of Taipei. Hsu is well-versed in production and sales in the electronics manufacturing industry and is also experienced in private equity investment management and the operation of corporate boards.	In the two years prior to Hsu's election as Independent Director and during his tenure in this position, the Company has verified the internally and externally disclosed information and found that all independence criteria set forth in the <i>Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies</i> have been met. In accordance with his legally conferred powers, Hsu has been granted the authority to oversee the Company's operations and participate in major decision-making of the Company during his tenure.	-
Walsin Lihwa Corp. (Representative: Fred Pan)		Mr. Fred Pan was previously appointed to serve as president of Walsin Lihwa Corp. in 2019 to assist the company's chair with the planning and implementation of corporate operating strategies. Before joining Walsin Lihwa Corp., Mr. Pan served as CFO of Philips Semiconductors Asia Pacific and CFO of the sales and marketing division of Philips Semiconductors Taiwan.	Representative of a juristic person	-
Chin Xin Investment Corp. (Representative: Yuan-Mou Su)		Mr. Yuan-Mou Su has served as chair and CEO of Company subsidiary Nuvoton Technology Corp. since February 2020. Before this, Su served as vice chair and deputy CEO of Winbond and also previously served the Company in various capacities from 2000 to 2014, including as vice president of the Company's Sales Center, vice president of the DRAM Product Business Group, and assistant vice president of the DRAM Product Marketing Center. Before joining Winbond, Su served in several US-based	Current Chair of a subsidiary of the Company	-

Name	Criteria	Professional qualifications and experience	Independence	Number of Independent Director Positions Held in Other Public Companies
		companies—AMD, Digital Equipment Corp., Integrated Devices Technology, and Winbic Semiconductor Inc.—where he accumulated over 30 years of technical and managerial experience in this professional field.		
Director Jamie Chih-Chen Lin		Mr. Chih-Chen Lin currently serves as president of Taiwan Mobile, chair and partner of AppWorks, and director of Momo Co., Ltd. Lin is committed to boosting the startup ecosystem, and the articles he has published in his blog MR JAMIE since 2009 have inspired millions of readers and aspiring entrepreneurs worldwide. In the same year, Lin founded AppWorks and grew the company to become one of the leading startup accelerators and most active venture capital institutions in Greater Southeast Asia. Before AppWorks, Lin was also behind the founding of several companies in Taipei and New York: he co-founded e-commerce startup company Haku.com, AI enterprise software startup Intumit, travel community startup Sosauce.com, and 3D game production startup Muse Games. Lin actively contributes to society and served as executive director of the Taiwan Internet and E-Commerce Association (TIEA), co-convener of the Asia Silicon Valley Civic Advisory Committee, and member of the Executive Yuan's Digital Nation and Innovative Economic Development Program (DIGI+).	Not applicable	-
Director Wei-Hsin Ma		Ms. Wei-Hsin Ma currently serves as chair/CEO of HannsTouch Solution Inc. and chair of Jinpingguo Investment Corp., Yin Wang Investment Co., Ltd., and Huo Chu Investment Corp. She also serves as director of HannStar Display Corp., Walsin Lihwa Corp., United Integrated Services Co., Ltd., Glorystones Inc., and Hanns Blegrain Ltd. Dr. Ma served as chair of HannStar from March 2012 to March 2015 and chaired the board of Yuanta Securities Investment Trust Co., Ltd. from August 1998 to July 2011.	Director Wei-Hsin Ma is related to Chair Chiao and Director Yung Chin through affinity.	-

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

### Directors (3)

#### Board diversity:

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

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

- I. Ability to make sound business judgments
- II. Ability to conduct accounting and financial analysis
- III. Ability to manage the business

- IV. Ability to manage a crisis
- V. Industry knowledge
- VI. An understanding of international markets
- VII. Leadership ability
- VIII. Decision-making ability

Administrative goals of the diversity policy of the Company's 12<sup>th</sup> Board of Directors and their attainment status (2020–2023):

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

#### Implementation of board diversity

Title	Name	Gender	Professional background of individual directors					Percentage of directors by gender		Percentage of independent directors	Percentage of directors who are concurrently appointed in an executive capacity at the parent company or a subsidiary company	Percentage of board members by age	
			Business management	Leadership and decision-making	Industry expertise	Finance and accounting	Informatics	Male	Female			Aged 50 and over	Aged 50 and under
Chair	Arthur Yu-Cheng Chiao	M	✓	✓	✓	✓	✓	82%	18%	36%	27%	82%	18%
Vice Chair	Tung-Yi Chan	M	✓	✓	✓	✓							
Director	Yung Chin	F	✓	✓	✓	✓							
Independent Director	Allen Hsu (cumulative tenure: 8 years)	M	✓	✓	✓	✓							
Independent Director	Stephen T. Tso (cumulative tenure: 3 years)	M	✓	✓	✓	✓							
Independent Director	Francis Tsai (cumulative tenure: 8 years)	M	✓	✓	✓	✓							
Independent Director	Jerry Hsu (cumulative tenure: 8 years)	M	✓	✓	✓	✓							
Director	Walsin Lihwa Corp. (representative: Fred Pan)	M	✓	✓	✓	✓							
Director	Chin Xin Investment Corp. (representative: Yuan-Mou Su)	M	✓	✓	✓	✓							
Director	Chih-Chen Lin	M	✓	✓	✓	✓							
Director	Wei-Hsin Ma	F	✓	✓	✓	✓							

Board independence: The Board of Directors is the highest governing body of Winbond Electronics Corporation. The Company's 12<sup>th</sup> Board of Directors consists of 11 directors, four of whom are independent directors and two of whom are female. Directors who do not hold any executive position in either the parent company or a subsidiary company make up more than two-thirds of board members. Three of the directors are either spouses or relatives within the second degree of kinship and make up less than half of the board, pursuant to Article 26-3 of the *Securities and Exchange Act*. The board consists of members of varying ages who are highly experienced in business operations and whose knowledge and professional background span a wide range of fields, thus empowering them to perform their board duties, oversee business activities, and give constructive feedback on recommendations and strategies. Institutional directors Walsin Lihwa Corporation and Chin Xin Investment Corporation are major shareholders of the Company. Walsin Lihwa Corporation is a co-founder and the largest shareholder of the Company and has been a director since the Company's inception. According to the above evaluation results, the Company's Board of Directors meets the criteria for board independence.

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

Title	Nationality	Name	Gender	Date first elected	Shares currently held		Shares currently held by spouse and minor children		Shares held in the name of others		Education/Work experience	Concurrent positions held at other companies	Manager who is the person's spouse or relative within the second degree of kinship			Notes
					Number of shares	Shareholding percentage <sup>2</sup>	Number of shares	Shareholding percentage <sup>2</sup>	Number of shares	Shareholding percentage <sup>2</sup>			Title	Name	Relationship	
CEO	R.O.C.	Arthur Yu-Cheng Chiao	M	2005.08.01	63,472,995	1.59%	11,778,797	0.30%	-	-	Chair of Walsin Lihwa Corp. MS in Electrical Engineering, University of Washington (UW) MRes, UW School of Business Administration	See note 3	N/A	N/A	N/A	See note 4
Deputy CEO	R.O.C.	Tung-Yi Chan	M	2020.03.01	551,000	0.01%	-	-	-	-	President of Winbond Electronics Corporation CEO of BCD Semiconductor Ph.D. in Electrical Engineering, U.C. Berkeley Master's in Management Science, Stanford University	Chair of Winbond Electronics Corporation America Chair of Winbond Electronics (Suzhou) Ltd. Director of Landmark Group Holdings Ltd. Director of Winbond Electronics Corporation Japan Director of Winbond International Corporation Director of Pine Capital Investment Limited Director of Winbond Technology Ltd. Director of Marketplace Management Limited Director of Walton Advanced Engineering, Inc. Chair of Winbond Technology Ltd.	N/A	N/A	N/A	N/A
President	R.O.C.	James Pei-Ming Chen	M	2020.03.01	407,525	0.01%	-	-	-	-	Chair of Nuvoton Technology Corporation Vice President of Winbond Electronics Corp. DRAM Product Business Group MSEE, University of Detroit Mercy, USA	Director of Winbond Electronics Corporation Japan Director of Winbond Electronics Corporation America Director of Miraxia Edge Technology Corporation Director of Winbond Electronics (Suzhou) Ltd. Director of Winbond Electronics (HK) Limited Director of Walsin Lihwa Corp.	N/A	N/A	N/A	N/A
Vice President	R.O.C.	Chin-Fen Tsai	M	2011.11.01	110,000	0.00%	-	-	-	-	Vice President of the Sales Center, Winbond Electronics Corp. Vice President of Eversol Corp. Deputy Divisional Director, United Microelectronics Corp. PhD in Materials Science and Engineering, University of Utah	N/A	N/A	N/A	N/A	N/A
Vice President	R.O.C.	Pei-Lin Pai	M	2014.10.01	41,608	0.00%	9,000	0.00%	-	-	Vice President of the Embedded Memory Business Group, Winbond Electronics Corp. Vice President of FocalTech Systems Co., Ltd. Vice President of Nanya Technology Co., Ltd. President of Ascend Semiconductor Corporation PhD in Electrical Engineering, U.C. Berkeley	Independent Director of Green River Holding Co. Ltd. Director of Intellectual Property Innovation Corporation	N/A	N/A	N/A	N/A
Vice President	R.O.C.	Hsiang-Yun Fan	M	2019.08.01	220,804	0.01%	-	-	-	-	Vice President of Administrative Center, Nuvoton Technology Corporation MBA, National Chung Cheng University	Director of Winbond Electronics (H.K.) Limited Director of Winbond Electronics Corporation Japan Director of Landmark Group Holdings Ltd. Director of Winbond International Corporation Director of Winbond Electronics Corporation America Chair of Song Young Investment Corporation	N/A	N/A	N/A	N/A

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Title	Nationality	Name	Gender	Date first elected	Shares currently held		Shares currently held by spouse and minor children		Shares held in the name of others		Education/Work experience	Concurrent positions held at other companies	Manager who is the person's spouse or relative within the second degree of kinship			Notes
					Number of shares	Shareholding percentage <sup>2</sup>	Number of shares	Shareholding percentage <sup>2</sup>	Number of shares	Share holding percentage <sup>2</sup>			Title	Name	Relationship	
Vice President	R.O.C.	Wen-Hua Lu	M	2019.11.01	1,1346	0.00%	-	-	-	-	Division Director, Assistant Vice President, and Technical Vice Director of Winbond Electronics Corp. Assistant Researcher at the Material and Chemical Research Laboratories, ITRI MS in Materials Science and Engineering, National Taiwan University	N/A	N/A	N/A	N/A	N/A
Vice President	R.O.C.	Wen-Chang Hung	M	2020.07.01	18,461	0.00%	4,000	0.00%	-	-	Assistant Vice President of Winbond Electronics Corp. MS in Industrial Engineering and System Management, Chung Hua University	Director of Winbond Electronics (Suzhou) Ltd. Director of Winbond Electronics Corporation Japan Director of Winbond Electronics Germany GmbH Director of Callisto Holdings Limited	N/A	N/A	N/A	N/A
Vice President	R.O.C.	Jen-Lieh Lin <sup>5</sup>	M	2022.10.01	203,857	0.01%	-	-	-	-	Assistant Vice President of the Microcontroller Product Center and Vice President of the Microcontroller Application Business Group, Nuoton Technology Corporation Division Director of the Microcontroller Product and System Design Division and Assistant Vice President of the System Technology Center, Winbond Electronics Corp. MS in Electrical Engineering, National Cheng Kung University	Chair of Callisto Holdings Limited Chair of Winbond Electronics (Nanjing) Ltd. Director of Miraxia Edge Technology Corporation Director of Miraxia Technology Taiwan Corporation Director of Nuoton Technology Corporation Supervisor of Song Yong Investment Corporation Director of Nuoton Technology Korea Ltd.	N/A	N/A	N/A	N/A
Assistant Vice President	R.O.C.	Mao-Hsiang Yen	M	2012.07.01	362,632	0.01%	-	-	-	-	MS in Electrical Engineering, National Cheng Kung University	President/Director of Affields Manufacturing Technology Corporation Director of GLMTD Technology Private Limited	N/A	N/A	N/A	N/A
Assistant Vice President	R.O.C.	Hsiu-Han Liao	M	2014.10.01	269,213	0.01%	-	-	-	-	Division Director of Winbond Electronics Corp. Project Division Director of Episil Technologies Inc. Senior Division Director of Brilliance Semiconductor Inc. MS in Electronics, National Chiao Tung University	N/A	N/A	N/A	N/A	N/A
Chief Financial Officer and Head of Finance of Finance Division	R.O.C.	Jessica Huang <sup>6</sup>	F	2015.04.01	456,290	0.01%	-	-	-	-	Chief Auditor and Vice President of Winbond Electronics Corp. Vice President, Citibank MBA, Indiana University	Chair of Song Zhi Electronics (Suzhou) Limited President of Pine Capital Investment Limited Director of Winbond Electronics (HK) Limited Director of Nuoton Investment Holding Ltd. Supervisor of Sil Tea & Herbs Co., Ltd. Manager of Goldbond LLC	N/A	N/A	N/A	N/A
Corporate Governance Officer	R.O.C.	Kun-Lung Chen <sup>7</sup>	M	2020.06.17	7,621	0.00%	-	-	-	-	Auditing Officer and Division Director of Winbond Electronics Corp. MBA, National Taipei University	N/A	N/A	N/A	N/A	N/A
Chief Financial Officer, Head of Finance	R.O.C.	Chih-Chung Chou <sup>8</sup>	M	2022.12.01	21,135	0.00%	25,241	0.00%	-	-	Manager, Deputy Division Director, Division Director, and Technical Vice Director of Winbond Electronics Corp. EMBA, College of Commerce, National Chengchi University	President of Winbond Electronics (Suzhou) Ltd. Director of Winbond Electronics Corporation Japan Director of Winbond Electronics Corporation America Director of GLMTD Technology Private Limited	N/A	N/A	N/A	N/A

Title	Nationality	Name	Gender	Date first elected	Shares currently held		Shares currently held by spouse and minor children		Shares held in the name of others		Education/Work experience	Concurrent positions held at other companies	Manager who is the person's spouse or relative within the second degree of kinship			Notes
					Number of shares	Shareholding percentage <sup>2</sup>	Number of shares	Shareholding percentage <sup>2</sup>	Number of shares	Share holding percentage <sup>2</sup>			Title	Name	Relationship	
Division, and Corporate Governance Officer											MS in Chemical Engineering, National Taiwan University of Science and Technology	Director of Winbond Electronics Germany GmbH Director of HannStar Board Corporation Director of HannsTouch Solution Inc. Director of Global Investment Holdings Co., Ltd. Director of Glorystone Inc.				
Division Head and Accounting Officer	R.O.C.	Chin-Feng Yang	F	2020.03.01	64,324	0.00%	-	-	-	-	Manager, Senior Manager, Supervisor, and Deputy Division Director of Winbond Electronics Corp. MA in Accounting, National Chengchi University	Director of Winbond Electronics (Suzhou) Ltd. Director of GLMTD Technology Private Limited Supervisor of Miraxia Edge Technology Corporation	N/A	N/A	N/A	N/A
Chief Information Officer	R.O.C.	Cheng-Kung Lin <sup>9</sup>	M	2006.11.01	1,684,607	0.04%	175,978	0.00%	-	-	Vice President, Assistant Vice President, and Division Director of Winbond Electronics Corp. MS in Engineering Technology, National Taiwan Institute of Technology	Chair of Miraxia Edge Technology Corporation Chair of Miraxia Technology Taiwan Corporation Director of Callisto Holdings Limited Director of Callisto Technology Limited Director of Pine Capital Investment Limited Director of Theaceae Conservation Corp.	N/A	N/A	N/A	N/A
Chief Strategy Officer	U.S.A.	Eungjoon Park <sup>10</sup>	M	2008.08.04	-	-	-	-	-	-	Executive Vice President of Winbond Electronics Corp. America Executive Vice President of NexFlash Technologies Inc. Executive Vice President of Azalea Microelectronics Corp. MS in Electrical Engineering, U.C. Berkeley	President and Director of Winbond Electronics Corporation America	N/A	N/A	N/A	N/A

Notes:

- Pursuant to the Ministry of Finance's official letter Tai-Tsai-Cheng-San-Tzu No. 0920001301, the executive personnel listed above include the President, Vice Presidents, Assistant Vice Presidents, Financial Officers, and Accounting Officers.
- Shareholding percentage is based on the number of common shares outstanding (3,980,000,193 shares) as of March 16, 2023.
- Please refer to note 3 of the section "Directors (1)".
- Please refer to note 15 of the section "Directors (1)".
- Jen-Lieh Lin began serving as Vice President of the Company on October 1, 2022.
- Ms. Jessica Huang served as the Company's Vice President and Head of Finance Division from April 1, 2015, to June 16, 2020, and later served as the Company's Chief Financial Officer and Head of Finance Division from June 17, 2020, to November 30, 2022. Only information available prior to the end of her tenure as an executive at the Company is disclosed above.
- Mr. Kun-Lung Chen served as the Company's Corporate Governance Officer from June 17, 2020, to February 15, 2023. Only information available prior to the end of his tenure as an executive at the Company is disclosed above.
- Mr. Chih-Chung Chou began serving as the Company's Head of Finance Division on December 1, 2022, and was appointed as the Company's Corporate Governance Officer on February 16, 2023.
- Mr. Cheng-Kung Lin served as the Company's Vice President from November 1, 2006, to November 14, 2020, and later served as the Company's Chief Information Officer from November 15, 2020, to November 14, 2022. Only information available prior to the end of his tenure as an executive at the Company is disclosed above.
- Mr. Eungjoon Park served as the Company's Chief Business Officer from August 4, 2008, to September 30, 2022, and was appointed to the position of Chief Strategy Officer on October 1, 2022.

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

#### 1. Remuneration paid to Directors and Independent Directors

Date: December 31, 2022; unit: TWD in thousands

Title	Name	Directors' remuneration				Sum of (A+B+C+D) and percent of net income after tax <sup>5</sup> (%NIAT)		Remuneration from concurrently held employee positions				Sum of (A+B+C+D+E+F+G) and percent of net income after tax <sup>5</sup> (%NIAT)		Remuneration received from the parent company or joint ventures (excluding subsidiaries) <sup>8</sup>
		Remuneration (A) <sup>1</sup>	Pension (B) <sup>2</sup>	Directors' remuneration from distribution of profits (C) <sup>3</sup>	Business expenses (D) <sup>4</sup>	Winbond	From All Consolidated Entities <sup>9</sup>	Salaries, bonuses, and special expenses (E) <sup>6</sup>	Pensions (F) <sup>2</sup>	Employee compensation from distribution of profits (G) <sup>7</sup>		Winbond	From All Consolidated Entities <sup>9</sup>	
										Cash	Stocks			
Chair	Arthur Yu-Cheng Chiao	-	-	-	-	-	-	-	-	-	-	-	-	-
Vice Chair	Tung-Yi Chan	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Yung-Chin Walsin Lihwa Corp.	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Fred Pan	-	-	102,627	4,200	106,827	118,324	106,229	261	9,525	214,521	262,871	80,244	
Director	Chin Xin	-	-	-	-	106,827	118,324	134,761	-	-	-	-	-	-
Director	Investment Corp.	-	-	-	-	5,559	5,559	-	-	-	-	-	-	-
Director	Yuan-Mou Su	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Chih-Chen Lin	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Wei-Hsin Ma	-	-	-	-	-	-	-	-	-	-	-	-	-
Independent Director	Allen Hsu	-	-	-	-	-	-	-	-	-	-	-	-	-
Independent Director	Stephen T. Tso	2,400	-	51,313	2,400	56,113	65,141	-	-	-	56,113	65,141	-	-
Independent Director	Francis Tsai	-	-	-	-	3,199	3,199	-	-	-	-	-	-	-
Independent Director	Jerry Hsu	-	-	-	-	-	-	-	-	-	-	-	-	-

1. Pursuant to Winbond's Rules for Directors' Remuneration and Board Performance Evaluations, the remuneration paid to directors and independent directors is determined based on the Company's long- and short-term development plans, industry standards, and board performance evaluation results. Individual salaries are determined in a collegial manner consistent with the board's values and in compliance with the principle of equality. If deemed necessary, remuneration may be adjusted to reflect changes in responsibilities or actual needs.

2. Remuneration paid to the directors of the Company for the services they provide not disclosed in the table above (including service as a non-employee consultant for the parent company, joint venture, or any of the consolidated entities): 0

- Notes:
- Refers to remuneration paid to directors in the most recent year (including salaries, duty allowance, severance pay, bonuses, etc.)
  - Pensions include:
    - Contributions (equal to 6% of the employee's monthly salary) paid to an account overseen by the Bureau of Labor Insurance pursuant to the new pension system under the Labor Pension Act.
    - Contributions (equal to 2% of the employee's monthly salary) deposited into an account at the Bank of Taiwan under the name of the Company's Pension Supervisory Committee pursuant to the old pension system under the Labor Standards Act.
    - Other types of pension required by law or stipulated in Winbond's Retirement Rules that are not described in the provisions above.
  - The Board of Directors approved a contribution rate of 1% to be made for the directors in 2022. Based on the audited earnings of the Company, the 1% contribution amounts to NT\$153,940,000.
  - Refers to business expenses of directors in the most recent year (including transportation allowance, special allowance, stipends, housing expenses, vehicle expenses, and the cost of other material items provided).
  - Calculated from the net income after tax as stated in the Company's financial statements in 2022: NT\$12,927,165,000
  - Refers to the salaries, duty allowance, severance pay, bonuses, transportation allowance, special allowance, stipends, housing expenses, vehicle expenses, and the cost of other material items provided by directors who concurrently held an employee position (including president, vice president, other managerial positions, or employee) in the most recent year. In addition, pursuant to IFRS 2, salary expenses recognized under "share-based payment" are included in the remuneration, including employee stock options, restricted stock awards, and stocks issued through cash capital increases.
  - As of the date of the report, the remuneration paid to individual directors concurrently holding an employee position has yet to be determined. The figures listed in the table above are estimates.
  - This column details the total remuneration received by the Company's directors from non-subsidiary joint ventures.
  - Remuneration refers to the compensation and pay (including salaries paid to employees, directors, and supervisors) received by the Company's directors for their service as directors, supervisors, or in other managerial positions, as well as compensation for business expenses.
  - Refers to the total remuneration received by the Company's directors from all companies (including Winbond) listed in the consolidated financial statements.

Range of remuneration paid to each director	Names of Directors			
	Sum of the first four remuneration categories (A+B+C+D)		Sum of all remuneration categories (A+B+C+D+E+F+G)	
	Winbond	All Consolidated Entities <sup>a</sup>	Winbond	Winbond and its Invested Enterprises <sup>a</sup>
Below NT\$1,000,000	Walsin Lihwa Corp. (representative: Fred Pan), Chin Xin Investment Corp. (representative: Yuan-Mou Su)	Walsin Lihwa Corp. (representative: Fred Pan), Chin Xin Investment Corp. (representative: Yuan-Mou Su)	Walsin Lihwa Corp. (representative: Fred Pan), Chin Xin Investment Corp. (representative: Yuan-Mou Su)	Walsin Lihwa Corp. (representative: Fred Pan)
NT\$1,000,000 (inclusive) – NT\$2,000,000 (exclusive)				
NT\$2,000,000 (inclusive) – NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive) – NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive) – NT\$10,000,000 (exclusive)				
NT\$10,000,000 (inclusive) – NT\$15,000,000 (exclusive)	Tung-Yi Chan, Yung Chin, Allen Hsu, Stephen T. Tso, Francis Tsai, Jerry Hsu, Wei-Hsin Ma, Chih- Chen Lin, Walsin Lihwa Corp., Chin Xin Investment Corp.	Tung-Yi Chan, Yung Chin, Stephen T. Tso, Francis Tsai, Wei-Hsin Ma, Chih-Chen Lin, Walsin Lihwa Corp.	Allen Hsu, Stephen T. Tso, Francis Tsai, Jerry Hsu, Wei-Hsin Ma, Chih-Chen Lin, Walsin Lihwa Corp., Chin Xin Investment Corp.	Stephen T. Tso, Francis Tsai, Wei-Hsin Ma, Chih-Chen Lin, Walsin Lihwa Corp.
NT\$15,000,000 (inclusive) – NT\$30,000,000 (exclusive)	Arthur Yu-Cheng Chiao	Allen Hsu, Jerry Hsu, Chin Xin Investment Corp.	Allen Hsu, Jerry Hsu, Chin Xin Investment Corp.	Allen Hsu, Jerry Hsu, Chin Xin Investment Corp.
NT\$30,000,000 (inclusive) – NT\$50,000,000 (exclusive)		Arthur Yu-Cheng Chiao	Tung-Yi Chan, Yung Chin	Tung-Yi Chan, Yung Chin, Chin Xin Investment Corp. (representative: Yuan-Mou Su)
NT\$50,000,000 (inclusive) – NT\$100,000,000 (exclusive)			Arthur Yu-Cheng Chiao	Arthur Yu-Cheng Chiao
Over NT\$100,000,000				
Total number of directors	13	13	13	13

Note: Remuneration received from non-subsidary joint ventures was included when calculating the range of remuneration received by each director.

## 2. Remuneration to President and Vice Presidents

December 31, 2022 ; Unit: NT\$ thousand

Title	Name	Remuneration (A) (Note 1)		Pension (B) (Note 2)		Bonus and Special Allowances (C) (Note 3)		Employee Bonus (D) (Note 4)			Total of (A), (B), (C), (D), and Ratio to After-tax Income (%) (Note 6)		Remuneration from Reinvestment or Parent Company other than Subsidiaries (Note 7)
		All Companies In Financial Statements (Note 5)	Company	All Companies In Financial Statements (Note 5)	Company	All Companies In Financial Statements (Note 5)	Company	Cash Bonus	Stock Bonus	Company	All Companies In Financial Statements (Note 5)	Percentage	
CEO	Arthur Yu-Cheng Chiao	61,242	61,242	689	689	251,823	251,823	0	4,745	0	318,499	2.46%	7,024
Vice CEO	Tung-Yi Chan												
President	James Pei-Ming Chen												
Chief Information Officer	Cheng-Kung Lin (Note 8)												
Chief Financial Officer	Jessica Huang (Note 9)												
Chief Financial Officer	Chih-Chung Chou (Note 10)												
Vice President	Jen-Lieh Lin (Note 11)												
Vice President	Chin-Fen Tsai												
Vice President	Pei-Lin Pai												
Vice President	Hsiang-Yun Fan												
Vice President	Wen-Hua Lu												
Vice President	Wen-Chang Hung												

Notes:

- The most recent annual salary, managerial bonus, and severance pay of the president and vice presidents are presented above.
- The retirement pension system includes the following:
  - Refers to the pension system under the Labor Pension Act or the new pension fund, for which 6% of the employee's monthly salary in the current year is contributed to the Labor Insurance Bureau.
  - Refers to the pension system under the Labor Standards Act or the old pension fund, for which 2% of the employee's monthly salary is contributed to the Supervisory Committee of Workers' Retirement Reserve Fund to deposit in the Bank of Taiwan under the name of the committee.
- In addition to the above-mentioned pension contributions made according to law, pensions payable according to law and pensions paid under retirement regulations are also included.
- Refers to bonuses, incentives, transportation allowance, special allowance, housing, and company vehicles, and other benefits and compensation. The salaries and expenses listed in accordance with IFRS 2 Share-Based Payment include shares acquired under employee stock options, restricted stock awards, and shares acquired from participation in cash capital increase options, which are also included in remuneration.
- The board of directors has resolved to approve the total employee remuneration for 2022. The employee remuneration of the president and vice president in the above table is a provisional figure.
- The total amount of remuneration to the president and vice president from all companies in the consolidated statements (including Winbond).
- Calculated based on the 2022 individual financial report after-tax net profit of NT\$ 12,927,165 thousand.
- a. This field shows the amount of related remuneration the president and vice presidents received from investees other than subsidiaries.  
b. The remuneration refers to pay, bonuses (including bonuses to employees, directors, and supervisors), and related remuneration for the performance of duties received by the president and vice president while serving as a director, supervisor, or manager of an investee other than subsidiaries.
- Mr. Cheng-Kung Lin served as vice president from November 1, 2006 to November 14, 2020 and the Chief Information Officer from November 15, 2020 to November 14, 2022. The above table only discloses information to the date of termination of his position as the manager.
- Ms. Jessica Huang served as vice president and Head of Finance Department from April 1, 2015 to June 16, 2020; from June 17, 2020 to November 30, 2022, she served as Chief Financial Officer and Head of Finance Department. The above table only discloses information to the date of termination of her position as manager.
- Mr. Chih-Chung Chou took office as Head of Finance Department effective December 1, 2022. The above table only discloses the information during the period he has served as manager.
- Mr. Jen-Lieh Lin took office as vice president effective from October 1, 2022.

Range of Remuneration Paid to President and Vice Presidents	Names of President and Vice Presidents	
	The Company	The Company and All Investees (Note)
<NT\$1,000,000		
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Jen-Lieh Lin	Jen-Lieh Lin
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	Chih-Chung Chou	Chih-Chung Chou
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)		
NT\$10,000,000 ( inclusive ) ~ NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Chin-Fen Tsai, Pei-Lin Pai, Hsiang-Yun Fan, Wen-Chang Hung, Cheng-Kung Lin, Jessica Huang	Chin-Fen Tsai, Pei-Lin Pai, Hsiang-Yun Fan, Wen-Chang Hung, Cheng-Kung Lin, Jessica Huang
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	Tung-Yi Chan, Wen-Hua Lu	Tung-Yi Chan, Wen-Hua Lu
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	Arthur Yu-Cheng Chiao, James Pei-Ming Chen	Arthur Yu-Cheng Chiao, James Pei-Ming Chen
> NT\$100,000,000		
Total	12 persons	12 persons

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

### 3. Distribution of Employee Bonuses to Managers

December 31, 2022: Unit: NT\$ thousand

	Title	Name	Stock bonus	Cash Bonus	Total	Percentage of the Total to After-Tax Net Income (%) (Note 2)
Managers	CEO	Arthur Yu-Cheng Chiao				
	Vice CEO	Tung-Yi Chan				
	President	James Pei-Ming Chen				
	Vice President	Chin-Fen Tsai				
	Vice President	Pei-Lin Pai				
	Vice President	Hsiang-Yun Fan				
	Vice President	Wen-Hua Lu				
	Vice President	Wen-Chang Hung				
	Vice President	Jen-Lieh Lin (Note 3)		6,440	6,440	0.05%
	Assistant Vice President	Mao-Hsiang Yen				
	Assistant Vice President	Hsiu-Han Liao				
	Chief Financial Officer and Head of Finance Department	Jessica Huang (Note 4)				
	Corporate Governance Officer	Kun-Lung Chen				
	Chief Financial Officer and Head of Finance Department	Chih-Chung Chou (Note 5)				
	Head of Accounting Department	Chin-Feng Yang				
	Chief Information Officer	Cheng-Kung Lin				
Chief Strategy Officer	Eungjoon Park (Note 7)					

Notes:

- 1: The board of directors has resolved to approve the total employee remuneration for 2022. The employee remuneration of the president and vice president in the above table is a provisional figure.
- 2: Calculated based on the 2022 individual financial report after-tax net profit of NT\$ 12,927,165 thousand.
- 3: Mr. Jen-Lieh Lin took office as vice president effective October 1, 2022.
- 4: Ms. Jessica Huang served as vice president and Head of Finance Department from April 1, 2015 to June 16, 2020; from June 17, 2020 to November 30, 2022, she served as Chief Financial Officer and Head of Finance Department. The above table only discloses information to the date of termination of her position as manager.
- 5: Mr. Chih-Chung Chou took office as Head of Finance Department effective from December 1, 2022. The above table only discloses the information during the period he has served as manager.
- 6: Mr. Cheng-Kung Lin served as vice president from November 1, 2006 to November 14, 2020 and Chief Information Officer from November 15, 2020 to November 14, 2022. The above table only discloses information to the date of termination of his position as manager.
- 7: Mr. Eungjoon Park served as Business Executive from August 4, 2008 to September 30, 2022. He took office as Chief Strategy Officer effective October 1, 2022.

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

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

Title	Total Remuneration as Percentage (%) of After-tax Net Income (%)			
	2022		2021	
	Company	Companies in Consolidated Financial Statements	Company	Companies in Consolidated Financial Statements
Director	2.09%	2.53%	1.78%	1.90%
President/Vice President	2.46%	2.46%	1.09%	1.09%

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

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

##### (A) Directors

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

The Remuneration Committee recommends directors' remuneration as per Articles of Incorporation, Rules for Directors' Remuneration and Board Performance Evaluations, board members' self-assessment results, and earnings for the year

after deducting the accumulated deficit. Recommended remuneration is reported at shareholders' meetings after the passage of a resolution to that effect by the Board of Directors.

(B) President and Vice Presidents

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

B. Linkage to operating performance and future risk exposure

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

#### IV. Corporate Governance Status

##### 1. Overview of Board of Directors Operations

(1) The Board of Directors held 7 meetings in total in 2022(A). The attendance records of the Directors are as follows:

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance Percentage (%) (B/A)	Remarks
Chair	Arthur Yu-Cheng Chiao	7	0	100%	None
Vice Chair	Tung-Yi, Chan	7	0	100%	None
Director	Yung Chin	7	0	100%	None
Independent Director	Allen Hsu	6	1	86%	None
Independent Director	Stephen T. Tso	7	0	100%	None
Independent Director	Francis Tsai	7	0	100%	None
Independent Director	Jerry Hsu	7	0	100%	None
Director	Walsin Lihwa Corporation (Representative: Fred Pan)	7	0	100%	None
Director	Chin-Xin Investment Co., Ltd (Representative: Yuan-Mou Su)	7	0	100%	None
Director	Jamie Lin	7	0	100%	None
Director	Wei-Hsin Ma	7	0	100%	None

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

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

(4) Director recusals due to conflicts of interest:

Name(s) of Directors	Proposal	Reason for Recusal	Voting Status	Remarks
Independent Director Allan Hsu, Independent Director Jerry Hsu, Director Chin-Xin Investment Co., Ltd Representative Yuan-Mou Su, Director Wei-Hsin Ma	Proposal to lift non-competitive requirement for Directors	Personal stake	Recused as provided by law	12th Term 14th Meeting
Vice Chair Tung-Yi Chan	Remuneration proposal for managers	Personal stake	Recused as provided by law	12th Term 14th Meeting
Chair Arthur Yu-Cheng Chiao, Director Yung Chin, Director Chin-Xin Investment Co., Ltd Representative Yuan-Mou Su	Remuneration proposal for Manager Arthur Yu-Cheng Chiao	Personal stake	Recused as provided by law	12th Term 14th Meeting

Name(s) of Directors	Proposal	Reason for Recusal	Voting Status	Remarks
Chair Arthur Yu-Cheng Chiao, Director Yung Chin, Director Chin-Xin Investment Co., Ltd Representative Yuan-Mou Su	Sale of 30% of the land holdings in Baoshan Township, Hsinchu County to Theaceae Conservation Corporation	Personal stake	Recused as provided by law	12th Term 15th Meeting
Chair Arthur Yu-Cheng Chiao, Director Yung Chin, Director Chin-Xin Investment Co., Ltd Representative Yuan-Mou Su	Investment in TCC Green Energy Corporation	Personal stake	Recused as provided by law	12th Term 16th Meeting
Chair Arthur Yu-Cheng Chiao, Director Yung Chin, Director Chin-Xin Investment Co., Ltd Representative Yuan-Mou Su, Director Walsin Lihwa Corporation Representative Fred Pan, Director Wei-Hsin Ma	Participation of Walsin Lihwa Corporation in cash capital increase by issuing new shares in 2022	Personal stake	Recused as provided by law	12th Term 17th Meeting
Chair Arthur Yu-Cheng Chiao, Director Yung Chin, Independent Director Allan Hsu, Director Chin-Xin Investment Co., Ltd Representative Yuan-Mou Su	Acquisition of major asset (100% share in Atfields Manufacturing Technology Corporation)	Personal stake	Recused as provided by law	12th Term 18th Meeting
Vice Chair Tung-Yi Chan	Remuneration proposal for managers	Personal stake	Recused as provided by law	12th Term 18th Meeting
Chair Arthur Yu-Cheng Chiao, Director Yung Chin, Director Chin-Xin Investment Co., Ltd Representative Yuan-Mou Su	Remuneration proposal for Manager Arthur Yu-Cheng Chiao	Personal stake	Recused as provided by law	12th Term 18th Meeting

(5) Board performance evaluations:

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

Frequency	Period	Scope	Method	Item	Result
Once per year (in December)	January 1, 2022 to December 31, 2022	Board, Board Members, Functional Committees	Internal self-evaluation	<p>(1) Board:</p> <p>A. Involvement in operations</p> <p>B. Improvement of quality of Board decisions</p> <p>C. Composition and structure of board of directors</p> <p>D. Selection and continuing education of directors</p> <p>E. Internal controls</p> <p>(2) Individual Board Members:</p> <p>A. Understanding of objectives and tasks</p> <p>B. Awareness of directors' responsibilities</p> <p>C. Involvement in operations</p> <p>D. Internal relationship management and communication</p> <p>E. Professional and continuing education of directors</p> <p>F. Internal controls</p> <p>(3) Functional Committees:</p> <p>A. Involvement in operations</p> <p>B. Awareness of the responsibilities of the functional committees</p> <p>C. Improvement of the quality of decision-making in functional committees</p> <p>D. Composition and selection of functional committee members</p> <p>E. Internal controls</p>	<p>(1) Overall evaluation results of the Board: A major decrease in the selection and continuing education of directors compared to 2021. Improvement measures: (1) With the election of the 13th board of directors in 2023, the composition of the board will be altered due to requirements that half of the independent directors serve no over 3 consecutive terms, for the participation of female directors, and for the inclusion of cross-generational elite talent from various fields to ensure the board's independence, continuing innovativeness, and diversity (2) Continue to provide multi-faceted training courses to strengthen the decision-making abilities of board members (2) Evaluation results of individual Board Members: A. 4.97 B. 5.00 C. 4.87 D. 4.91 E. 5.00 F. 4.91 (3) Evaluation results of Functional Committees: A. 4.90 B. 5.00 C. 5.00 D. 5.00 E. 5.00</p>

Frequency	Period	Scope	Method	Item	Result
					Note 1: Evaluation levels 1: Very poor (strongly disagree) 2: Poor (disagree) 3: Moderate (average) 4: Excellent (agree) 5: Outstanding (strongly agree) Note 2: The evaluation results were submitted to the Remuneration Committee and the Board of Directors in March.

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

- Pursuant to the Rules for Directors' Remuneration and Board Performance Evaluations, we have authorized Taiwan Corporate Governance Association to conduct board performance evaluations in May 2022, the results and improvement plans of which were reported to the Board of Directors in December 14, 2022. Please refer to our official website for detailed information on this matter.
- We will continue to provide multi-faceted training courses to strengthen the decision-making abilities of board members. 6 sessions were held on February 24th, July 21st, September 2nd and 16th, October 27th, and December 27th in 2022.
- Quarterly strategy review meetings are held before scheduled board meetings or as needed with directors attending to understand finances, operations, formulation of major strategies, and execution of relevant business plans. We endeavor to strengthen corporate information transparency by holding investor conferences to discuss operations and finances after semi-annual and annual board meetings as well as posting relevant information on the Market Observation Post System and the official website.

2. Operation and Responsibilities of the Audit Committee

7 Audit Committee meetings (A) were held in 2022; member attendance was as follows:

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance rate (%) (B/A)
Convenor of Audit Committee	Allen Hsu	6	1	86
Audit committee member	Stephen T. Tso	7	0	100
Audit committee member	Francis Tsai	7	0	100
Audit committee member	Jerry Hsu	7	0	100

Note: The Audit Committee's second term started on June 12, 2020 and ended on June 11, 2023.

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

- Fair presentation of financial reports.
- Hiring (and dismissal) of certified public accountants with evaluations of independence and performance.
- Effective implementation of the internal control system.
- Compliance with relevant laws and regulations.
- Management of existing or potential risks.

Other matters that require reporting:

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

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

Audit Committee Meeting Date	Proposal Contents	Content of Independent Directors' Objections, Reservations, or Significant Recommendations	Resolution of Audit Committee	Handling of Audit Committee Member Opinions
2nd Term 10th Meeting February 11, 2022	Approval of 2021 annual business report and financial statements	None	Passed	None
	Approval of affiliates' 2021 consolidated business report and financial statements	None	Passed	None
	Approval of 2021 statement on internal control system	None	Passed	None
	Increase in capital expenditure budget	None	Passed	None
	Proposal for annual remuneration paid to Deloitte & Touche accounting firm	None	Passed	None
2nd Term	Approval of 2021 earnings distribution plan	None	Passed	None

Audit Committee Meeting Date	Proposal Contents	Content of Independent Directors' Objections, Reservations, or Significant Recommendations	Resolution of Audit Committee	Handling of Audit Committee Member Opinions
11th Meeting March 15, 2022	Acquisition of 3 units in the Langjing project in Lingya District, Kaohsiung	None	Passed	None
	Amendment of procedures for acquisition and disposal of assets	None	Passed	None
	Removal of non-compete clause for directors	None	Passed	None
	Amendment of Audit Committee's organizational regulations	None	Passed	None
2nd Term 12th Meeting May 5, 2022	Approval of consolidated financial report for 2022 Q1	None	Passed	None
	Increase in capital expenditure budget	None	Passed	None
	Sale of 30% of land holdings in Baoshan Township, Hsinchu County to Theaceae Conservation Corporation	None	Passed	None
	Amendment of Stock Affairs Department's internal control system	None	Passed	None
2nd Term 13th Meeting March 10, 2022	Investment in TCC Green Energy Corporation	None	Passed	None
2nd Term 14th Meeting August 14, 2022	Approval of consolidated financial report for 2022 Q2	None	Passed	None
	Proposal not to distribute earnings for the first half of the 2022 fiscal year	None	Passed	None
	Participation of Walsin Lihwa Corporation in cash issue for capital increase in 2022	None	Passed	None
	Planning to establish a subsidiary through fully-owned Japanese subsidiary Miraxia Edge Technology Corporation	None	Passed	None
	Adjustments to investment structure of subsidiaries in Japan and India	None	Passed	None
2nd Term 15th Meeting November 3, 2022	Approval of consolidated financial report for 2022 Q3	None	Passed	None
	Increase in capital expenditure budget	None	Passed	None
	The acquisition of major asset (100% shareholding in Atfields Manufacturing Technology Corporation)	None	Passed	None
2nd Term 16th Meeting December 14, 2022	Amendment of Accounting System	None	Passed	None
	Amendment of Internal Control System	None	Passed	None
	Finalization of 2023 audit plan	None	Passed	None
	Liquidation of fully-owned subsidiaries Landmark Group Holdings Ltd. and Pine Capital Investment Ltd	None	Passed	None

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

2. Concerning the recusal of independent directors from discussing or voting on an agenda item with a conflict of interest, please state the name of the independent director, agenda item, reason for recusal, and votes:

Names of Independent Directors	Agenda Item	Reason for Recusal	Voting Status	Remarks
Jerry Hsu, Allen Hsu	Removal of non-compete clause for directors	Personal stake	Recused as provided by law	2nd Term 11th Meeting
Jerry Hsu	Acquisition of major asset (100% share-holding in Atfields Manufacturing Technology Corporation)	Personal stake	Recused as provided by law	2nd Term 15th Meeting

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

Communication guideline:

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

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

The communications between independent directors and the internal audit chief in 2022 were as follows:

Date	Topics of communication	Recommendations and actions taken
2nd Term 10th Meeting February 11, 2022	<ul style="list-style-type: none"> <li>•2021 Q4 internal audit report <ul style="list-style-type: none"> <li>▪ 2021 Q4 follow-up on improvement measures taken for deficiencies found in the previous period</li> <li>▪ Audit findings of 2021 Q4 audit plan</li> <li>▪ Report on cybersecurity issues</li> </ul> </li> <li>•2021 self-evaluation of internal control system</li> <li>•2021 Statement on the Internal Control System</li> </ul>	<ul style="list-style-type: none"> <li>•None of the independent directors expressed dissent.</li> <li>•The Committee consented to the 2021 Statement on the Internal Control System, which will be submitted to the Board of Directors for approval.</li> </ul>
2nd Term 12th Meeting May 5, 2022	<ul style="list-style-type: none"> <li>•2022 Q1 internal audit report <ul style="list-style-type: none"> <li>▪ 2022 Q1 follow-up on improvement measures taken for deficiencies found in the previous period</li> <li>▪ Audit findings of 2022 Q1 audit plan</li> <li>▪ Report on cybersecurity issues</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>•None of the independent directors expressed dissent.</li> </ul>
2nd Term 14th Meeting August 4, 2022	<ul style="list-style-type: none"> <li>•2022 Q2 internal audit report <ul style="list-style-type: none"> <li>▪ 2022 Q2 follow-up on improvement actions taken for deficiencies found in the previous period</li> <li>▪ Audit findings of 2022 Q2 audit plan</li> <li>▪ Report on cybersecurity issues</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>•None of the independent directors expressed dissent.</li> </ul>
2nd Term 15th Meeting November 3, 2022	<ul style="list-style-type: none"> <li>•2022 Q3 internal audit report <ul style="list-style-type: none"> <li>▪ 2022 Q3 follow-up on improvement actions taken for deficiencies found in the previous period</li> <li>▪ Audit findings of 2022 Q3 audit plan</li> <li>▪ Report on cybersecurity issues</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>•None of the independent directors expressed dissent.</li> </ul>
2nd Term 16th Meeting December 14, 2022	<ul style="list-style-type: none"> <li>• 2022 audit plan</li> </ul>	<ul style="list-style-type: none"> <li>•The Committee reviewed and consented to the 2023 audit plan, which will be submitted to the Board of Directors for approval.</li> </ul>

(2) Communication between independent directors and CPAs:

Independent directors communicate directly with the CPAs on the financial situation biannually and as necessary. In 2022, the following communications took place:

Date	Topics of communication	Recommendations and actions taken
2nd Term 10th Meeting February 11, 2022	<ul style="list-style-type: none"> <li>•CPAs and independent directors discussed 2020 audit findings on key audit matters (KAM).</li> <li>•CPAs and independent directors reviewed audit materiality and major risks.</li> </ul>	<ul style="list-style-type: none"> <li>•None of the independent directors expressed dissent.</li> </ul>
2nd Term 14th Meeting August 4, 2022	<ul style="list-style-type: none"> <li>•CPAs and independent directors discussed the conclusions of the major accounting treatment of subsidiary Nuvoton Technology Corporation this quarter.</li> <li>•CPAs and independent directors discussed the CFC (Controlled Foreign Company) system.</li> </ul>	<ul style="list-style-type: none"> <li>•None of the independent directors expressed dissent.</li> </ul>

### 3. Operational status of the Remuneration Committee:

#### (1) Information on members of the Compensation Committee:

March 16, 2023

Position	Criteria Name	Professional qualifications and work experience	Independence criteria	Number of additional public companies on the Remuneration Committee of which the member also serves
Convenor/ Independent director	Stephen T. Tso	Please refer to "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" on pages 10 to 12.	Please refer to "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" on pages 10 to 12.	1
Member/ Independent director	Allen Hsu	Please refer to "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" on pages 10 to 12.	Please refer to "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" on pages 10 to 12.	1
Member/ Independent director	Francis Tsai	Please refer to "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" on pages 10 to 12.	Please refer to "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" on pages 10 to 12.	
Member/ Independent director	Jerry Hsu	Please refer to "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" on pages 10 to 12.	Please refer to "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" on pages 10 to 12.	

#### (2) Operational state of the Remuneration Committee:

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

Key tasks of the Remuneration Committee are as follows:

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

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

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

D.1 The 4th-term Remuneration Committee is composed of 4 individuals and includes all Independent Directors.

D.2 Current term of office: June 12, 2020 ~ June 11, 2023. The Committee held 4 meetings (A) in 2022. The attendance record is as follows:

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance (%) (B/A)	Remarks
Convenor	Stephen T. Tso	4	0	100	None
Member	Allen Hsu	4	0	100	None
Member	Francis Tsai	4	0	100	None
Member	Jerry Hsu	4	0	100	None

Other matters that require reporting:

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

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

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

Remuneration Committee	Topic	Resolution	Response to Members' Opinions
4th Term/ 6th Meeting March 15, 2022	Proposal re 2021 remuneration for individual directors on the 12th-term board	Passed	None
	Proposal re 2022 remuneration for individual directors on the 12th-term board	Passed	None
	Proposal re remuneration for managers	Passed	None
	Proposal re 2022 remuneration for individual managers	Passed	None
	Proposal re remuneration for manager Arthur Yu-Cheng Chiao	Passed	None
4th Term/ 7th Meeting May 5, 2022	Re-appointment of Ms. Jessica Huang as consultant and Head of Finance Department	Passed	None
4th Term/ 8th Meeting August 4, 2022	Appointment of Mr. Jen-Lieh Lin to serve as Vice President	Passed	None
	Discharge of Mr. John Park as a Business Executive and his appointment as Chief Strategy Officer	Passed	None
4th Term/ 9th Meeting March 15, 2022	Appointment of Mr. Chih-Chung Chou as manager and Head of Finance Department	Passed	None
	2022 director compensation distribution plan	Passed	None
	2022 employee compensation distribution plan	Passed	None
	Proposal re 2022 quarterly remuneration for managers	Passed	None
	Proposal re remuneration for manager Arthur Yu-Cheng Chiao	Passed	None

We reviewed the Remuneration Committee Charter, Rules for Directors' Remuneration and Board Performance Evaluations, and Rules for Remuneration and Performance Evaluations of Managerial Officers at the 9th Remuneration Committee meeting (4th term) and found that they are in compliance with relevant laws and regulations and that no adjustments are required due to changes in laws and regulations; therefore no recommendations for the amendment were made.

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

Assessment Item	Implementation Status		Explanation	Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
I. Are corporate governance principles as per Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies established and disclosed?	V		Corporate governance principles as per TWSE Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and internal regulations are established and disclosed on the official website.	None
II. Shareholding structure and shareholder equity				
(I) Internal operating procedures established and implemented to handle shareholders' suggestions, concerns, disputes, or litigation matters?	V		(I) The Shareholders' Affairs Department oversees and handles shareholders' services, suggestions, concerns, disputes, and internal control system standards.	None
(II) Is there a roster of major shareholders with controlling power and persons with ultimate control over them?	V		(II) A register of major shareholders with controlling power and persons with ultimate control over them is disclosed as per applicable regulations.	None
(III) Risk management and firewall systems with affiliates established and implemented?	V		(III) Business dealings with affiliates are treated as transactions with independent third parties while abiding by the principles of fairness and reasonableness in the formation of written rules, pricing, and payment terms to prevent non-arm's-length transactions.	None
(IV) Internal rules prohibiting insider trading on undisclosed information established?	V		(IV) Procedures for the Prevention of Insider Trading have been established and are disclosed on the official website with monthly reminders to all insiders and employees.	None
III. Composition and responsibilities of Board of Directors				
(I) A diversity policy and set management targets formulated and implemented?	V		(I) Article 20 of Corporate Governance Best Practice Principles stipulates the structure of the Board of Directors shall give due consideration to business scale, major shareholdings, and member diversity (professional backgrounds, genders, lines of work, etc.). Our board composition meets these targets (see p. 12 of annual report for specific management targets and implementation status pertaining to the 12th Board of Directors).	None
(II) Other functional committees in addition to remuneration and audit committee set up voluntarily?	V		(II) ESG Committee, Employee Welfare Committee, Supervisory Committee of Workers' Retirement Reserve Fund, ESH and Risk Management Committee, and Patent Committee have been established.	None
(III) Evaluation rules and methods on annual performance established with results reported back as reference for individual directors' remuneration and renewal?	V		(III) Performance evaluations of the board, individual directors, and functional committees are conducted every December as per Rules for Directors' Remuneration and Board Performance Evaluations. The staff in charge of board meeting affairs compile and submit self-assessment results to the Remuneration Committee and the Board of Directors as references for nomination and re-election of directors. Please refer to the appropriate section under "The Operational Status of the Board of Directors" for more information.	None
(IV) Are CPAs' independence regularly evaluated?	V		(IV) The Rules for Evaluation and Performance Reviews of Accountants have been established as per the Certified Public Accountant Act and the Norm of Professional Ethics for Certified Public Accountants of the Republic of China. Members of the Audit Committee evaluate the independence of the CPAs every December to examine whether any CPAs are directors, shareholders, salaried employee, or stakeholder. Results are submitted to the Audit Committee and the Board of Directors. In 2023, they referred to the 2021 audit quality report (from June 1, 2021 to May 31, 2022) provided by the certified accounting firm for accountant appointments; CPAs are required to recuse themselves if either they or their services are directly affiliated with or have a conflict of interest in the matter concerned. Rules concerning accountant rotation are observed.	None
IV. Competent and appropriate corporate governance personnel and officers appointed to furnish execution information for directors, assist directors, and supervisors; handle board and shareholder meeting matters, as well as record meeting minutes in legal compliance?	V		The position of corporate governance officer was created in March 2019 to comply with board and shareholder meeting procedures and applicable laws as well as facilitate exchange and communication between directors and management. Implementation status of activities for the current year is as follows: 1. Compiled board meeting agenda and furnished sufficient materials to send with notices to relevant parties for attendance as needed (7 meetings convened in 2021) 2. Invited CPAs to present audit reports or related content every half fiscal year. 3. Organized preregistration for shareholder meeting dates, prepared notices, agenda, and minutes, and published information by prescribed deadlines with English versions available to investors worldwide (1 convened in 2021) 4. Organized tailored training courses as required by directors (12 hours completed in 2021)	None

Assessment Item	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
V. Means of communication with stakeholders (shareholders, employees, clients, suppliers, etc.) established or a Stakeholders Section created on the official website? Important corporate and social responsibility issues that stakeholders are concerned about addressed?	5. Pursuant to the Rules for Directors' Remuneration and Board Performance Evaluations, we have authorized Taiwan Corporate Governance Association to conduct board performance evaluations in May 2022 with annual self-assessments in December.		
VI. A professional agency hired to handle tasks and issues related to shareholder meetings?			
VII. Information Disclosure (I) A corporate website established to disclose information on financial, business, and corporate governance status? (II) Other information disclosure channels (an English website maintained, staff designated to collect and disclose information, spokespersons appointed, investor conferences broadcasted, etc.) established? (III) Annual financial statements announced and reported within 2 months after the end of the fiscal year along with first, second, and third quarter financial statements as well as monthly operating status before deadlines? VIII. Other information disclosed to facilitate a better understanding of corporate governance operations (employee rights and wellness, investor and supplier relations, stakeholder rights, director and supervisor training records, customer /risk management policy implementation and evaluation measures, and insurance purchases for directors and supervisors)?			
An effective communication channel with stakeholders is maintained with a section set up on the official website to address important corporate and social responsibility issues that stakeholders are concerned about.			
An office that handles shareholder services is available.			
(I) Financial status, operations, and corporate governance information are periodically (monthly/quarterly/annually) disclosed on the official website. (II) Material information is collected and disclosed by the Investor Relations Department as per Spokesperson and Deputy Spokesperson Rules. Information about investor conferences is posted on the official website and is available in 4 different languages—Traditional Chinese, Simplified Chinese, English, and Japanese—to facilitate public understanding. (III) Annual financial statements are announced and reported within 2 months of the end of the fiscal year along with the first, second, and third quarter financial statements as well as monthly operating status before the prescribed deadline.			
1. We disclose information on corporate governance, green manufacturing, stakeholders, and relevant operational rules on our website: <a href="https://www.winbond.com/hq/about-winbond/csr-new/policy">https://www.winbond.com/hq/about-winbond/csr-new/policy</a> 2. Continuing education of directors: We arrange continuing education courses for directors every year, and regularly provide directors with information on professional courses offered by external institutions. Continuing education courses attended by directors and supervisors can be found in the Corporate Governance section of the MDPS website. 3. Attendance records of directors: Please see p. 21 of this report for the operations of the Board of Directors.			

Assessment Item	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	
<p>4. Purchase of liability insurance for directors: We have purchased liability insurance starting in 2015. Please refer to the Corporate Governance section of the MOPS website.</p>			
<p>IX. Describe improvement in response to corporate governance evaluation results published by the TWSE Corporate Governance Center in the most recent year, items prioritized, and future measures. Over the years, we have been ranked among the top 20% of TWSE-listed companies in terms of corporate governance, and it will continue to enhance corporate governance.</p>			

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

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

Promotion item	Implementation status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
<p>I. Has Winbond established a governance structure that promotes sustainable development, created a full-time (part-time) entity to promote sustainable development and authorized senior management to manage it, and established board oversight?</p> <p><b>(TWSE/TPEx Listed Companies must report the status of implementation, not compliance or explanation.)</b></p>	V	No	<p>In 2015, the Company established the Winbond CSR Implementation Committee as its central governing unit to promote sustainable development. As a part of its continuing effort to develop and improve the Company, Winbond restructured the original CSR Implementation Committee into Sustainability Development Committee (ESG Committee) in May 2022, raising the level of the Committee to that of the Board of Directors. The Committee is composed of several directors and five to seven executive managers from relevant departments, including the President. The Committee convenes at least twice a year, and the Chair of the Board serves as ex-officio member and chair of the Committee. The term of office for directors on the Committee is the same as that of the Board of Directors. The purpose of the Committee is to plan the Company's sustainable development strategies and goals, formulate corresponding action plans, consolidate the Company's resources, implement sustainability practices, and ultimately, enhance operational competitiveness.</p> <p>Under the ESG Committee, we established the ESG Office and five functional task forces focusing on the areas of Environmental Sustainability, Green Products, Human Rights and Social Inclusion, Sustainable Supply Chain, and Corporate Governance. The Committee presents quarterly reports on the progress of the greenhouse gas inventory as well as regular reports on the Committee's implementation results to the Board of Directors each year to ensure the promotion and implementation of corporate sustainable development initiatives. The duties of the ESG Committee include the following four items:</p> <ul style="list-style-type: none"> <li>• Formulation of corporate sustainability policies and related management guidelines</li> <li>• Formulation of short-, medium-, and long-term strategies and goals for sustainable development</li> <li>• Review, tracking, and revision of implementation status and effectiveness of corporate sustainable development</li> <li>• Regular annual reports of the Committee's implementation results to the Board of Directors.</li> </ul> <p>In addition, to ensure oversight by the Board of Directors, the Company holds a regular meeting in the fourth quarter of each year (the most recent meeting was held on November 3, 2022) in which the Board of Directors listens to a report by the President concerning sustainability issues and progress. This enables the Board of Directors to keep track of the implementation status of various business units within the Company, review the formulation and progress of corporate strategies, and require the management team to make adjustments when necessary. For more information, please refer to the ESG pages of the official Winbond website.</p> <p>(<a href="https://www.winbond.com/hq/about-winbond/csr-new/policy/?__locale=en">https://www.winbond.com/hq/about-winbond/csr-new/policy/?__locale=en</a>)</p>
<p>II. Does Winbond conduct risk assessments on environmental, social, and corporate governance issues related to operations under the Materiality Principle, and formulate relevant risk management policies and strategies?</p> <p><b>(TWSE/TPEx Listed Companies must report the implementation status, not compliance or explanation.)</b></p>	V		<p>Under the Materiality Principle, we conduct risk assessments of environmental, social, and corporate governance issues of material interest to the Taiwan head office based on a sound corporate social responsibility policy and sustainable development best practice principles, formulate relevant policies, systems, and management guidelines with concrete implementation plans, and disclose them in the corporate sustainability report and on our website. In addition, we focus on key issues involving various aspects of ESG, assess risks and opportunities related to corporate sustainability, incorporate ESG issues into corporate strategic planning, operations management, and decision-making processes, and implement corporate social responsibility to achieve sustainable corporate development.</p>
<p>III. Environmental issues</p>	V		<p>(I) We have obtained ISO14001 eco-management system certification and implement internal audits every 6 months under the internal standard B0000-2511 Environmental Safety and Health Management System audit procedures. An international verification company</p>

<p>(I) Has Winbond established a suitable eco-management system that meets the needs of particular industrial characteristics?</p>	<p>V</p>	<p>performs external audits every year to ensure that the system is operating normally (verification agency: DQS Inc.; effective dates: August 12, 2022~August 11, 2025; coverage: Central Taiwan Science Park site at No. 8, Keya 1st Road, Daya District, Taichung City. Verification Agency: DQS Inc.; effective dates: November 4, 2022 ~ November 5, 2025; coverage: Kaohsiung site at No. 35, Luke 5th Road, Kaohsiung City).</p>	<p>None</p>
<p>(II) Is Winbond committed to improving energy efficiency and using recycled materials with low impact on the environment?</p>	<p>V</p>	<p>(II) To improve energy efficiency, we set key performance indicators (KPI) for the utilization rate of various major sources of energy such as water and electricity, and formulate annual goals and implement management plans to continuously improve water and electricity consumption, reduce waste output, and increase the waste reuse rate. The president personally reviews the implementation results and targets achievements on a quarterly basis. Recycling systems are considered in the plant design phase with priority given to the recovery and reuse of wastewater, waste heat, and solid waste generated during plant operations, thereby reducing resource consumption and environmental impacts. In 2022, it was estimated that water consumption per unit product was 134 liters/layer (layer-wafer mask) and that the plant-wide water recovery rate was approximately 80.5%, which met the self-imposed target value. The maximum water consumption per unit of product was 145 liters/layer, and the minimum plant-wide water recovery rate was 80%. In addition to regulatory compliance, we strive to maximize the impact of every drop of water and decrease effluent discharge. The energy-saving and carbon-reduction measures adopted in 2022 reduced CO2e emissions by 250,770 metric tons, equal to the annual carbon sequestration of 650 Daan Forest Parks (calculation based on an annual carbon dioxide absorption of 386 metric tons by Daan Forest Park). Greenhouse gas emissions/unit product in 2022 came to 13.2 kg CO2e/layer (layer-wafer mask), which met the self-imposed target value of a reduction from the emissions/unit product figures of 2020 (13.3 kg CO2e/layer). With regard to the future development of advanced technologies and capacity expansion, we will continue to promote carbon reduction plans and increase energy efficiency to reduce impacts on the environment. As a part of our ongoing effort to promote waste recycling and reuse, we have adopted reductions in the use of process chemicals, extended the chemical usage cycle, and replaced parts and components to reduce waste generation, and has made improvements to waste recycling through better waste collection and sorting. In 2022, we achieved 90.1% waste recycling, surpassing the self-imposed target of 90% or more.</p>	<p>None</p>
<p>(III) Has Winbond assessed the current and future risks and opportunities posed by climate change and taken appropriate action?</p>	<p>V</p>	<p>(III) We are aware of the impact of climate change brought about on the environment and business operations by the greenhouse effect. Aside from undertaking management programs to reduce the consumption of water, electricity, and raw materials, and reducing waste generation to achieve KPI targets, we have participated in the PFC emissions reduction programs advocated by the Taiwan Semiconductor Industry Association and World Semiconductor Council since 2000. Through process adjustment and the use of alternative fuels as well as the installation of PFC reduction equipment, we have been able to reduce greenhouse gas emissions. The PFC emissions reduction results over the years have been validated by an international certification body. We have also been named a "Company with Outstanding Performance in Voluntary Reduction of Greenhouse Gas Emissions" by the Industrial Development Bureau, MOEA. In addition, we perform a greenhouse gas inventory every year as a reference for formulating energy conservation and greenhouse gas emissions reduction strategies, register the results on the Environmental Protection Administration's Taiwan National Greenhouse Gas (GHG) Registry, and disclose the relevant data in the CSR section website.</p> <p>We introduced the framework of Climate-Related Financial Disclosures, (TCFD) in 2020, which was further strengthened in 2021. Employees from the 5 functional groups (eco-sustainability, green products, human rights and social inclusion, sustainable supply chain, and corporate governance) under the Sustainability Development Committee (ESG Committee) formed a cross-departmental TCFD task force to gain a more comprehensive understanding of the potential positive and negative impacts of climate change on business operations. The TCFD task force is responsible for identifying and assessing risks and opportunities associated with climate change on an annual basis, assisting in the development of relevant quantitative methods and indicators, and establishing an internal climate risk management mechanism. In 2022, there were over 40 members on the TCFD task force, over 60% of whom were department supervisors or higher, and 4 workshops were held to communicate and discuss climate change issues as they relate to the relevant business sectors. Under the TCFD framework and procedural requirements, we have identified primary and secondary climate risks and opportunities while simultaneously formulating effective response strategies through a comprehensive risk management mechanism to strengthen the responses to and practices involving climate change events. For details, please refer to the Sustainability Report.</p>	<p>None</p>
<p>(IV) Has Winbond calculated greenhouse gas emissions, water consumption, and total waste w8 over the past 2 years, and formulated policies for reducing greenhouse gas emissions, water</p>	<p>V</p>	<p>(IV) The eco-protection policy focuses on compliance with the latest international environmental standards and other regulations; consistent improvement, effective eco-protection, the reduction of environmental risks, and the adoption of optimized preventive and improvement measures to become a sustainable green business. Inventories of greenhouse gas emissions, water consumption, and total waste w8 are performed every year at the Central Taiwan Science Park site (No. 8, Keya 1st Road, Daya District, Taichung City) and the Kaohsiung site (No. 35, Luke 5th Road, Kaohsiung City: newly added in 2022), and key performance indicators (KPI) such as greenhouse gas emissions, water recycling, and waste recycling per unit product are formulated. The greenhouse gas emissions are verified annually by a third-party organization (ISO 14064-1), while water consumption and waste production are self-assessed. In 2022, greenhouse gas emissions totaled approximately 394,677 metric tons of CO2e (direct emissions = 44,034 metric tons of CO2e and indirect emissions =</p>	<p>None</p>

<p>consumption, and other waste management?</p>	<p>350,643 metric tons of CO<sub>2</sub>e), water consumption totaled approximately 4,131,340 cubic meters, and the total w8 of waste was approximately 9,584 metric tons (4,608 metric tons of hazardous substances and 4,976 metric tons of nonhazardous substances). In 2021, total greenhouse gas emissions were approximately 316,044 metric tons of CO<sub>2</sub>e (direct emissions = 38,760 metric tons of CO<sub>2</sub>e and indirect emissions = 277,284 metric tons of CO<sub>2</sub>e), water consumption totaled approximately 3,292,825 cubic meters, and the total w8 of waste was approximately 7,727 metric tons (3,509 metric tons of harmful substances and 4,218 metric tons of non-hazardous substances).</p> <ul style="list-style-type: none"> <li>● In 2022, greenhouse gas emissions per unit product (layer-wafer mask) totaled 13.2 kg CO<sub>2</sub>e/layer, which met the self-imposed target value of not exceeding 2020's GHG emissions per unit product (13.3 kg CO<sub>2</sub>e /layer). Self-assessed greenhouse gas emissions are subject to third-party verification and power coefficient publication.</li> <li>● In 2022, water consumption per unit product was approximately 134 liters/layer (layer-wafer mask), and the factory-wide water recovery rate was approximately 80.5%, which met the self-imposed target value of no less than 80%. Water consumption is recorded based on the water meter reading, and the recovery rate is calculated using the Science Park Administration-mandated water balance chart.</li> <li>● The waste recycling rate in 2022 was approximately 90.1%, which met the self-imposed target value of over 90%. The volume of waste output is the declared value stipulated in the Waste Disposal Act, while the volume of recycling is calculated after being classified by waste disposal method.</li> </ul>	<p>None</p>
<p>IV. Social Issues</p>	<p>(I) Does Winbond have adequate management policies and procedures in place according to applicable laws and regulations and international conventions on human rights?</p> <p>(II) Does Winbond develop and implement reasonable employee benefits (including compensation, leave, and other benefits), and does employee compensation adequately reflect business performance and results?</p> <p>(III) Does Winbond provide a safe and healthy work environment and organize regular health and safety training for employees?</p> <p>(IV) Does Winbond have effective programs in place to help employees with career planning and development?</p>	<p>(I) We have established CSR policies approved by the board of directors that comply with international human rights standards and the RBA Code of Conduct and abide by the highest ethical standards to protect workers and support human rights, such as prohibiting all forms of discrimination and respecting freedom of association for employees. The human rights policies are published on our website, and all employees are required to observe the reward and disciplinary measures outlined in our internal regulations. In 2022, we conducted a human rights due diligence investigation and completed the Human Rights Due Diligence Report. We launched both online and physical courses on the employee code of conduct and ethics to strengthen training in and the promotion of labor rights, eco-protection, health and safety, and ethics, as well as to ensure compliance with corporate ethics and government laws and regulations and to improve integrity management.</p> <p>(II) We provide well-established employee benefits. In addition to the statutory benefits (e.g., enrollment in the Labor Insurance Program and the National Health Insurance Program and pension contributions), we provide better-than-industry-average group insurance, childcare allowance, marriage and childbirth allowances, and a wellness leave system. A wide range of employee benefits are in place to provide for our employees and their families. Furthermore, the Articles of Incorporation require that not less than 1% of the pre-tax earnings before deducting employee and director remuneration be allocated to employee compensation as a means to ensure that employee compensation reflects business operations performance.</p> <p>(III) We have obtained ISO45001 Occupational Health and Safety Management System and CNS45001 Taiwan Occupational Safety and Health Management System certifications (certified by DQS Inc., certificate registration nos. 20003544 OHS18 and 50600484 OHS18) and undertake internal audits every 6 months, while annual external audits are conducted by an international certification body to ensure normal system operations. We rigorously observe the government's safety and health regulations and perform associated management tasks, including carrying out safety and health risk assessments, drafting and executing safety and health regulations, and implementing employee safety, sanitation, and health training courses annually.</p> <p>(IV) We have built a sound learning environment based on education and training management procedures, and provide appropriate training resources to supervisors and colleagues at all levels based on a range of learning methods and resources:</p> <ol style="list-style-type: none"> <li>1. We design management development training activities for management-level employees following the management function blueprint. These activities include courses to help front-line supervisors develop appropriate management thinking and improve their management skills as well as experience-sharing sessions for internal supervisors to exchange work experience. In addition, authorities from industry, the government, and academia are invited to give presentations on various topics. Through a variety of training activities, the management skills of managers at all levels undergo continual improvement.</li> </ol>

<p>(V) Does Winbond comply with applicable laws and international standards regarding customer health and safety, customer privacy, marketing, and labeling of products and services, and has it established appropriate consumer protection policies and complaint procedures?</p> <p>(VI) Does Winbond implement supplier management policies that require suppliers to comply with eco-protection, occupational health and safety, and worker's rights regulations? Describe the implementation status if affirmative.</p>	<p>V</p> <p>V</p>	<p>2. To continuously cultivate the professional skills of employees, professional training is put in place under the functional requirements of each unit. Such training includes courses in R&amp;D design and process testing, international seminars, and experience-sharing sessions with both internal employees and external expert lecturers participating.</p> <p>3. We offer training courses in work systems and norms, corporate culture, and work adaptation, as well as ESG (Environment Social Governance), CSR (Corporate Social Responsibility), industrial safety, legal infringements in the workplace, and other courses, to maintain a healthy and safe workplace for all employees. In addition to basic education and testing for new recruits, a series of activities such as advanced specialization skills examinations continue to be conducted for the training of direct employees.</p> <p>(V) We strictly adhere to the EU's General Data Protection Regulation (GDPR), Registration, Evaluation, Authorization, and Restriction of Chemicals Regulations (REACH), Restriction of Hazardous Substances Directive (RoHS), halogen-free requirements, and other international standards on customer health and safety. We comply with the Fair Trade Act regarding the marketing and labeling of products and services, as well as the anti-trust code of conduct, the Commodity Labeling Act, the Consumer Protection Act, and other relevant regulations. We also conform with the requirements of the Personal Data Protection Act regarding consumer privacy protections. Consumers who wish to inquire about a product or service can access contact information and a complaint hotline by visiting the stakeholder section of the website.</p> <p>(VI) We have created a sustainable supply chain working group under the Sustainability Development Committee (ESG Committee) to develop supplier management policies and address sustainable development issues. In 2022, Winbond Electronics consolidated existing supplier management policies, including the Responsible Business Alliance (RBA), Hazardous Substance Free (HSF) and traditional supplier management concepts (quality, price, delivery, and process technology capabilities), while incorporating sustainable procurement strategies and ESG sustainability risk assessments/audits into sustainable supply chain management strategy as a response to developments in climate change and global economic and trade risks (e.g., geopolitics). Concerning eco-protection (E), we implemented the "Co-Sustainability" initiative to harness the combined resources of suppliers to implement power and water savings, waste reduction, and greenhouse gas emissions management to promote global eco-sustainability. On the issues of occupational safety and health and labor and human rights (S), the RBA code of conduct is the key to the implementation of a sustainable supply chain. Management measures include the following: First, all suppliers are required to sign the Supplier Code of Conduct Commitment Letter and the Declaration of Non-use of Prohibited Substances; second, under the guidelines of the Responsible Minerals Initiative (RMI) and the Organization for Economic Cooperation and Development (OECD), due diligence investigations are conducted on minerals originating from conflict-affected and high-risk areas, including tantalum, tin, tungsten, gold, cobalt, and mica. Suppliers are required not to purchase and use conflict minerals from unqualified smelters/refineries in conflict areas. Detailed information is published on the website (<a href="https://www.winbond.com/hq/about-winbond/csr-new/sustainable-supply-chain/responsible-business-alliance/?__locale=zh_TW">https://www.winbond.com/hq/about-winbond/csr-new/sustainable-supply-chain/responsible-business-alliance/?__locale=zh_TW</a>). Regarding governance (G), the integrity awareness campaign is implemented twice annually, and suppliers are required to sign a letter of commitment to integrity. To gradually increase the resilience of the entire supply chain, we incorporated an ESG sustainable risk assessment into supplier audit management beginning in 2022. Additionally, we regularly identify sources of risk and impact levels and discuss improvement strategies with suppliers to increase the supply chain's sustainability. In 2022, all suppliers signed the sustainable supply chain commitment and related documents, and their audit results met the requirements. No supplier has been disqualified for major environmental, social, or governance violations.</p>	<p>None</p> <p>None</p>
<p>V. Does Winbond prepare reports like the sustainability report that disclose non-financial information under international standards and guidelines? Has a third-party verification organization provided verification or assurance for the disclosure report?</p> <p>VI. Describe the deviations, if any, between actual practice and the corporate social responsibility Best Practice Principles for TWSE/TPEX Listed Companies:</p> <p>We have established our Corporate Social Responsibility Principles under the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and the internal rules, and related implementation does not deviate from the established principles.</p> <p>VII. Other useful information for explaining the status of corporate social responsibility practices:</p>	<p>V</p>	<p>The sustainability report is compiled following the core option of the Global Reporting Initiative (GRI) Standards and has been verified by the Taiwan branch of the British Standards Institution (BSI Taiwan) under the AA1000 AccountAbility Principles 2018 Addendum Type I Assurance Standard. The content of the sustainability report also complies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, the United Nations Sustainable Development Goals (SDGs), and ISO 26000 Guidance on social responsibility. The following websites provide CSR information disclosure: Company website: <a href="https://www.winbond.com/hq/about-winbond/csr-new/policy/?__locale=zh_TW">https://www.winbond.com/hq/about-winbond/csr-new/policy/?__locale=zh_TW</a> Sustainability report download: <a href="https://www.winbond.com/hq/about-winbond/csr-new/downloads/?__locale=zh_TW">https://www.winbond.com/hq/about-winbond/csr-new/downloads/?__locale=zh_TW</a> TWSE MOPS: <a href="http://mops.twse.com.tw">http://mops.twse.com.tw</a></p> <p>We have implemented such principles based on the Corporate Social Responsibility Best Practice Principles</p>	<p>None</p>

The issue of climate change has emerged as one of international concern. In light of the increasing complexity of associated risks, we are committed to a corporate sustainability goal of "becoming a hidden champion that enriches human life with green semiconductor technology" and are continually developing responsibilities and assets in the environmental, social, and governance (ESG) domains. We introduced the climate change-related financial disclosure (TCFD) framework in 2020 and strengthened it in 2022 with the publication of the TCFD independent report as a basis for a more accurate assessment of climate-related risks and opportunities, thereby enhancing operational resilience and insight. Following our participation in the SEMI Semiconductor Industry ESG Sustainability Initiative, we joined the Taiwan Climate Coalition (TCP) in 2022 as a director and group convener. We actively participate in relevant organizations as part of our efforts to contribute to the environment through industry-academia-government collaborations.

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

■ Sustainability awards and achievements

- In 2021, we won 4 awards in the 2021 Taiwan Corporate Sustainability Awards (TCSA) sponsored by the Taiwan Institute of Sustainable Energy, including consecutively winning the Taiwan Top 50 Corporate Sustainability Award and the Corporate Sustainability Report Platinum Award, as well as winning the "Talent Development Leadership Award and the Growth Through Innovation Leadership Award for the first time. In 2022, we won 3 major awards, including the Taiwan Top 100 Sustainable Enterprise Award and consecutive wins for the Taiwan Top 50 Corporate Sustainability Award and the Corporate Sustainability Report Platinum Award.
- Ranked in the Top 6-20% of Companies in the TWSE's 8th Corporate Governance Evaluation
- Inclusion in the TWSE Corporate Governance 100 Index and TWSE RAFI® Taiwan High Compensation 100 Index in 2022
- Inclusion in FTSE4Good Emerging Index and FTSE4Good TIP Taiwan ESG Index
- Won 2 golden awards and 2 silver awards at the Taiwan Continuous Improvement Awards
- Winbond TrustME® W77Q won the OFweek China IoT Innovative Product Awards 2022 and received SESIP level-2 certification
- Winbond HYPERRAM™ 3.0 won the 7th China IoT Industry Technology Innovation Award
- Acquired 1000 tons of blue carbon CO<sub>2</sub>e from the Singapore-based CIX- Delta Blue Carbon Project
- Zero Carbon Family Day (Carbon offset of 194 tons of CO<sub>2</sub>e with the Zero Carbon Day event on November 12, 2022)
- Official sponsor of Houfeng Bike Trail

■ Certifications and qualifications:

- ISO 9001 Quality management system
- ISO 14001 Environmental management system
- ISO 45001 Occupational health and safety management system
- ISO 14064-1 Greenhouse gas verification statement; reasonable assurance
- ISO 14067 Greenhouse gases — Carbon footprint of products
- ISO 50001 Energy management
- IATF 16949 Automotive production and relevant service management system
- QC 080000 Hazardous substance management system certification
- ISO 26262 Certification for functional safety of road vehicles
- ISO/SAE 21434 Road vehicles — Cybersecurity engineering

Our long-term CSR commitments include "Care for the Disadvantaged, Care about Eco-Sustainability, and Fulfill Corporate Social Responsibility." We leverage our core strengths to put our beliefs in community care, public service, and eco-friendliness into action by gathering internal resources and the support of employees and putting them to work in the areas of caring for youth and children, assisting disadvantaged groups, promoting the public interest, and offering academic sponsorships. We promote digitization, create a space for technological innovation and exchange, and participate in community care activities, while also encouraging employee engagement to highlight the importance of giving back to the community as a leader in corporate social responsibility.

A. Eco-Education and Charity Promotion

- We joined the ranks of those who adopt public recreational facilities in 2022 through cooperative efforts with the Taichung City Tourism Bureau to adopt the Houfeng Bike Trail. We are responsible for regular road cleaning and tree trimming to maintain the beauty and safety of the trail, further demonstrating the spirit of corporate social responsibility and the creation of co-prosperity for the local environment.
- In 2022, we invited employees to participate in the "Sports for Public Welfare, Health and Love for the Earth" event. Our employees burned a total of 2,422,660 calories in their daily exercise, which was converted into a donation of NT\$605,655 to the Wilderness Conservation Association for the protection of streams and other environmental conservation activities in 2023.

B. Assisting the Disadvantaged

- **Fundraising for impoverished school children:** We have collaborated with the Taiwan Fund for Children and Families since 2017 to provide young students from economically disadvantaged families with educational resources and a steady school education. We encourage our employees to participate in the fundraising program with enthusiasm and heartfelt care. In 2022, 1,052 employees donated a total of NT\$ 4.128 million, providing a full year of support for 1,032 elementary school students.
- We sponsored the charity organizations that participated in the 2022 STSP Love Month Picnic, assisting approximately 3,500 individuals in 1,000 disadvantaged families in Shanhua, Shanhua, and Anding, 3 districts located near STSP.

**C. Child and Youth Care**  
**Breakfast Program for Rural School Children:** Since 2011, our senior executives have initiated a free pledge program to sponsor small elementary schools in remote areas of Hsinchu and Taichung through the philanthropic foundation to support meal services for children in remote schools. The Happy Breakfast Program aims to safeguard the basic needs and health of rural schoolchildren by providing breakfast resources and care, thereby empowering them to explore the world with a healthy mind and body. In 2022, we contributed NT\$530,000 in funds for breakfasts to promote a beneficial school environment. In addition, we dispatch personnel to assess the program's benefits on-site as a follow-up evaluation of the sponsorship program.

**D. Emergency relief**

- **Emergency relief for employees:** We have set up employee emergency relief and loan programs to help employees who experience financial distress when they or their family suffers a sudden calamity such as injury, disability, death, or accident, to make sure that they can continue to work and live with the assurance that their livelihood is secure.
- **Blood donation drives:** We call on employees to donate blood in regular blood drives, which illustrates the belief in the value of life in action. In 2022, 219 employees participated in 5 blood drives; altogether, they donated 362 bags of blood.

**E. Academic sponsorships**

- Our enthusiasm for the industry has led us to sponsor seminars to create new technological opportunities for the semiconductor industry. The international Symposium on VLSI Technology, Systems, and Applications (VLSI-TSA) is designed to accelerate the upgrading of Taiwan's electronics industry and increase exchanges of industrial technologies at home and abroad. We are also a regular sponsor of the seminars on technology management papers held by the Chinese Society for Management Of Technology (CSMOT). Through these seminars, we actively participate in collaborations between academia, industry, research institutions, and government agencies, and engage in communication and exchange.
- We collaborate with National Cheng Kung University to co-host the Key Semiconductor Technologies and Leadership Practice course to increase student engagement with society and industry.

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

Our CSR report has been verified by the Taiwan Branch of the British Standards Institution (BSI Taiwan) as per Addendum 2018 for AA1000 Assurance Standard Type I.

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

Assessment Item	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
<p>I. Establishment of ethical corporate management policy and approaches</p> <p>(I) Board-approved ethical corporate management policy clearly stated in regulations and external correspondence with commitment to enforcing such policy?</p> <p>(II) Risk assessment mechanism for unethical conduct with regular evaluation of higher-risk business activities? Program to prevent unethical conduct formulated whose scope at least matches that prescribed in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p> <p>(III) Program of operations, code of conduct, disciplinary actions, and appeal procedures detailed and duly, effectively enforced to prevent unethical conduct, with periodic review and revision?</p>	<p>V</p> <p>V</p> <p>V</p>	<p>No</p>	<p>(I) To ensure ethical business management, we have formulated the Ethical Corporate Management Best Practice Principles, which have been approved by the board of directors. Customers are served with integrity and good faith while employees are rigorously required to practice self-discipline and observe internal rules to establish good corporate governance, risk management, and a sustainable business environment.</p> <p>(II) Procedures for higher-risk operations and activities have been established. These include the Procedures for the Acquisition and Disposal of Assets, the Rules for Endorsements and Guarantees, Procedures for Lending Funds to Other Parties, the Procedures for Transactions with Group Enterprises, Specific Companies, and Related Parties, and the Donation Rules, all of which conform to regulations governing transactions with related parties to prevent unethical conduct.</p> <p>(III) To prevent unethical conduct, we have established the Rules for Conflict-of-Interest Reporting and Recusal, the Procedures for Insider Trading Prevention, the Rules for Reporting Private Financial Transactions between Employees in Specific Positions and Personnel and Suppliers in Related Businesses, the Rules on Accepting and Providing Gifts and Entertainment, the Technical and Classified Data Management Rules, and the Anti-Trust Code of Conduct. The Rules for Handling Ethical Management Violations detail methods and channels for filing complaints, and are regularly promoted, implemented, and reviewed, with disciplinary action taken in the event of a violation.</p>
<p>II. Ethical corporate management</p> <p>(I) Ethics records of affiliates assessed; business conduct and ethics clauses included in contracts?</p> <p>(II) A unit set up under the Board of Directors to promote ethical corporate management with regular (at least annual) reports monitoring the implementation of policies and programs to prevent unethical conduct?</p> <p>(III) Policies established to prevent conflicts of interest with appropriate communication channels for proper implementation?</p> <p>(IV) Effective accounting and internal control systems in place to enforce ethical management? Internal auditing unit draws up plans based on assessment results of risks of involvement in unethical conduct, and investigates compliance with prevention programs or engages a CPA to execute audits?</p> <p>(V) Regular internal and external educational training on ethical management?</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>	<p>(I) All suppliers are required to sign a commitment to integrity statement before commencing dealings.</p> <p>(II) The Department of Human Resources formulates, promotes, and enforces ethical management rules including the Corporate Governance Best Practice Principles, the Ethical Corporate Management Best Practice Principles, the Corporate Social Responsibility Best Practice Principles, the Procedures for Corporate Social Responsibility Management, the Code of Ethics for Directors, and the Employee Code of Conduct. All directors and employees receive annual training to ensure implementation, with results reported by the President to the Board of Directors every fourth quarter.</p> <p>(III) The Ethical Corporate Management Best Practice Principles and the Rules for Conflict-of-Interest Reporting and Recusal both specify a code of conduct for employees, and an adequate whistleblowing channel and regular training have been established. Internal rules and regulations are published on the Intranet to keep all informed of any amendments, with regular education held on insider trading to prevent inadvertent violations of the law.</p> <p>(IV) Effective accounting and internal control systems have been established, and relevant operating procedures are reviewed and revised as necessary or required by law. Self-evaluations of executive officers, internal units, subsidiaries, and the internal auditing unit are made and reported at least annually.</p> <p>The board-approved annual audit plan is faithfully conducted. The chief auditor submits completed (or follow-up) reports to independent directors for review and periodically reports implementation status and internal control self-evaluation results to the Audit Committee and Board of Directors.</p> <p>(V) We place a high value on ethical management and corporate social responsibility. The Department of Human Resources reports to the Board of Directors on the implementation results of annual ethical management awareness campaigns and training every fourth quarter. Efforts to promote and educate</p>

Assessment Item	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
			about employee rights, eco-protection, health, safety, ethics, and prevention of insider trading have been ramped up to ensure compliance with corporate ethics requirements and government regulations as well as facilitate sound, ethical management. In 2021, 3,377 employees took a total of 1,350 recorded hours of training courses in ethical management and corporate social responsibility, with a 100% completion rate among all directors and employees.
III. Whistleblowing system	V		(I) Several different reporting and complaint channels have been set up, and employees are kept informed of email, suggestion box, and grievance channels as well as reward and disciplinary measures. All are reviewed and revised regularly to achieve effective and adequate workplace communication as well as rapid and effective solutions.
(I) A whistleblowing and reward system established with an accessible reporting channel and dedicated personnel appointed to liaise with accused individuals?	V		(II) Operating procedures for investigative reports and confidentiality measures are in place to form the basis of investigations.
(II) Standard operating procedures in place for investigative reports and follow-up action with strict confidentiality measures?	V		(III) The identities of whistleblowers are kept confidential to protect them from retaliation.
(III) Measures taken to protect whistleblowers from retaliation?			None
IV. Information Disclosure	V		None
Guidelines on business ethics and implementation disclosed on the official website and the Market Observation Post System (MOPS)?			Ethical Corporate Management Best Practice Principles are publicly accessible on the official website: <a href="https://www.winbond.com/hq/about-winbond/investor/compliance">https://www.winbond.com/hq/about-winbond/investor/compliance</a>
V. Describe any differences between actual practice and principles based on Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies? Our Ethical Corporate Management Best Practice Principles were formulated under the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and internal rules and regulations, and there have been no deviations in implementation.			
VI. Other important information to facilitate a better understanding of ethical management operations:			
We keep abreast of the development of ethical management rules and regulations in Taiwan and overseas through policy reviews to improve performance.			

7. Disclose methods to access corporate governance principles and relevant guidelines:

Our corporate governance principles can be accessed under "Investor Services/Rules and Regulations" on the official website.

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

## 9. Implementation of Internal Control System

### 9.1 Internal Control System Statement

#### Winbond Electronics Corporation Statement of Internal Control System

Date: February 16, 2023

Based on the findings of the Company's self-assessment of its internal control system in 2022, Winbond Electronics Corporation hereby declares:

1. Winbond recognizes that the Board of Directors and management are responsible for establishing, implementing, and maintaining its internal control system and has designed such a system to provide reasonable assurance of operational effectiveness and efficiency (profitability, performance and safeguarding of assets), reliability, timeliness, reporting transparency, and compliance with applicable rulings, laws, and regulations.
2. Despite a perfect design, an effective internal control system has inherent limitations with only reasonable assurance of accomplishing the 3 aforesaid objectives and may be subject to change due to the environment and extenuating circumstances beyond our control. Nevertheless, Winbond takes immediate remedial action in response to any identified deficiencies with self-monitoring mechanisms.
3. Winbond evaluates the design and operational effectiveness of its internal control system based on criteria as per the Regulations Governing Establishment of Internal Control Systems by Public Companies (the Regulations) with 5 key components identified along with several items: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. Winbond has evaluated the design and operational effectiveness of its internal control system according to the aforesaid criteria.
5. Based on evaluation results, Winbond believes that as of December 31, 2022, its internal control system (including the oversight and management of subsidiaries) is effectively designed and operationally effective, and offers reasonable assurance that our Board of Directors and management understand the degree to which the Company has achieved its operational effectiveness and efficiency objectives, that the reports are reliable, timely, and transparent, and that they comply with applicable rules, laws, regulations, and bylaws.
6. This Statement is an integral part of Winbond's annual report and prospectus. If the above disclosed contents involve any falsehoods, concealment, or other illegality, legal liability will be entailed under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement was passed by the Board of Directors in their meeting held on February 16, 2023, with none of the 11 attending directors expressing dissenting opinions, and the remainder all affirming its contents.

Winbond Electronics Corporation

Chairman: Arthur Yu-Cheng Chiao

President: James Pei-Ming Chen

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

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

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

11.1 Report on the implementation of resolutions passed at Shareholders Meeting of 2022

1. Subject matter: Approval of Business Report and Financial Statements for 2021  
Resolution: Passed (For detailed information, please refer to the Market Observation Post System.)  
Implementation: Has been implemented in accordance with the resolution
2. Subject matter: Approval of Distribution of Earnings for 2021  
Resolution: Passed (For detailed information, please refer to the Market Observation Post System.)  
Implementation: Has been implemented in accordance with the resolution.  
Note: The cash dividend is NT\$1 per share. The ex-dividend date for Company stocks is June 22, 2022, and the distribution date is July 7, 2022.
3. Subject matter: Discussion on Amendment to the Articles of Incorporation  
Resolution: Passed (For detailed information, please refer to the Market Observation Post System.)  
Implementation: Processing relevant work in accordance with the amended Articles of Incorporation
4. Subject matter: Discussion on Amendment to the company regulations  
(1) Procedures on Asset Acquisition or Disposition  
(2) Rules of Procedure for Shareholders Meetings  
Resolution: Passed (For detailed information, please refer to the Market Observation Post System.)  
Implementation: Has been published on the Market Observation Post System; processing relevant work according to the amended company regulations
5. Subject matter: Discussion on Removal of Non-Compete Clause for Directors  
Resolution: Passed (For detailed information, please refer to the Market Observation Post System.)  
Implementation: Has been implemented in accordance with the resolution

11.2 Significant Resolutions of the Board Meetings for 2022 and up to March 16, 2023:

Date	Summary of Significant Resolutions
February 11, 2022	<ol style="list-style-type: none"> <li>1. Approval of Business Report and Financial Statements for 2021</li> <li>2. Approval of Consolidated Business Reports, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports for 2021</li> <li>3. Approval of Statement of Internal Control System for 2021</li> <li>4. Approval of Business Plan and Operating Budget for 2022</li> <li>5. Approval of Increase in Capital Expenditure Budget</li> <li>6. Approval of Appointment and the Annual Remuneration of Deloitte &amp; Touche</li> <li>7. Approval of Purchase of Liability Insurance for Directors, Supervisors, and Key Officers</li> <li>8. Approval of Engagement in Derivative Financial Instrument Transactions</li> <li>9. Approval of Acquisition of Short-Term Comprehensive Credit Line from Financial Institutions</li> </ol>
March 15, 2022	<ol style="list-style-type: none"> <li>1. Approval of Distribution of Earnings for 2021</li> <li>2. Approval of Acquisition of 3 Units in Langjing Project in Lingya District, Kaohsiung City</li> <li>3. Approval of Amendment to the <i>Articles of Incorporation</i></li> <li>4. Approval of Amendment to the <i>Procedures for Asset Acquisition or Disposition</i></li> <li>5. Approval of Removal of Non-Compete Clause for Directors</li> <li>6. Approval of Scheduling of Annual Shareholder General Meeting for 2022</li> <li>7. Approval of Amendment to the <i>Organizational Regulations of the Audit Committee</i></li> <li>8. Approval of Amendment to the <i>Internal Rules and Regulations</i></li> <li>9. Approval of Engaging in Derivative Financial Instrument Transactions.</li> <li>10. Approval of Individual Director Remuneration for 2021 for the 12th Board of Directors</li> <li>11. Approval of Individual Remuneration for 2022 for the 12th Board of Directors</li> <li>12. Approval of Disbursement of Managerial Remuneration</li> <li>13. Approval of Individual Managerial Remuneration for 2022</li> <li>14. Approval of Remuneration for Manager Mr. Arthur Yu-Cheng Chiao</li> <li>15. Approval of Amendment to the Rules of Procedure for Shareholders Meetings</li> </ol>
May 5, 2022	<ol style="list-style-type: none"> <li>1. Approval of Consolidated Financial Statements for the First Quarter of 2022</li> <li>2. Approval of Increase in Capital Expenditure Budget</li> <li>3. Approval of Sale of 30% Ownership in Land in Baoshan Township, Hsinchu County to Theaceae Conservation Corporation</li> <li>4. Approval of Establishment of the Sustainability Development Committee and Adoption of the <i>Organizational Regulations of the Sustainability Development Committee</i></li> <li>5. Approval of Amendment to the Internal Control System of Stock Affairs Units</li> <li>6. Approval of Amendment to Internal Rules and Regulations</li> </ol>

Date	Summary of Significant Resolutions
	7. Approval of Engagement in Derivative Financial Instrument Transactions 8. Approval of Obtaining Short-Term Comprehensive Credit Line from Financial Institutions 9. Approval of Reappointment of Ms. Jessica Huang as Advisor to the Company while continuing to serve as Chief Financial Officer
May 10, 2022	1. Approval of Investment in CHIA-HO Green Energy Corporation 2. Approval of Engagement in Derivative Financial Instrument Transactions
August 4, 2022	1. Approval of Consolidated Financial Statements for the Second Quarter of 2022 2. Approval of Non-Distribution of Earnings for the First Half of Fiscal Year 2022 3. Participation of Walsin Lihwa Corporation in cash issue for capital increase in 2022 4. Approval of Establishment of Subsidiary through Wholly-Owned Subsidiary Miraxia Edge Technology Corporation in Japan 5. Approval of Adjustment to Investment Structure in Subsidiaries in Japan and India 6. Approval of Engagement in Derivative Financial Instrument Transactions 7. Approval of Obtaining Short-Term General Credit Line and Derivative Financial Instrument Limit from Financial Institutions 8. Approval of Appointment of Mr. Jen-Lieh Lin as Vice President of the Company 9. Approval of Resignation of Mr. John Park as Chief Business Officer and Appointment as Chief Strategy Officer on the same day
November 3, 2022	1. Approval of Consolidated Financial Statements for the Third Quarter of 2022 2. Approval of Increase in Capital Expenditure Budget 3. Approval of Acquisition of Significant Asset (100% Share in Atfields Manufacturing Technology Corporation) 4. Approval of Engagement in Derivative Financial Instrument Transactions 5. Approval of Obtaining Short-Term General Credit Line and Derivative Financial Instrument Limit from Financial Institutions 6. Approval of Appointment of Mr. Chih-Chung Chou as CFO 7. Approval of Adoption of Contribution Rate of Director Remuneration for 2022 8. Approval of Adoption of Contribution Rate of Employee Remuneration for 2022 9. Approval of Disbursement of Quarterly Managerial Remuneration for 2022 10. Approval of Disbursement of Remuneration to Manager Mr. Arthur Yu-Cheng Chiao for 2022
December 14, 2022	1. Approval of Amendment to the <i>Accounting System</i> 2. Approval of Amendment to the <i>Internal Control System</i> 3. Approval of Formulated Audit Plan for 2023 4. Approval of Liquidation of Wholly-Owned Subsidiary Landmark Group Holdings Ltd. and Pine Capital Investment Ltd 5. Approval of Amendment and Establishment of the <i>Articles of Incorporation</i> 6. Approval of Engagement in Derivative Financial Instrument Transactions 7. Approval of Obtaining Short-Term General Credit Line and Derivative Financial Instrument Limit from Financial Institutions
February 16, 2023	1. Approval of Business Report and Financial Statements for 2022 2. Approval of Consolidated Business Reports, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports for 2022 3. Approval of Statement of Internal Control System for 2022 4. Approval of Business Plan and Operating Budget for 2023 5. Approval of Increase in Capital Expenditure Budget 6. Approval of Renaming Indian Subsidiary GLMTD Technology Private Limited as Winbond Electronics India Private Limited 7. Approval of Appointment of Deloitte & Touche for Annual Remuneration 8. Approval of Appointment of CFO Mr. Chih-Chung Chou as Corporate Governance Officer 9. Approval of Purchase of Liability Insurance for Directors, Supervisors, and Key Officers 10. Approval of Engagement in Derivative Financial Instrument Transactions 11. Approval of Obtaining Short-Term General Credit Line and Derivative Financial Instrument Limit from Financial Institutions
March 14, 2023	1. Approval of Distribution of Earnings for 2022 2. Approval of Filing of Syndication Application with Financial Institutions 3. Approval of Annual Shareholder General Meeting Schedule for 2023 4. Approval of Election of Directors (including Independent Directors) 5. Approval of List of Candidates for the Thirteenth Board of Directors (including Independent Directors) Nominated by the Board of Directors 6. Approval of Removal of Non-Compete Clause for the Thirteenth Board of Directors (including Independent Directors) 7. Approval of Removal of Non-Compete Clause for Managers 8. Approval of the <i>Review Procedures for Advance Approval of Non-Assurance Services Provided by</i>

Date	Summary of Significant Resolutions
	<p data-bbox="505 226 659 254"><i>Accounting Firms</i></p> <p data-bbox="505 254 1341 304">9. Approval of the List of Pre-Approved Non-Assurance Service Types and Service Lists Provided by Accounting Firms for 2023</p> <p data-bbox="505 304 1222 331">10. Approval of Amendment to the <i>Sustainable Development Best Practice Principles</i></p> <p data-bbox="505 331 1146 359">11. Approval of Engagement in Derivative Financial Instrument Transactions</p> <p data-bbox="505 359 1268 386">12. Approval of Individual Director Remuneration for 2022 for the 12th Board of Directors</p> <p data-bbox="505 386 1192 413">13. Approval of Individual Remuneration for 2022 for the 12th Board of Directors</p> <p data-bbox="505 413 1081 441">14. Approval of Disbursement of Managerial Remuneration for 2022</p> <p data-bbox="505 441 1411 468">15. Approval of Distribution of Employee Remuneration and Individual Managerial Remuneration for 2022</p> <p data-bbox="505 468 1021 495">16. Approval of Individual Managerial Remuneration for 2023</p> <p data-bbox="505 495 1101 522">17. Approval of Remuneration for Manager Mr. Arthur Yu-Cheng Chiao</p>

12. Dissenting or qualified opinion of directors or supervisors opposing important board-approved resolutions recorded or stated in a written statement in the past year and up to the date of report: None
13. Resignations or dismissals of the chairman, president, chief accounting officer, CFO, chief internal auditor, corporate governance officer, and/or chief R&D officer in the past year and up to the date of report:

March 16, 2023

Title	Name	Arrival Date	Termination Date	Reason for Resignation or Dismissal
CFO	Jessica Huang	April 1, 2015	December 1, 2022	Reassignment
Corporate Governance Officer	Kun-Lung Chen	June 17, 2020	February 16, 2023	Reassignment

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

## V. Certified public accountant's fee information

1. The Company paid the following fees to the certified public accountant, the certified public accountant's firm, and its affiliates, of which non-audit fees amounted to less than one quarter of audit fees in 2022.

Unit: NT\$1,000

Name of accounting firm	Name of accountant	Audit period	Audit fees	Non-audit fees	Total	Notes
Deloitte & Touche	Kenny Hung, Wen-Yea Shyu	2022.01.01~2022.12.31	10,399	2,880	13,279	Non-audit services: master file, Country-by-Country Report, transfer pricing report, tax consulting, non-executive salary reporting and review, ISO consulting and certification fees, and other services.

2. Change of accounting firm, decrease in amount of paid audit fees after the change of accounting firm compared with that before the change, and the reasons for the decrease:  
There was no change of accounting firm in 2022.
3. Amount, percentage, and reasons for a decrease in audit fees of more than 15% from the previous year: There was no decrease in audit fees of more than 15% from the previous year.

## VI. Change of accountant: There was no change of accountant in 2022.

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

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

Unit: shares

Title	Name	2022		2023 as of March 16	
		Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares held	Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares held
Chair and CEO	Arthur Yu-Cheng Chiao	-	-	-	-
Vice Chair and Vice CEO	Tung-Yi Chan	-	-	-	-
Director	Yung Chin	-	-	-	-
Independent Director	Allen Hsu	-	-	-	-
Independent Director	Stephen T. Tso	-	-	-	-
Independent Director	Francis Tsai	-	-	-	-
Independent Director	Jerry Hsu	-	-	-	-
Director	Legal Entity and Top 10 Shareholder	-	-	-	-
	Representative	Fred Pan	-	-	-
Director	Legal Entity	-	-	-	-
	Representative	Yuan-Mou Su	(5,000)	-	-
Director	Chih-Chen Lin	-	-	-	-
Director	Wei-Hsin Ma	-	-	-	-
President	James Pei-Ming Chen	12,481	-	-	-
Vice President	Chin-Fen Tsai	(54,000)	-	-	-
Vice President	Pei-Lin Pai	-	-	-	-
Vice President	Hsiang-Yun Fan	-	-	-	-
Vice President	Wen-Hua Lu	(1,155)	-	-	-
Vice President	Wen-Chang Hung	(14,987)	-	-	-
Vice President (Note 3)	Jen-Lieh Lin	-	-	-	-
Chief Strategy Officer	Eungjoon Park	-	-	-	-
Assistant Manager	Mao-Hsiang Yan	9,151	-	-	-
Assistant Manager	Hsiu-Han Liao	-	-	-	-
CFO and Financial and Corporate Governance Officer (Note 4)	Chih-Chung Chou	-	-	-	-
Accounting Officer	Chin-Feng Yang	3,085	-	-	-

Title	Name	2022		2023 as of March 16	
		Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares held	Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares held
Chief Information Officer (Note 5)	Cheng-Kung Lin	-	-	-	-
CFO and Financial Officer (Note 6)	Jessica Huang	-	-	-	-
Corporate Governance Officer (Note 7)	Kun-Lung Chen	2,269	-	-	-

Notes:

- The above shareholding information is based on actual shareholdings.
- The shares were transferred to non-related parties and not pledged.
- Mr. Jen-Lieh Lin has served as a manager of the company since October 1, 2022. °
- Mr. Chih-Chung Chou has served as a manager of the company since December 1, 2022.
- Mr. Cheng-Kung Lin served as the chief information officer of the company until November 14, 2022. The information in the above table only discloses information about his shareholdings until the termination date of his position as the information director of the company.
- Ms. Jessica Huang served as CFO of the company until November 30, 2022. The information in the above table only discloses information about her shareholdings until the termination date of her position as CFO of the company.
- Mr. Kun-Lung Chen served as the corporate governance officer of the company until February 15, 2023. The information in the above table only discloses information about his shareholdings until the termination date of his position as corporate governance officer of the company.

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

Name	Shares held by the person		Shares held by spouse, minor children		Total shares held in others' names		Names and relationships (note 3) of the top ten shareholders who are related to other top-ten shareholders or are their spouses or second-degree relatives		Notes
	Number of shares	Shareholding percentage (note 1)	Number of shares	Shareholding percentage (note 1)	Number of shares	Shareholding percentage (note 1)	Name	Relationship	
Walsin Lihwa Corporation	883,848,423	22.20%	-	-	-	-	Chin-Xin Investment Co., Ltd. Arthur Yu-Cheng Chiao Pai-Yung Hong Yu-Lon Chiao Yu-Heng Chiao	The chairs of the two legal entities are second-degree relatives Second-degree relative of the chair of the legal entity First-degree relative of the chair of the legal entity The chair of the legal entity Second-degree relative to the chair of the legal entity	-
Walsin Lihwa Corporation (Representative: Yu-Lon Chiao)	25,694,984	0.65%	1,161,771	0.03%	-	-	Arthur Yu-Cheng Chiao Pai-Yung Hong Chin-Xin Investment Co., Ltd. Yu-Heng Chiao	The two individuals are second-degree relatives The two individuals are first-degree relatives The chairs of the two legal entities are second-degree relatives The two individuals are second-degree relatives	-
Chin-Xin Investment Co., Ltd.	240,003,072	6.03%	-	-	-	-	Walsin Lihwa Corporation Arthur Yu-Cheng Chiao Pai-Yung Hong Yu-Lon Chiao Yu-Heng	The chairs of the two legal entities are second-degree relatives The chair of the legal entity First-degree relative to the chair of the legal entity Second-degree relative to the chair of the legal entity Second-degree relative	-

							Chiao	to the chair of the legal entity	
Chin-Xin Investment Co., Ltd. (Representative : Arthur Yu-Cheng Chiao)	63,472,995	1.59%	11,778,797	0.30%	-	-	Walsin Lihwa Corporation Pai-Yung Hong Yu-Lon Chiao Yu-Heng Chiao	Second-degree relative to the chair of the legal entity The two individuals are first-degree relatives The two individuals are second-degree relatives The two individuals are second-degree relatives	-
Arthur Yu-Cheng Chiao	63,472,995	1.59%	11,778,797	0.30%	-	-	Walsin Lihwa Corporation Pai-Yung Hong Yu-Lon Chiao Chin-Xin Investment Co. Ltd. Yu-Heng Chiao	Second-degree relative to the chair of the legal entity The two individuals are first-degree relatives The two individuals are second-degree relatives The chair of the legal entity The two individuals are second-degree relatives	-
Vanguard Emerging Markets Stock Index Fund held by JP Morgan Chase Bank, N.A., Taipei Branch	41,746,452	1.05%	-	-	-	-		-	Note 2
LGT Bank (Singapore) Ltd. Investment Fund held by the Standard Chartered Bank (Taiwan), Main Branch	41,540,278	1.04%	-	-	-	-		-	Note 2
Pai-Yung Hong	38,433,771	0.97%	-	-	-	-	Walsin Lihwa Corporation Arthur Yu-Cheng Chiao Yu-Lon Chiao Chin-Xin Investment Co. Ltd. Yu-Heng Chiao	First-degree relative of the chair of the legal entity The two individuals are first-degree relatives The two individuals are first-degree relatives First-degree relative of the chair of the legal entity The two individuals are first-degree relatives	-
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds held by JPMorgan Chase Bank, N.A., Taipei Branch	38,194,469	0.96%	-	-	-	-		-	Note 2
Yu-Heng Chiao	29,988,748	0.75%	95,567	0.00%	-	-	Walsin Lihwa Corporation Arthur Yu-Cheng Chiao Pai-Yung Hong Chin-Xin Investment Co. Ltd. Yu-Lon Chiao	Second-degree relative of the chair of the legal entity The two individuals are second-degree relatives The two individuals are first-degree relatives Second-degree relative of the chair of the legal entity The two individuals are second-degree relatives	-

iShares MSCI Taiwan Index ETF Investment Fund held by the Standard Chartered Bank (Taiwan), Main Branch	27,486,000	0.69%	-	-	-	-	-	-	Note 2
Yu-Lon Chiao	25,694,984	0.65%	1,161,771	0.03%	-	-	Walsin Lihwa Corporation Arthur Yu-Cheng Chiao	Chair of the legal entity The two individuals are second-degree relatives	-
							Pai-Yung Hong Chin-Xin Investment Co. Ltd. Yu-Heng Chiao	The two individuals are first-degree relatives Second-degree relative of the chair of the legal entity The two individuals are second-degree relatives	-

Notes:

1. The "shareholding percentage" column was calculated using the total number of issued common stock as of March 16, 2023 (3,980,000,193 shares).
2. The custodian bank cannot provide the final list of ultimate beneficiaries.
3. Relationship disclosure made in accordance with the *Regulations Governing the Preparation of Financial Reports by Securities Issuers*.

## X. Consolidated shareholding percentage

December 31, 2022; unit: shares

Invested Business (Note)	Investment by the Company (A)		Investment by directors, managers and businesses that are directly and indirectly controlled by the Company (B)		Consolidated Investment (A+B)	
	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)
Winbond International Corporation	87,960,000	100	-	-	87,960,000	100
Pine Capital Investment Limited	780,000	100	-	-	780,000	100
Landmark Group Holdings Ltd.	5,343,000	100	-	-	5,343,000	100
Winbond Electronics (HK) Limited	71,150,000	100	-	-	71,150,000	100
Winbond Technology Ltd	100,000	100	-	-	100,000	100
Callisto Holdings Limited	40,000,000	100	-	-	40,000,000	100
Great Target Development Ltd.	4,470,000	100	-	-	4,470,000	100
Winbond Electronics Germany GmbH	850,000	100	-	-	850,000	100
Miraxia Edge Technology Corporation	4,000	100	-	-	4,000	100
Winbond Electronics Corporation Japan	2,970	100	-	-	2,970	100
Nuvoton Technology Corporation	214,954,635	51	6,232,181	1	221,186,816	52
Chin-Xin Investment Co., Ltd	182,840,999	38	194,710,785	40	377,551,784	78
Theaceae Conservation Corporation	24,000,000	30	40,000,000	50	64,000,000	80

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

## Fundraising Status

### I. Capital and Shares

#### (I) Sources of equity

March 16, 2023; unit: shares; NT\$

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

March 16, 2023; unit: share

Type of shares	Authorized share capital			Note
	Outstanding shares	Unissued shares	Total	
Ordinary shares	3,980,000,193	2,719,999,807	6,700,000,000	Listed stocks of the Company

Notes:

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

#### (II) Shareholder structure

March 16, 2023

Number\ shareholder structure	Government Agencies	Financial Institutions	Other Legal Entities	Personal	Foreign Institutions and Foreigners	Chinese Investors (Note )	Total
Number	6	58	363	280,325	914	5	281,671
Shares held	36,148,582	46,187,639	1,149,828,777	1,716,222,127	1,031,604,692	8,376	3,980,000,193
Shareholding percentage	0.91%	1.16%	28.89%	43.12%	25.92%	0.00%	100.00%

Note: Chinese investors refer to any individual, juristic person, organization, or other institution of the Mainland Area or any company that invests in any third area as stipulated in Article 3 of *Measures Governing Investment Permit to the People of Mainland Area and Its Rulings*.

#### (III) Share ownership distribution

##### 1. Common Stock:

March 16, 2023; NT\$10 per share

Classification	Number of shareholders	Number of shares held	Shareholding percentage (%)
1-999	65,265	16,355,900	0.41
1,000-5,000	163,349	355,496,421	8.93
5,001-10,000	28,489	227,681,803	5.72
10,001-15,000	8,048	102,627,984	2.58
15,001-20,000	5,566	104,116,794	2.62
20,001-30,000	4,188	107,627,985	2.70
30,001-40,000	1,838	66,121,111	1.66
40,001-50,000	1,219	57,128,150	1.44

Classification	Number of shareholders	Number of shares held	Shareholding percentage (%)
50,001-100,000	1,987	143,507,657	3.61
100,001-200,000	841	118,389,057	2.98
200,001-400,000	374	106,321,908	2.67
400,001-600,000	140	68,947,777	1.73
600,001-800,000	69	48,330,569	1.21
800,001-1,000,000	39	34,788,477	0.87
1,000,001 or more	259	2,422,558,600	60.87
total	281,671	3,980,000,193	100

2. Preferred stock: Not applicable

(IV) List of major shareholders

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

March 16, 2023

Name	Number of shares held	Shareholding percentage
Walsin Lihwa Corporation	883,848,423	22.20%
Chin-Xin Investment Co., Ltd	240,003,072	6.03%

2. For names of the top ten shareholders ranked by shareholding percentage, along with their shareholding amounts and percentages, please refer to pages 43-44.

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

Unit: NT\$

Item\Year		2021	2022	2023 as of March 16	
Stock price (Note 1)	Highest	38.9	36.45	26.1	
	Lowest	23.75	18.5	19.35	
	Average	30.46	27.77	23.46	
Book value per share (Note 1)	Before distribution	20.71	23.66	-	
	After distribution	19.71	22.66	-	
Earnings per share	Weighted average number of shares (in thousands)	3,980,000	3,980,000	-	
	Earnings per share	3.42	3.25	-	
Dividends per share (Note 3)	Cash dividends	1	1	-	
	Bonus share issue	From retained earnings	-	-	-
		From capital reserve	-	-	-
	Accumulated unpaid dividends	-	-	-	
Return on Investment	Price/Earnings ratio (Note 4)	8.91	8.54	-	
	Price/Dividend ratio (Note 5)	30.46	27.77	-	
	Cash dividend yield (Note 6)	3.28%	3.60%	-	

Notes:

1. The highest and lowest stock prices of common stock for each year are listed; the average market price for each year is calculated based on the trading volume and value of that year.
2. The book value per share is calculated based on the number of shares issued at the end of each year and the distribution approved by the board of directors.
3. The distribution for 2022 is based on the resolution of the board of directors on March 14, 2023.
4. Price/Earnings ratio = the average closing price per share of the year / the earnings per share of the year.
5. Price/Dividend ratio = the average closing price per share of the year / the cash dividend per share of the year.
6. Cash dividend yield = the cash dividend per share / the average closing price per share of the year.

## (VI) Dividend policy and implementation status

### 1. Dividend policy

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

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

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

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

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

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

2. Pursuant to Article 240 of the Company Act and the Company's Articles of Incorporation, the Company's Board of Directors resolved on March 14, 2023 to distribute cash dividends of NT\$3,980,000,193 for 2022, with a dividend of NT\$1 per share of common stock. In the event that the Company repurchases shares or if a situation that affects the number of outstanding shares arises, the Chair is authorized to adjust the amount payable per share according to the actual number of outstanding shares as of the ex-dividend date. The calculation of the cash dividend payment is made to the nearest whole number (with amounts below NT\$1 being rounded down) and any fractional shares resulting from the dividend payment are included in the Company's other income. (Note: There was no distribution of earnings in the first half of 2022.)

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

## (VIII) Employee and director remuneration

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

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

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

In accordance with Article 22 of the Company's Articles of Incorporation, and based on the audited profits for 2022, the Board of Directors has approved the allocation of 1% of the net profit, totaling NT\$153,939,912, to be distributed as director remuneration and 2%, or NT\$307,879,824, to be distributed as employee remuneration. All amounts will be paid in cash. The allocation percentages and amounts have been approved by the Company's Compensation Committee and the Board of Directors. If there are any changes to the allocated amounts after the release of the annual consolidated financial statements, the adjustments will be estimated based on accounting standards and recorded in the next year.

3. Remuneration distribution approved by the Board of Directors:

- (1) Shares or cash to be distributed as employee and director profit-sharing remuneration. If there is any discrepancy between the actual distributed amount and the estimated figure, the amount of the discrepancy, the cause, and how it is treated shall be disclosed:

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

Note: There is no difference between the aforementioned employee and director remuneration and the employee and director remuneration recognized in the consolidated financial statements for 2022.

- (2) The amount of any employee profit-sharing remuneration distributed in stocks, and that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial statement for the current period and total employee profit-sharing compensation: Not applicable

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

Year: 2021				Unit: shares; NT\$			
Employee profit-sharing remuneration				Director profit-sharing remuneration	If there is any discrepancy between the actual distributed and the recognized employee or director profit-sharing remuneration in the financial statements of the year		
Cash amount	Stock amount	Number of shares	Total	Cash amount	Amount of discrepancy	Cause	Treatment
330,737,046	-	-	330,737,046	165,368,523	-	Not applicable	Not applicable

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

(IX) Stock Buyback: None

## II. Issuance of corporate bonds

March 16, 2023; Unit: NT\$

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

III. Issuance of Preferred stock: None

IV. Issuance of Depositary Receipt: None

V. Status of Employee stock option plan: None

VI. Status of Employee restricted stocks: None

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

VIII. Status of implementation of the capital utilization plan: As of the publication date of the annual report, the Company has no incomplete implementation of capital utilization plans, nor has there been any situation where such a plan has been completed within the past three years but the benefits of the plan have not yet been demonstrated.

## Business Overview

### I. Description of Business

#### (1) Scope of Business

##### 1. Main Business and Breakdown of Revenues

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

Revenue breakdown of each product as a percentage of consolidated operating revenue for 2022 is as follows:

Unit: NT\$1,000

Main Product	Operating Revenue	%
DRAM	21,928,754	23
Flash Memory	29,863,054	32
Logic IC	41,640,173	44
Others	1,097,809	1
Operating revenue as reported in consolidated financial statements	94,529,790	100

##### 2. Main Products

###### 2.1. DRAM

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

###### 2.2. Code Storage Flash Memory

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

###### 2.3. Logic IC

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

##### 3. New products and services under development

###### 3.1. DRAM

- Specialty DRAM: We are developing medium to low-capacity Specialty DRAM using D25s and 20 nm processes. These products mainly have applications in 3C products as well as automotive and industrial electronics. We are also developing next-generation process technologies.

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

### 3.2. Code Storage Flash Memory

- We are using 32 nm and 45 nm process technologies to produce safe, high-performance, energy-efficient, and value-added Code Storage Flash Memory for computing and peripheral products, mobile handheld devices and modules, network communications products, IoT, consumer electronics, automotive and industrial electronics, household appliance modules, information security, etc. We are developing more advanced process technologies.

### 3.3 Logic IC

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

## (2) Industry Overview

### 1. Current Industrial Status and Development

#### 1.1 DRAM

- In 2022, global demand for consumer electronic devices weakened considerably in response to inflation-curbing measures such as interest rate hikes. As supply outpaced demand due to accumulated inventory caused by supply chain imbalances and COVID-19, the price of memory products began to drop sharply during the year. With economic recovery remaining unpredictable, memory manufacturers controlled the risk of a slowing economy by reducing production, slowing expansion, engaging in R&D, and flexibly adjusting capacity utilization to meet market conditions. In general, user demand fell in each application category; however, demand in the automotive and industrial sectors was relatively stable. While trends in metaverse, self-driving vehicles, 5G or IoT, and other applications remain unchanged, the growth momentum of server demand is projected to propel the growth of the memory industry.

#### 1.2 Code Storage Flash Memory

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

#### 1.3 Logic IC

- Demand for MCUs and MPUs is rising. The 32-bit ARM® Cortex®-M MCU and 64-bit ARM® Cortex®-A MPU have become mainstream architectures in the market owing to their advantages including low power consumption, high performance, Trusted Secure Island (TSI)-based security encryption functions, overarching ecosystems, and wide range of users. As for audio products featuring voice interfaces that allow for hands-free interaction with the Internet using natural languages, demand is rising. Concerning cloud computing, post-pandemic demand for computer systems in the end user market will be higher than pre-pandemic levels and then stabilize after adjusting for inventory level. Working and learning patterns have changed significantly, spurring growth in demand for cloud computing and storage, remote collaboration, and open-source technologies. Meanwhile, greater attention is being paid to the security functions of servers and personal computer systems.

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

### 2.1 Memory industry

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

### 2.2 Logic IC industry

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

## 3. Development trends and competition for products

### 3.1 DRAM

- Just as specialty DRAM product technology has advanced from SDR, DDR, DDR2, DDR3, and DDR4 to DDR5, Mobile DRAM has moved from LP DDR, LP DDR2, LP DDR3, and LP DDR4 to LP DDR5. The current global market is still dominated by 3 large international DRAM manufacturers that have initiated mass production of next-generation DDR5 and LP DDR5, increasing the density of mainstream chips to 16Gb. For this reason, the world semiconductor memory industry has entered a new growth cycle.
- Concerning process technology, international DRAM manufacturers have increased the proportion of high-end process production, such as DRAM 1xnm, in recent years. Manufacturers in Taiwan have implemented DRAM 2xnm through technology licensing while also developing their own DRAM 1xnm processes. Low-volume production is expected to commence in 2023. We are the only manufacturer in Taiwan that has successfully developed in-house DRAM 25nm process technology. DRAM 25nm is already in mass production, and development will so be completed on DRAM 20nm. We will invest in the development of next-generation processes.

### 3.2 Code Storage Flash Memory

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

### 3.3 Logic IC

- MCU and MPU products must feature low power consumption, high performance, and secure encryption functions. Since each application has its special peripheral requirements, one single product cannot meet all needs. We therefore developed MCU and MPU platform products that feature highly secure designs and software/hardware reference solutions, introduced machine learning, and launched operating systems, network connection modules, and cloud connection software development platforms suitable for the IoT

ecosystem to satisfy rapidly evolving demand for diversified applications and IoT equipment. We are also committed to developing products for niche fields to provide customers with the best solutions. Our audio product development is focused on ultra-low power audio microcontrollers (audio MCU/DSP) and audio encoders. Smart class-D audio amplifiers (smart amps), audio amplifiers, audio enhancement, and DSP are the core audio processing algorithms that provide better and more cost-effective solutions for smart homes, mobile phones, consumer electronics, and personal computers. In cloud applications, users upload and analyze massive amounts of data. Innovative applications and services have not only led to the deployment of data computing centers but have spurred increased interest from end users in the security of information-gathering infrastructures. Efforts to improve computing performance, optimize energy consumption, and introduce products with more flexible interface channel design and security features will become mainstream in the future.

### (3) Technology and R&D Overview

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

Item	Unit: NT\$1,000	
	2022	2023 up to March 16
R&D expenses	15,818,706	3,259,521

2. Successfully developed technologies and products

#### 2.1 DRAM

- We are the first supplier in Taiwan to successfully develop DRAM process technology. Ever since our self-developed DRAM 25nm and 25Snm entered mass production, production yield and output have been rising steadily. The development of DRAM 20nm is nearing completion, while the development of next-generation processes remains ongoing to meet customers' quality, reliability, and process specification requirements.

#### 2.2 Code Storage Flash Memory

- We used NAND Flash 32nm and NOR Flash 45nm processes to develop code storage flash memory products that offer added value, security, high speed, low power consumption, low voltage, or encryption functions, and we have also developed advanced processes to secure our leading position in serial NOR flash memory. In addition, we promoted serial interfaces and cost-effective 1Gb/2Gb/4Gb/8Gb products to meet the needs of different end-user applications.

#### 2.3 Logic IC

- We have introduced the Arm® Cortex®-M0 M029G series MCUs for the 5G data center application market.
- Nuvoton introduced the first microprocessor based on dual 64-bit Arm® Cortex®-A35 and Cortex®-M4 cores, which can be applied in the industrial IoT market, which requires high-performance edge computing.
- We announced the Hydra solution at the OCP Global Summit. Developed in collaboration with Microsoft, Hydra is a BMC (Arbel used built-in security engine TIP) solution combined with Microsoft's Cerberus Root of Trust software technology.

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

1. Short-Term Business Development Plans

#### 1.1 DRAM

- We will increase mass-production yield of DRAM 25S nm process technology to reduce costs and improve quality.
- We will develop new products, customers, and applications to improve profitability through increased distribution of chips and revenue.

- We will optimize applications, customers, and product mixes to increase output value and profitability of chips.

### 1.2 Code Storage Flash Memory

- We will mass produce NOR Flash 45nm process technology to expand the scope of application.
- We will increase our market share in computing and peripheral products, mobile handheld devices and modules, IoT, automotive and industrial electronics.
- We will optimize applications, customers, and product mixes to increase output value and profitability of chips.
- We will cultivate world-class brand customers to strive for robust profitability.

### 1.3 Logic IC

- Regarding MCU and MPU, we will enrich our product portfolios and develop platforms and tools to boost our advantages in cost-performance ratio and local services, while actively building an ecosystem of self-designed development platforms and collaborating with third-party vendors to create an optimal development experience for our customers.
- Concerning audio products, we will provide comprehensive high-performance audio and voice solutions. For instance, our voice product line includes the industry's first EMD flash 8-bit uC voice control IC, which effectively shortens the development cycle of voice products and addresses inventory issues.
- For our cloud computing products, we will adopt advanced security technologies and integrate local strengths to expand the development of hardware and software solutions suitable for world-leading brands. We will invest resources into product models that are nearing stability, focus on the expansion of consumer products, and also actively participate in international security standardization organizations and open-source initiatives to maintain our leading edge in technology.

## 2. Long-Term Business Development Plans

### 2.1 DRAM

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

### 2.2 Code Storage Flash Memory

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

### 2.3 Logic IC

- We will develop MCU and MPU products and platforms, low-power consumption, analog, and security technologies, thereby enriching our 64-bit microprocessor and 32-bit and 8-bit MCU platform through innovation and process advancement.
- As for audio products, we will develop high-performance, low-power audio processing controllers and expand the deployment of amplifiers and ULP audio CODEC products in hopes of moving away from the low-end, low-price market to cultivate the smart toy market with a higher profit margin.
- Concerning cloud computing products, the growing popularity of web applications has made cyber security and the security of high-end equipment a critical issue that must be addressed in the future. Through extensive collaboration with customers for a prolonged period, we will actively conduct research on the integration of peripheral components and seek opportunities to launch new products.

## II. Market, Production, and Sales

### (1) Market Analysis

1. Our consolidated operating revenue, including Nuvoton and other subsidiaries, by sales region for 2022 is as follows:

Unit: NT\$1,000

Region	Sales	%
Asia	85,135,882	90%
North and South America	5,412,842	6%
Europe	3,584,558	4%
Others	396,508	-
Total	94,529,790	100%

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

#### 2.1 DRAM

- In 2022, our share of the overall DRAM market was slightly over 1%. As we entered 2023, we saw a gradual decline in the explosive demand for TVs, personal and business computers, notebooks, and other consumer products that emerged at the end of the COVID-19 pandemic, while digital transformation in the business sector accelerated server development and led to a significant increase in cloud-related investment, which has been the main cause of the recent increase in demand for DRAM. In the long run, the development of AI and 5G technologies will take IoT applications to the next level, and the extensive use of AI in consumer electronics, IoV (Internet of Vehicles), and Industry 4.0 will drive demand for embedded memory chips and content per box. All of these developments will contribute to steady growth in the DRAM sector.

#### 2.2 Code Storage Flash Memory

- We are the global leader in code storage flash memory. In 2022, we held over one-third of the global market share of serial flash. Demand for code storage flash memory is moving toward high-density products. The increase in device density coupled with the advantages of fewer pins and lower overall costs afforded by serial-interface code storage flash memory will enable growth in the serial-interface code storage flash memory market.

#### 2.3 Logic IC

- Our 32-bit Cortex®-M0/M4 MCUs, ARM® 7/9, and 8-bit MCUs are cost-effective and well-received by the market, leading to annual increases in our market share. Our major clients include well-known domestic and foreign manufacturers of consumer, industrial control, power, and communications products. We have also acquired a significant market share of audio product applications in toys, IoV, IoT, and consumer home appliances. In terms of products with computer and cloud applications, the market share of our motherboard Security Controller I/O, notebook EC, and TPM still ranked in the top 3 worldwide in 2022. Our major clients include well-known computer brands and OEM service providers.

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

#### 3.1 DRAM

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

in advanced process technology is entering a bottleneck, slowing down supply growth, which is conducive to industry development.

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

### 3.2 Code Storage Flash Memory

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

### 3.3 Logic IC

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

## (II) Usage and Manufacturing Processes for Main Products

### 1. Usage of Main Products

#### 1.1 DRAM

- SDR/DDR/DDR2/DDR3/DDR4/DDR4X Specialty DRAM in computing and peripheral products, automobile electronics, and consumer electronics.

- Pseudo SRAM, HyperRAM, Mobile DRAM (Low Power DRAM) in mobile devices, computers, and consumer electronics.

1.2 Code Storage Flash Memory

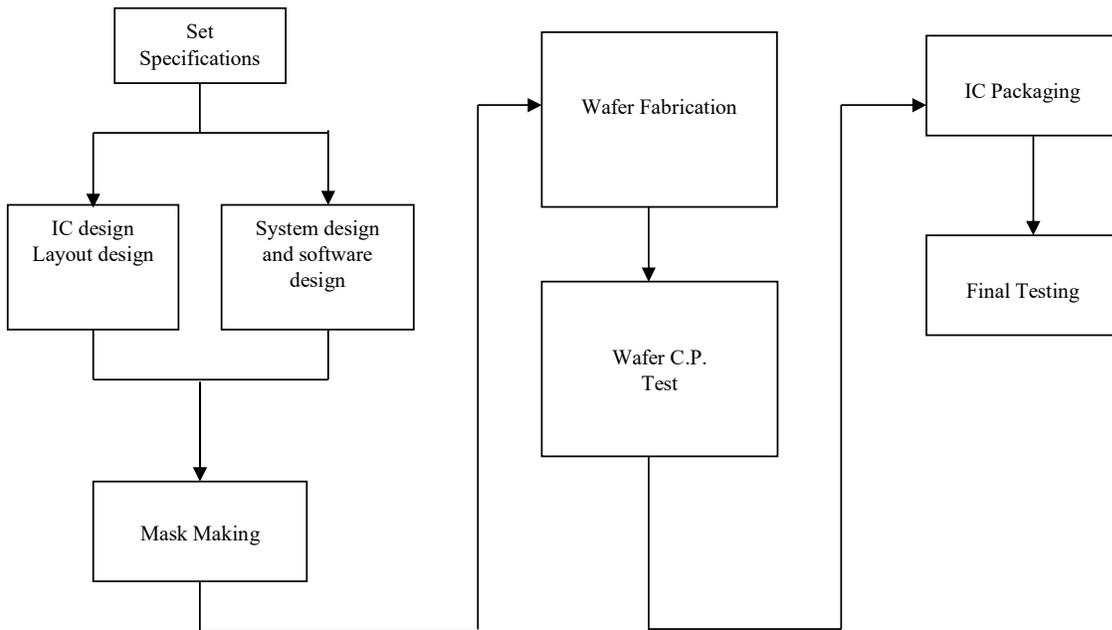
- Used in computing and peripheral products, mobile handheld devices and modules, network communications, IoT, consumer electronics, automotive and industrial electronics, household appliance modules, etc.

1.3 Logic IC

- Provide customers with industrial controls, consumer electronics, smart home appliances, computer equipment, vehicle-mounted equipment, and communication products.

2. Manufacturing processes for main products

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



(3) Supply of Main Raw Materials

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

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

Unit: NT\$1,000

Item	2022				2021			
	Name	Amount	As a percentage of the year's net purchases (%)	Relationship with Issuer	Name	Amount	As a percentage of the year's net purchases (%)	Relationship with Issuer
1	Supplier K	4,583,838	20.2%	None	Supplier K	6,264,279	29.0%	None
	Other	18,158,196	79.8%		Other	15,323,746	71.0%	
	Net purchase	22,742,034	100.0%		Net purchase	21,588,025	100.0%	

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

Unit: NT\$1,000

Item	2022				2021			
	Name	Amount	As a percentage of the year's net sales (%)	Relationship with Issuer	Name	Amount	As a percentage of the year's net sales (%)	Relationship with Issuer
1	Client Y	14,393,996	15.2%	None	Client Y	13,524,520	13.6%	None
	Other	80,135,794	84.8%		Other	86,045,404	86.4%	
	Net sales	94,529,790	100.0%		Net sales	99,569,924	100.0%	

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

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

Unit: NT\$1,000

Year	2022				2021				
	Main Products/Capacity /Output	Production Capacity (Note 1)	Output Volume (Note 2)		Output Value	Production Capacity (Note 1)	Output Volume (Note 2)		Output Value
			Wafer	Die			Wafer	Die	
DRAM products	12-inch wafers: 708	1.9	795,523	10,471,179	12-inch wafers: 678	1.0	1,629,598	15,656,297	
Flash products									0.2
Logic IC products	6-inch wafers: 752	471	6,337,138	28,142,912	6-inch wafers: 692	493	6,852,788	29,272,811	
Total		473.1	9,734,483	51,674,015		494.1	12,455,152	61,953,599	

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

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

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

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

Unit: NT\$1,000

Year	2022						2021					
	Domestic Sales			Exports			Domestic Sales			Exports		
	Sales Volume (Note)		Value	Sales Volume (Note)		Value	Sales Volume (Note)		Value	Sales Volume (Note)		Value
	Wafer	Die		Wafer	Die		Wafer	Die		Wafer	Die	
DRAM products	-	123,490	3,423,900	2	728,556	18,504,854	-	400,588	7,430,258	1	1,211,571	18,956,320
Flash products	-	583,430	5,359,787	-	2,129,867	24,503,267	-	1,056,615	6,806,733	-	2,736,546	25,088,306
Logic IC products	154	319,394	6,080,267	312	6,216,262	35,559,906	199	396,482	5,658,721	287	7,054,971	35,428,189
Others	-	-	465	-	-	1,097,344	-	-	930	-	-	200,467
Total	154	1,026,314	14,864,419	314	9,074,685	79,665,371	199	1,853,685	19,896,642	288	11,003,088	79,673,282

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

### III. Employees

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

Year		2021	2022	As of March 16, 2023
Number of Employees	Technicians (Engineers)	4,814	5,208	5,161
	Administration and sales staff	1,788	1,832	1,869
	Assistant technicians	826	902	888
	Total	7,428	7,942	7,918
Average Age		42.34	42.03	40.68
Average Years of Service		12.82	10.09	9.79
Education Level (%)	PhD	1.37	1.33	1.39
	Master's	41.37	42.42	42.55
	University/College	46.40	46.30	46.10
	Senior High School	10.16	9.38	9.27
	Junior High School and below	0.70	0.44	0.48

### IV. Information on Environmental Protection Expenditure

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

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

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

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

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

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

Thanks to our commitment to environmental protection, we have won various awards from EPA and MOEA including the Annual Enterprises Protection Award (AEEPA), National Industrial Waste Minimization Excellent

Performance and Group Performance Award, and Industry Outstanding Voluntary Greenhouse Gas Emission Reduction Factory Award. Over the years, we have been rated as a Friendly Workplace by the Ministry of Labor; an Excellent Rating for Labor Health and Safety by the Central Taiwan Science Park Administration; and an Outstanding Healthy Workplace by the Health Promotion Administration.

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

## V. Labor relations

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

#### 1. Employee benefit plans

- (1) We have established an Employee Welfare Committee, Retirement Reserve Fund Supervisory Committee, and Environmental, Health, Safety, and Risk Management Committee. Labor management meetings, feedback boxes, complaint hotlines, and Sexual Harassment Complaints Committee are channels for maintaining effective communication with employees.
- (2) We provide a comprehensive and high-quality benefit package for our employees and their families. In addition to statutory benefits including labor insurance, national health insurance, and pension reserve, we also have an above-average child care subsidy system.
  - A. Child care subsidy: In support of the government's efforts to increase birth rates, we have set up child care subsidies for employees to support their family. Employees who have been with Winbond for over one year are entitled to a subsidy of NT\$6,000 per month for each newborn until the child reaches the age of four. Such measure makes us one of the best companies to work for.
  - B. Marriage and childbirth subsidies: In addition to child care subsidies, marriage and childbirth allowances are also provided when employees get married or have children.

#### 2. Employee training and continuing education

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

- (1) In-person courses: Each year, the Company plans and implements professional, QC, workplace safety, management, and general education training programs as needed. Employees may sign up for these courses according to their needs. The types of courses offered are summarized as follows:
  - A. Management training involves a range of training exercises related to management skills development that are based on the company's management competency blueprint. These exercises include courses that help junior managers establish correct management concepts and hone their management skills, seminars in which in-house managers share their work experiences, and lectures on a variety of topics given by experts from industry, government, and academia. The wide range of training activities are aimed at enhancing the managerial capabilities of all management levels.
  - B. General education, QC, and workplace safety training programs are designed and established as needed by the company in accordance with the company's quality policy and government laws and regulations. These programs include work skills training, awareness-raising courses on the Act of Gender Equality in Employment and sexual harassment prevention, statistical analysis methods, and emergency response safety training classes.
  - C. Professional training is planned as per each unit's specific needs. Examples of professional training courses include R&D design, process testing, international seminars, and experience-sharing sessions. In-house employees and external experts are invited to share their knowledge and experience.
  - D. Orientation training covering job systems and rules, corporate culture, and work adaptation to help new employees assimilate into their new work environment. Courses related to ESG, workplace safety, and unlawful infringement in the workplace are also provided to create a positive work environment that ensures the health and safety of employees.

- E. Basic training assessments and continuing advanced skills assessments are conducted on direct employees, including new employees.
- (2) Learning platform: Information on online courses is provided on the Company's training platform to encourage learning. Employees can learn anywhere at any time and choose courses according to their needs. A diverse range of courses are offered, including general education courses on the corporate environment and management system, laws and regulations and code of conduct, process R&D development and quality training, data science, languages, and other elective courses.
  - (3) Lifelong learning: To encourage continuous development and personal growth, we provide reference to employees studying for a domestic or international Master's or PhD degree accredited or approved by the Ministry of Education as per our In-service Continuing Education Regulations. Tuition fees are covered by Winbond. We also provide subsidies for employees to hone their work skills at external or foreign organizations.

### 3. Retirement system

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

- (1) Employees applicable to the old pension system under the Labor Standards Act: The contribution rate, in addition to 2% of monthly salary, is regularly audited every year along with application reviews by the Retirement Reserve Fund Supervisory Committee.
- (2) Employees applicable to the new pension system under the Labor Pension Act: Monthly contributions are 6% of the pay grade into personal pension accounts with an another optional 6% from the employees themselves.

### (2) Certifications obtained by personnel responsible for financial transparency

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

Certification	Number of People
Certified Internal Auditor (CIA)	5
Certification in Control Self-Assessment (CCSA)	1
Certification in Risk Management Assurance (CRMA)	1
Certified Information Systems Auditor (CISA)	2
CPA of the Republic of China	8
CPA of the United States of America	2

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

- 1. We have established Rules for Labor-Management Meetings and regularly convenes meetings to discuss and mediate related issues. Items resolved must be addressed by relevant units within a limited time.
- 2. We have established Internal Grievance Rules to safeguard employees' legal rights and interests, eliminate illegal and unreasonable treatment, and provide a compliant, reasonable, and fair working environment.

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

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

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

### (6) Employee Code of Conduct

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

## 1. Work ethics

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

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

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

## 3. Order of work

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

### (5) Performance management

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

### (6) Reward and disciplinary actions

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

### (7) Workforce development

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

### (8) Communication channels

- A. Rules for Labor-Management Meetings: to establish consensus on moral conducts, promote teamwork for business development and employee well-being, maintain effective two-way communication, eliminate

disputes, ensure harmonious relations, and encourage maximal productivity.

- B. Internal Grievance Rules: provide channels for employees to express opinions, file complaints directly to protect their rights and interests, and promote feedback.
- C. Employee Suggestion Rules: Employees' ideas and creative thinking can help us improve continuously. Employees are rewarded for making suggestions that benefit our overall operations to encourage them to contribute their wisdom and experience.

## VI. Cybersecurity Management

### (1) Information security policy

Winbond has an *Information Security Policy and Management Rules for Technical and Confidential Information* in place to keep our IT environment secure, protect the Company's information and computer systems, and ensure that customer privacy is properly protected. We sign confidentiality agreements with our suppliers and customers to collectively protect confidential information and prevent the disclosure of sensitive information. In addition, the Company conducts annual internal audits of information security operations in accordance with the internal control system. In 2022, we established a unit to take charge of and oversee information security operations, and appointed a Chief Information Security Officer (CISO) to oversee the effectiveness of the company's cybersecurity operations and cybersecurity risk management mechanisms.

### (2) Information security management

Winbond obtained ISO 27001 Information Security Management System certification in 2021 and adopted this system in our Kaohsiung Fab plant in November 2022, thus expanding the scope of application to include not only our Zhubei Building and CTSP Fab but also the Kaohsiung Fab. We set up an information security organization in compliance with standard norms to regularly convene cybersecurity management meetings during which cybersecurity issues and events are discussed and improvement actions are taken. Because the Company manages cybersecurity risks associated with the electrical and electronic systems of road vehicles, we obtained the ISO 21434 Road vehicles—Cybersecurity engineering certification in August 2022, becoming the first memory manufacturer in the world to obtain this certification.

For the purpose of safeguarding crucial company product information, we work continuously to strengthen access control and surveillance systems, IT access authorization management, and record keeping and review, and strictly control both access by personnel and access to data to avoid unauthorized access to and tampering with company information. In 2022, Winbond launched a business secret management system to prevent theft or leaks of trade secrets and intellectual property.

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

### (3) Risk management framework and management solutions

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

To strengthen the cybersecurity awareness of employees, the Company organizes monthly awareness campaigns on cybersecurity topics and conducts social engineering training exercises every three months. Those who fail to complete training are prohibited from using the Internet. Each year, employees must be trained and educated on cybersecurity and pass the relevant tests. Systems that provide external services are scanned in real time using cloud monitoring tools. When major risks are identified, updates are scheduled immediately and implemented as soon as possible. Internal systems are subject to vulnerability scanning in conjunction with Microsoft's major risk alerts; monthly updates are scheduled to repair any vulnerabilities.

#### (4) Resources invested in information security management

The Company has established a Cybersecurity Department to reinforce its defense architecture against cyberattacks and data leaks. By using a cloud-based service security mechanism, we have enhanced identity verification and detection of irregular login activities to reduce the risk of cyberattacks. Our self-designed SIEM system, external SOC services, and cloud monitoring services have bolstered the monitoring and reporting of suspicious behavior. Cybersecurity is managed by regularly conducting annual system audits, backup recovery, remote backup, cybersecurity drills, and business continuity exercises. In 2021, Winbond adopted a cloud-based cybersecurity risk monitoring system to instantly scan external services for any vulnerabilities and improve any major risks so as to keep the services we provide to external parties protected and guarded against cybersecurity risks.

IT technologies are constantly evolving. Despite efforts to reinforce our cybersecurity, the Company remains at risk of being subject to the impact of new technologies and of data breaches, as we cannot guarantee complete prevention of unlawful attacks and stealing of company secrets, intellectual property, and confidential information. In the event of a cyberattacks, the Company would need to compensate customers for their losses and implement costly remedies and improvement actions. The Company could also be exposed to significant legal liability arising from or related to legal proceedings or regulatory investigations associated with leaks of customer or third party data.

In addition, the Company needs to share business information with certain third-party service providers to enable them to provide the relevant services. While we require all third-party service providers to sign confidentiality agreements, there is no assurance that every service provider will fulfill or observe such obligations. Should such systems, equipment, or services become subject to cyberattack and the Company or service providers be unable to resolve the arising problems in a timely manner, our commitments to customers and other stakeholders could be materially impaired, subsequently exerting a materially adverse effect on the Company's operations, finance, and reputation.

#### (5) Impacts of major cybersecurity incidents and response measures

In 2022 and up to the printing date of the annual report, the Company has not experienced any cybersecurity incidents that have caused or are likely to produce materially adverse impacts on company business and operations.

### VII. Important Contracts

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

Nature of Contract	Parties	Contract Commencement and Expiration Dates	Content	Restrictive Covenants
		2019.03–2024.12	Procurement of materials for steel structure of Kaohsiung Fab A	
		2019.05–2024.05	Contract services for building renovation at Kaohsiung Fab A	
		2019.05–2024.05	Material procurement for building renovation at Kaohsiung Fab A	
		2019.07–2025.11	Contract services for exterior wall work at Kaohsiung Fab	
		2019.07–2025.11	Material procurement for exterior wall work at Kaohsiung Fab	
	Nomura Micro Science Co., Ltd.	2019.03–2022.09	Contract services for pure water system work at Kaohsiung Fab	
		2019.03–2022.09	Material procurement for pure water system work at Kaohsiung Fab	
	Mega Union Technology Inc.	2019.09–2023.06	Contract services for wastewater collection and treatment system work at Winbond Electronics Kaohsiung Fab-A	
		2019.09–2023.06	Material procurement for wastewater collection and treatment system work at Winbond Electronics Kaohsiung Fab-A	
	L&K Engineering Co., Ltd.	2019.11–2024.04	Contract services for Phase 1 of mechanical, electrical, and plumbing (MEP) system work at Kaohsiung Fab	
		2019.11–2024.04	Material procurement for Phase 1 of mechanical, electrical, and plumbing (MEP) system work at Kaohsiung Fab	
	Exyte Taiwan Co., Ltd.	2019.12–2024.04	Contract services for clean room work at Winbond Electronics Kaohsiung Fab	
		2019.12–2024.04	Material procurement for clean room work at Winbond Electronics Kaohsiung Fab	
	Uangyih-Tech Industrial Co., Ltd.	2021.10–2023.12	Material procurement for 10.5K Exhaust Hookup work at Kaohsiung Fab	
		2021.10–2023.12	Service procurement for 10.5K Exhaust Hookup work at Kaohsiung Fab	
	Laien Parts Technology	2021.10–2023.09	Service procurement for 10.5K Hookup—gas piping system work at Kaohsiung Fab	
		2021.10–2023.09	Material procurement for 10.5K Hookup—gas piping system work at Kaohsiung Fab	
	J-YIH Electrical & Plumbing Co., Pte. Ltd.	2021.10–2023.09	Contract services for 10.5K Hookup—electrical system work at Kaohsiung Fab	
		2021.10–2023.09	Material procurement for 10.5K Hookup—electrical system work at Kaohsiung Fab	
		2021.10–2023.12	Material procurement for 10.5K Hookup—gas piping system work at Winbond Electronics Kaohsiung Fab	
Tun Yi Industrial Co., Ltd.	2021.10–2023.09	Material procurement for 10.5K Hookup—high vacuum piping system work at Kaohsiung Fab		
	2021.10–2023.09	Contract services for 10.5K Hookup—high vacuum piping system work at Kaohsiung Fab		

Nature of Contract	Parties	Contract Commencement and Expiration Dates	Content	Restrictive Covenants
	Rayzher Industrial Co., Ltd.	2021.10–2023.12	Contract services for 10.5K Hookup—gas piping system work at Winbond Electronics Kaohsiung Fab	
	Swift Engineering Co., Ltd.	2021.10–2023.12	Material procurement for 10.5K Hookup—UPW, chemical, and solvent drainage system work at Winbond Electronics Kaohsiung Fab	
		2021.10–2023.12	Contract services for 10.5K Hookup—UPW, chemical, and solvent drainage system work at Winbond Electronics Kaohsiung Fab	
	Wholetech System Hitech Limited	2021.10–2023.09	Material procurement for 10.5K Hookup work at Winbond Electronics Kaohsiung Fab: Piping facility hookup—drainage, PCW, PV, HV, and onsite management	
		2021.10–2023.09	Contract services for 10.5K Hookup work at Winbond Electronics Kaohsiung Fab: Piping facility hookup—drainage, PCW, PV, HV, and onsite management	
	Sale/Purchase Contract	Nanzong Construction Developments, Co., Ltd.	2019.09–2024.06	
Investment Contract	JVP Growth Opportunity X. L.P.	2020.10–2028.12	Investment of US\$15 million in venture capital fund to be made in installments over the next five years after fund establishment	
Supply Contract	Linde Lienhwa Industrial Gases Co., Ltd.	2021.04–2036.03	Bulk gas supply at CTSP Fab	None
	Air Liquide Far Eastern Ltd.	2022.04–2025.03	Gas supply contract	The Company shall not sublicense rights to any third party. The Company is bound by a duty of confidentiality.
	Company T	2022.07–2026.12	Purchase of materials	The Company is bound by a duty of confidentiality.
Joint Guarantee	10 banks including Taiwan Cooperative Bank	2018.06–2025.07	Joint guarantee of NT\$10.15 billion	Financial ratios, etc.
Syndicated Loan	19 banks including Bank of Taiwan	2019.01–2026.09	NT\$42 billion syndicated loan	
Licensing Agreement	Company A	2008.07–indefinite	Technology licensing	The Company shall not sublicense rights to any third party. The Company is bound by a duty of confidentiality.
	Company B	2009.06–indefinite	Technology licensing	
	Company C	2009.11–indefinite	Technology licensing	
	Company B	2012.06–indefinite	Technology licensing	
	Company B	2016.03–indefinite	Technology licensing	
Sales Contract	Company D	2017.08–2022.07	Product sales	The Company is bound by a duty of confidentiality when providing product warranties.
Share Sale/Purchase Agreement	Autotalks Ltd. and other investors	2019.07–indefinite	Equity investment	Payment of share capital according to agreement.

Nature of Contract	Parties	Contract Commencement and Expiration Dates	Content	Restrictive Covenants
Lease Agreement	Hsinchu Science Park Administration, Ministry of Science and Technology (now National Science and Technology Council)	2019.08–2027.12	Lease	Payment of rent according to contract.
Merger & Acquisition Contract	Panasonic Corporation	2019.11–indefinite	Merger & acquisition	Payment of M&A cost according to contract.
Procurement Contract	Company E	2020.04–PO is no longer issued	Software licensing	The Company is bound by a duty of confidentiality.
Sales Service Contract	Company F	2020.09–2023.08	Product sales	
Procurement /Sales Contract	Company F	2020.09–2023.08	Product purchases and sales	
Asset Sale/Purchase Agreement	Panasonic Asia Pacific Pte. Ltd.	2020.09–indefinite	Sales and purchases of assets	Purchases of machinery, products and other assets.
	Panasonic Semiconductor (Suzhou) Co., Ltd.	2020.09–indefinite	Sales and purchases of assets	Payment of asset price in accordance with contract
Licensing Contract	Microchip Technology Incorporated	2020.03–Expiration of patent	Patent license	The Company shall not sublicense rights to any third party.
	Company B	2021.08–2024.07	Use of all IPs in the subscribed software is allowed	The Company is bound by a duty of confidentiality.
Loan Contract	Export–Import Bank of the Republic of China	2020.05–2027.08	Loan	Payment of interest and repayment according to contract.
		2019.09–2026.09	Loan	
Service Provision Agreement	Panasonic Corporation	2020.09–indefinite	Provision of services	Payment for services in accordance with contract
Asset Transfer Contract	HSMC (Suzhou) Co., Ltd.	2021.04–indefinite	Sale and purchase of assets	Sale and transfer of assets in accordance with contract
M&A Price Adjustment Contract	Panasonic Corporation Industrial Solutions Company	2021.04–indefinite	Description of M&A price adjustments	Payment of adjusted M&A prices as per contract
Contractor Agreement	Company G	2021.12–2025.12	Contracted to develop and design ICs	Development and design of ICs as per contract
Sales Contract	Company H	2022.02–indefinite	Sale of equipment	The Company is bound by a duty of confidentiality.
Joint Loan Contract	7 banks	2021.05–2026.05	Loan	
Wafer Production Procurement Contract	Company I	2022.1–2025.12	Wafer procurement	
Wafer Production Procurement Contract	Company J	2022.2–2026.1	Wafer procurement	

Nature of Contract	Parties	Contract Commencement and Expiration Dates	Content	Restrictive Covenants
Price Adjustment Contract	Company K	2022.6–indefinite	Price adjustment	

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

## Financial Overview

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

(I) Condensed consolidated balance sheet and statements of income

1. Condensed consolidated balance sheet

Unit: NT\$1,000

Item\Year	Financial information for the past 5 years					
	2018	2019	2020	2021	2022	
Current assets	37,528,246	37,557,286	47,530,801	72,506,733	68,537,523	
Property, plant, and equipment	52,484,183	56,977,114	61,452,516	61,079,605	93,806,639	
Intangible assets	229,195	407,722	891,380	1,072,985	782,603	
Other assets	5,800,840	9,862,778	16,168,543	18,080,961	21,038,228	
Total Assets	96,042,464	104,804,900	126,043,240	152,740,284	184,164,993	
Current liabilities	Before distribution	16,469,744	17,515,468	25,475,006	28,644,931	27,776,754
	After distribution	20,449,744	17,913,468	26,271,006	32,624,931	31,756,754 (Note 2)
Non-current liabilities	15,681,623	23,432,245	29,975,547	34,061,841	53,654,523	
Total liabilities	Before distribution	32,151,367	40,947,713	55,450,553	62,706,772	81,431,277
	After distribution	36,131,367	41,345,713	56,246,553	66,686,772	85,411,277 (Note 2)
Equity attributable to owners of parent	62,444,371	61,020,622	65,449,119	82,444,113	94,162,996	
Capital	39,800,002	39,800,002	39,800,002	39,800,002	39,800,002	
Capital surplus	7,540,440	7,536,396	7,770,865	7,786,124	7,785,918	
Accumulated profit (loss)	Before distribution	11,621,286	8,793,542	10,008,070	22,808,020	32,215,117
	After distribution	7,641,286	8,395,542	9,212,070	18,828,020	28,235,117 (Note 2)
Other interests	3,482,643	4,890,682	7,870,182	12,049,967	14,361,959	
Treasury stock	-	-	-	-	-	
Non-controlling interests	1,446,726	2,836,565	5,143,568	7,589,399	8,570,720	
Total equity	Before distribution	63,891,097	63,857,187	70,592,687	90,033,512	102,733,716
	After distribution	59,911,097	63,459,187	69,796,687	86,053,512	98,753,716 (Note 2)

Notes:

- The above financial information was audited and certified by the CPA. The 2022 financial report has been approved by the Board of Directors, but has not yet been submitted to the shareholders meeting.
- The dividends were approved by the Board of Directors on March 14, 2023.

2. Condensed consolidated income statement

Unit: NT\$1,000

Item\Year	Financial information for the past 5 years				
	2018	2019	2020	2021	2022
Operating revenue	51,190,323	48,771,434	60,683,171	99,569,924	94,529,790
Gross profit	19,151,103	12,913,852	17,040,136	42,481,067	43,051,083
Operating profit	7,926,697	1,255,209	1,627,291	18,427,922	16,534,581
Non-operating income and expenses	468,203	497,308	185,117	(204,832)	1,511,591
Net income (loss) before tax	8,394,900	1,752,517	1,812,408	18,223,090	18,046,172
Less income tax expense	667,242	275,230	293,365	3,222,968	3,059,620
Current period net profit	7,727,658	1,477,287	1,519,043	15,000,122	14,986,552
Other comprehensive income for the current period	(1,738,472)	1,294,756	3,291,251	4,186,931	2,717,903
Total comprehensive income for the current period	5,989,186	2,772,043	4,810,294	19,187,053	17,704,455
Net profit attributable to owners of parent	7,446,496	1,256,387	1,304,019	13,594,643	12,927,165
Net profit attributable to noncontrolling interests	281,162	220,900	215,024	1,405,479	2,059,387

Item\Year	Financial information for the past 5 years				
	2018	2019	2020	2021	2022
Total comprehensive income attributable to owners of parent	5,810,825	2,560,295	4,592,028	17,775,735	15,699,089
Total comprehensive income attributable to non-controlling interests	178,361	211,748	218,266	1,411,318	2,005,366
Earnings per share (NT\$)	1.87	0.32	0.33	3.42	\$3.25

Note: The above financial information was audited and certified by the CPA. The 2022 financial report has been approved by the Board of Directors, but has not yet been submitted to the shareholders meeting.

## (II) Condensed standalone balance sheet and income statement

### 2. Condensed standalone balance sheet

Unit: NT\$1,000

Item\Year	Financial information for the past 5 years					
	2018	2019	2020	2021	2022	
Current assets	31,188,039	27,470,545	27,459,041	48,915,599	42,250,662	
Property, plant, and equipment	51,577,630	55,691,405	54,399,180	55,352,300	87,575,274	
Intangible assets	104,925	123,949	57,563	43,999	18,158	
Other assets	9,303,235	14,963,032	18,137,516	21,632,681	26,162,500	
Total Assets	92,173,829	98,248,931	100,053,300	125,944,579	156,006,594	
Current liabilities	Before distribution	14,638,436	15,267,599	13,992,019	18,688,022	16,711,449
	After distribution	18,618,436	15,665,599	14,788,019	22,668,022	20,691,449 (Note 2)
Non-current liabilities	15,091,022	21,960,710	20,612,162	24,812,444	45,132,149	
Total liabilities	Before distribution	29,729,458	37,228,309	34,604,181	43,500,466	61,843,598
	After distribution	33,709,458	37,626,309	35,400,181	47,480,466	65,823,598 (Note 2)
Capital	39,800,002	39,800,002	39,800,002	39,800,002	39,800,002	
Capital surplus	7,540,440	7,536,396	7,770,865	7,786,124	7,785,918	
Accumulated profit (loss)	Before distribution	11,621,286	8,793,542	10,008,070	22,808,020	32,215,117
	After distribution	7,641,286	8,395,542	9,212,070	18,828,020	28,235,117 (Note 2)
Other interests	3,482,643	4,890,682	7,870,182	12,049,967	14,361,959	
Total equity	Before distribution	62,444,371	61,020,622	65,449,119	82,444,113	94,162,996
	After distribution	58,464,371	60,622,622	64,653,119	78,464,113	90,182,996 (Note 2)

Notes:

- The above financial information has been audited and certified by the CPA. The 2022 financial report has been approved by the Board of Directors, but has not yet been submitted to the shareholders meeting.
- The dividends were approved by the Board of Directors on March 14, 2023.

### 3. Condensed standalone income statement

Unit: NT\$1,000

Item\Year	Financial information for the past 5 years				
	2018	2019	2020	2021	2022
Operating revenue	40,733,527	37,884,848	39,649,875	57,532,802	51,139,171
Gross profit	14,781,238	8,239,412	8,807,169	24,757,188	23,958,018
Operating profit	6,943,927	379,841	1,090,583	14,678,137	11,484,680
Non-operating income and expenses	993,089	980,011	259,243	1,362,609	3,447,491
Net income (loss) before tax	7,937,016	1,359,852	1,349,826	16,040,746	14,932,171
Less income tax expense	490,520	103,465	45,807	2,446,103	2,005,006
Current period net profit	7,446,496	1,256,387	1,304,019	13,594,643	12,927,165
Other comprehensive income for the current period	(1,635,671)	1,303,908	3,288,009	4,181,092	2,771,924
Total comprehensive income for the current period	5,810,825	2,560,295	4,592,028	17,775,735	15,699,089
Earnings per share (NT\$)	1.87	0.32	0.33	3.42	3.25

Note: The above financial information was audited and certified by the CPA. The 2022 financial report has been approved by the Board of Directors, but has not yet been submitted to the shareholders meeting.

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

Year	CPA Name		Audit opinion
2018	Kenny Hung	Hung-Bin Yu	Unqualified opinion
2019	Wen-Yea Shyu	Hung-Bin Yu	Unqualified opinion
2020	Wen-Yea Shyu	Hung-Bin Yu	Unqualified opinion
2021	Kenny Hung	Wen-Yea Shyu	Unqualified opinion
2022	Kenny Hung	Wen-Yea Shyu	Unqualified opinion

## II. Financial analysis of the last 5 years

### 1. Financial ratio analysis of consolidated financial statements

Item\Year	Financial information for the past 5 years					
	2018	2019	2020	2021	2022	
Financial structure	Debt-to-asset ratio (%)	33.47	39.07	43.99	41.05	44.21
	Long-term funds in PP&E (fixed asset) ratio (%)	151.61	153.20	163.65	203.16	166.71
Solvency	Current ratio (%)	227.86	214.42	186.57	253.12	246.74
	Quick ratio (%)	156.31	150.85	128.17	193.89	164.77
	Times interest earned	47.05	9.00	7.11	89.51	191.21
Operating capacity	Receivables turnover ratio (times)	7.72	7.71	7.62	9.07	8.58
	Average collection period (days)	47	47	48	40	43
	Inventory turnover rate (times)	3.36	3.37	3.56	3.79	2.75
	Payables turnover ratio (times)	6.49	6.73	6.26	7.20	7.35
	Average sale period (days)	109	108	102	96	133
	Property, plant and equipment turnover ratio (times)	1.06	0.89	1.02	1.62	1.22
	Total assets turnover ratio (times)	0.55	0.48	0.52	0.71	0.56
Profitability	Return on assets (%)	8.55	1.64	1.52	10.87	8.94
	Return on equity (%)	12.31	2.31	2.25	18.67	15.54
	Income before tax to paid-in capital ratio (%)	21.09	4.40	4.55	45.78	45.34
	Net profit margin (%)	15.09	3.02	2.50	15.06	15.85
	Earnings per share (NT\$)	1.87	0.32	0.33	3.42	3.25
Cash flow	Cash flow ratio (%)	82.17	60.38	43.64	106.04	56.50
	Cash flow adequacy ratio (%)	78.21	75.01	77.35	95.71	70.94
	Cash reinvestment ratio (%)	5.19	3.30	3.66	9.35	3.31
Leverage	Operating leverage	3.07	16.22	14.26	2.65	2.95
	Financial leverage	1.02	1.21	1.22	1.01	1.00
Reasons for changes in financial ratios exceeding 20%:						
1. Time interest earned: Mainly due to the capitalization of interest expenses related to plant construction debt, which resulted in a decrease in interest expenses.						
2. Decreases in the inventory turnover rate, property, plant and equipment turnover ratio, total assets turnover ratio, cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio: mainly due to a decrease in market demand and decline in sales.						
3. Prolonged average sale period (days): primarily due to weakened market demand and declining sales volume.						

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

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

## 2. Financial ratio analysis of individual financial statements

Item\Year		Financial information of the last 5 years				
		2018	2019	2020	2021	2022
Financial structure	Debt-to-asset ratio (%)	32.25	37.89	34.58	34.53	39.64
	Long-term fund to PP&E (fixed asset) ratio (%)	150.32	149.00	158.20	193.77	159.05
Solvency	Current ratio (%)	213.05	179.92	196.24	261.74	252.82
	Quick ratio (%)	144.61	118.37	136.26	208.91	169.69
	Times interest earned	44.53	7.66	7.00	118.80	251.84
Operating capacity	Receivables turnover ratio (times)	7.60	7.93	8.50	9.27	8.33
	Average collection period (days)	48	46	43	39	44
	Inventory turnover rate (times)	3.27	3.27	3.70	3.82	2.44
	Payables turnover ratio (times)	6.42	6.85	6.84	7.34	7.01
	Average sales period (days)	112	112	99	96	150
	Property, plant, and equipment turnover ratio (times)	0.86	0.70	0.72	1.04	0.71
	Total assets turnover ratio (times)	0.46	0.39	0.39	0.50	0.36
Profitability	Return on assets (%)	8.59	1.49	1.49	12.12	9.20
	Return on equity (%)	12.14	2.03	2.06	18.38	14.63
	Income before tax to paid-in capital ratio (%)	19.94	3.41	3.39	40.30	37.51
	Net profit margin (%)	18.28	3.31	3.28	23.62	25.27
	Earnings per share (NT\$)	1.87	0.32	0.33	3.42	3.25
Cash flow	Cash flow ratio (%)	87.70	66.35	71.31	130.13	78.39
	Cash flow adequacy ratio (%)	76.54	73.83	75.06	88.23	64.25
	Cash reinvestment ratio (%)	5.31	3.41	5.01	10.57	3.49
Leverage	Operating leverage	2.92	42.17	14.22	2.17	2.65
	Financial leverage	1.02	2.16	1.25	1.00	1.00
Reasons for changes in financial ratios exceeding 20%:						
(1) Increase in times interest earned: Mainly due to the higher capitalization of interest expenses in 2022.						
(2) Decreases in inventory turnover rate, average sales period, property, plant, and equipment turnover ratio, total assets turnover ratio, return of assets, cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio: Mainly due to a decline in sales and increases in inventory and capital expenditures.						
(3) Prolonged average sale period (days): primarily due to weakened market demand and declining sales volume.						
(4) Increase in operating leverage: primarily due to decreased sales in 2022						

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

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

### III. Report of the Audit Committee on the 2022 Financial Report

#### Report of the Audit Committee

We have examined the 2022 financial statements (including consolidated financial statements) together with the business report and earnings distribution proposal prepared by the Board of Directors and audited and certified by CPAs Kenny Hong and Wen-Yea Shyu of Deloitte & Touche, who issued an unqualified opinion, and have found no discrepancies. The aforesaid financial statements, business report, and earnings distribution proposal have been reviewed by the Audit Committee and all content was found to be appropriate. We therefore submit it for your review in accordance with Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act.

To :

Winbond Electronics Corp. 2023 General Shareholders Meeting

Winbond Electronics Corporation

Convenor of Audit Committee: Allen Hsu

March 14, 2023

**Winbond Electronics Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2022 and 2021 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, 2022 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

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YU-CHENG CHIAO  
Chairman

February 16, 2023

### 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, 2022 and 2021, 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 a summary of significant accounting policies (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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Occurrence of Sales Revenue from Specific Series of Flash Memory Products

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

As the gross profit margin and the proportion of sales revenue from the specific series of flash memory products are higher than that of other product series, and given that the gross profit of the specific series is significant to the net income of the year, we considered the occurrence of sales revenue from specific series of products as a key audit matter of the Company's consolidated financial statements for the year ended December 31, 2022.

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

### **Other Matter**

We have also audited the parent company only financial statements of Winbond Electronics Corporation as of and for the years ended December 31, 2022 and 2021, 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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 16, 2023

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 20,402,936	11	\$ 30,914,427	20
Current financial assets at fair value through profit or loss (Notes 4 and 7)	223,532	-	215,748	-
Current financial assets at fair value through other comprehensive income (Notes 4 and 8)	14,587,832	8	10,977,904	7
Accounts receivable, net (Notes 4 and 9)	9,137,746	5	11,515,593	8
Accounts receivable due from related parties, net (Note 31)	735,659	-	639,262	-
Finance lease receivables - current (Notes 4, 10 and 31)	96,731	-	-	-
Other receivables (Notes 11 and 31)	558,836	-	1,267,026	1
Inventories (Notes 4, 5 and 12)	21,448,078	12	15,940,688	10
Other current assets	1,346,173	1	1,036,085	1
<b>Total current assets</b>	<b>68,537,523</b>	<b>37</b>	<b>72,506,733</b>	<b>47</b>
<b>NON-CURRENT ASSETS</b>				
Non-current financial assets at fair value through profit or loss (Notes 4 and 7)	121,775	-	69,200	-
Non-current financial assets at fair value through other comprehensive income (Notes 4 and 8)	3,056,829	2	3,481,435	2
Investments accounted for using equity method (Notes 4 and 13)	9,971,440	5	8,286,463	5
Property, plant and equipment (Notes 4 and 14)	93,806,639	51	61,079,605	40
Right-of-use assets (Notes 4 and 15)	2,224,481	1	2,796,920	2
Investment properties (Notes 4 and 16)	1,798,160	1	2,005,598	1
Intangible assets (Notes 4 and 17)	782,603	1	1,072,985	1
Deferred income tax assets (Notes 4 and 25)	1,191,547	1	774,072	1
Finance lease receivables - non-current (Notes 4, 10 and 31)	123,451	-	-	-
Other non-current assets (Notes 6 and 31)	2,550,545	1	667,273	1
<b>Total non-current assets</b>	<b>115,627,470</b>	<b>63</b>	<b>80,233,551</b>	<b>53</b>
<b>TOTAL</b>	<b>\$ 184,164,993</b>	<b>100</b>	<b>\$ 152,740,284</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 18)	\$ 1,069,040	-	\$ 1,430,417	1
Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	7,412	-	-	-
Notes and accounts payable	5,202,743	3	6,256,539	4
Accounts payable due to related parties (Note 31)	1,188,928	1	1,344,195	1
Payables on machinery and equipment	3,535,586	2	4,462,326	3
Other payables (Note 31)	9,735,007	5	9,946,855	6
Current tax liabilities (Notes 4 and 25)	2,123,413	1	2,704,871	2
Provisions - current (Notes 4 and 20)	132,473	-	532,948	-
Lease liabilities - current (Notes 4 and 15)	276,015	-	333,791	-
Long-term borrowings - current portion (Note 18)	3,171,429	2	785,000	1
Other current liabilities (Note 31)	1,334,708	1	847,989	1
<b>Total current liabilities</b>	<b>27,776,754</b>	<b>15</b>	<b>28,644,931</b>	<b>19</b>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 19)	9,968,462	5	9,956,086	6
Long-term borrowings (Notes 18 and 27)	34,278,073	19	13,348,865	9
Provisions - non-current (Notes 4 and 20)	2,733,351	2	2,966,575	2
Lease liabilities - non-current (Notes 4 and 15)	2,052,762	1	2,682,609	2
Net defined benefit liabilities - non-current (Notes 4 and 21)	1,892,594	1	2,621,015	2
Other non-current liabilities (Note 31)	2,729,281	1	2,486,691	1
<b>Total non-current liabilities</b>	<b>53,654,523</b>	<b>29</b>	<b>34,061,841</b>	<b>22</b>
<b>Total liabilities</b>	<b>81,431,277</b>	<b>44</b>	<b>62,706,772</b>	<b>41</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 4 and 22)</b>				
Share capital	39,800,002	22	39,800,002	26
Capital surplus	7,785,918	4	7,786,124	5
Retained earnings				
Legal reserve	3,434,165	2	2,074,570	1
Unappropriated earnings	28,780,952	15	20,733,450	14
Exchange differences on translation of the financial statements of foreign operations	(654,652)	-	(861,389)	(1)
Unrealized gains on financial assets measured at fair value through other comprehensive income	15,016,611	8	12,911,356	9
<b>Total equity attributable to owners of the parent</b>	<b>94,162,996</b>	<b>51</b>	<b>82,444,113</b>	<b>54</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>8,570,720</b>	<b>5</b>	<b>7,589,399</b>	<b>5</b>
<b>Total equity</b>	<b>102,733,716</b>	<b>56</b>	<b>90,033,512</b>	<b>59</b>
<b>TOTAL</b>	<b>\$ 184,164,993</b>	<b>100</b>	<b>\$ 152,740,284</b>	<b>100</b>

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

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 31)	\$ 94,529,790	100	\$ 99,569,924	100
OPERATING COSTS (Notes 12 and 31)	<u>51,478,707</u>	<u>54</u>	<u>57,088,857</u>	<u>58</u>
GROSS PROFIT	<u>43,051,083</u>	<u>46</u>	<u>42,481,067</u>	<u>42</u>
OPERATING EXPENSES (Note 31)				
Selling expenses	2,547,825	3	2,572,816	3
General and administrative expenses	8,301,233	9	6,044,264	6
Research and development expenses	15,818,706	17	15,379,855	15
Expected credit (gain) loss (Note 9)	<u>(151,262)</u>	<u>-</u>	<u>56,210</u>	<u>-</u>
Total operating expenses	<u>26,516,502</u>	<u>29</u>	<u>24,053,145</u>	<u>24</u>
INCOME FROM OPERATIONS	<u>16,534,581</u>	<u>17</u>	<u>18,427,922</u>	<u>18</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 31)	154,580	-	58,948	-
Dividend income (Note 31)	634,979	1	404,585	-
Other income (Notes 15, 27 and 31)	540,182	1	477,608	1
Share of profit (loss) of associates	512,295	1	197,908	-
Gains (losses) on disposal of property, plant and equipment (Note 31)	357,146	-	174,642	-
Gains (losses) on disposal of intangible assets (Note 31)	91	-	(4,803)	-
Gains (losses) on disposal of investments	-	-	(436)	-
Gains (losses) on disposal of non-current held for sale assets	36,181	-	30,371	-
Gains (losses) on foreign exchange (Note 34)	968,662	1	(106,710)	-
Gains (losses) on financial instruments at fair value through profit or loss	(962,983)	(1)	64,345	-
Interest expense (Notes 15, 27 and 31)	(94,874)	-	(205,883)	-
Other expenses (Note 31)	(522,402)	(1)	(512,458)	-
Impairment loss recognized on property, plant and equipment	<u>(112,266)</u>	<u>-</u>	<u>(782,949)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>1,511,591</u>	<u>2</u>	<u>(204,832)</u>	<u>-</u>
INCOME BEFORE INCOME TAX	18,046,172	19	18,223,090	18
INCOME TAX EXPENSE (Notes 4 and 25)	<u>3,059,620</u>	<u>3</u>	<u>3,222,968</u>	<u>3</u>
NET INCOME	<u>14,986,552</u>	<u>16</u>	<u>15,000,122</u>	<u>15</u>

(Continued)

# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
Gains (losses) on remeasurement of defined benefit plans (Note 21)	\$ 215,816	-	\$ (116,564)	-
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	2,811,664	3	3,417,063	3
Share of other comprehensive income (loss) of associates accounted for using the equity method	(529,691)	-	1,901,619	2
Income tax expense related to remeasurement of defined benefit plans	(5,812)	-	-	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>225,926</u>	-	<u>(1,015,187)</u>	<u>(1)</u>
Other comprehensive income (loss)	<u>2,717,903</u>	<u>3</u>	<u>4,186,931</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 17,704,455</u>	<u>19</u>	<u>\$ 19,187,053</u>	<u>19</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the parent	\$ 12,927,165	14	\$ 13,594,643	14
Non-controlling interests	<u>2,059,387</u>	<u>2</u>	<u>1,405,479</u>	<u>1</u>
	<u>\$ 14,986,552</u>	<u>16</u>	<u>\$ 15,000,122</u>	<u>15</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	\$ 15,699,089	17	\$ 17,775,735	18
Non-controlling interests	<u>2,005,366</u>	<u>2</u>	<u>1,411,318</u>	<u>1</u>
	<u>\$ 17,704,455</u>	<u>19</u>	<u>\$ 19,187,053</u>	<u>19</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 3.25</u>		<u>\$ 3.42</u>	
Diluted	<u>\$ 3.23</u>		<u>\$ 3.41</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, 2022 AND 2021  
(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
	Share Capital	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	Capital Surplus	Legal Reserve	Unappropriated Earnings	Statements of Foreign Operations			
BALANCE AT JANUARY 1, 2021	\$ 39,800,002	\$ 1,913,317	\$ 8,094,753	\$ (271,328)	\$ 8,141,510	\$ 65,449,119	\$ -	\$ -	\$ -	\$ -	\$ 5,143,568	\$ 70,592,687
Appropriation of 2020 earnings (Note 22)	-	161,253	(161,253)	-	-	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	(796,000)	-	-	(796,000)	-	-	-	-	-	(796,000)
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-
Total appropriations	-	-	(957,253)	-	-	(796,000)	-	-	-	-	-	(796,000)
Net income for the year ended December 31, 2021	-	-	13,594,643	-	-	13,594,643	-	-	-	-	1,405,479	15,000,122
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	(92,951)	(590,061)	4,864,104	4,181,092	-	-	-	-	5,839	4,186,931
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	13,501,692	(590,061)	4,864,104	17,775,735	-	-	-	-	1,411,318	19,187,053
Changes in ownership interests in subsidiaries	-	-	-	-	-	15,259	-	-	-	-	1,183,301	1,198,560
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Notes 8 and 22)	-	-	94,258	-	(94,258)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries (Note 22)	-	-	-	-	-	-	-	-	-	-	(148,788)	(148,788)
BALANCE AT DECEMBER 31, 2021	39,800,002	2,074,570	20,733,450	(861,389)	12,911,356	82,444,113	2,074,570	20,733,450	82,444,113	7,589,399	90,033,512	
Appropriation of 2021 earnings (Note 22)	-	1,359,595	(1,359,595)	-	-	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	(3,980,000)	-	-	(3,980,000)	-	-	(3,980,000)	-	-	(3,980,000)
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-
Total appropriations	-	-	(5,339,595)	-	-	(3,980,000)	-	-	(3,980,000)	-	-	(3,980,000)
Net income for the year ended December 31, 2022	-	-	12,927,165	-	-	12,927,165	-	-	12,927,165	2,059,387	2,059,387	14,986,552
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	159,408	206,737	2,405,779	2,771,924	-	-	2,771,924	(54,021)	(54,021)	2,717,903
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	13,086,573	206,737	2,405,779	15,699,089	-	-	15,699,089	2,005,366	2,005,366	17,704,455
Changes in ownership interests in subsidiaries	-	-	-	-	-	8	-	-	8	-	8	16
Changes in equity of associates accounted for using equity method	-	-	-	-	-	(214)	-	-	(214)	-	-	(214)
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Notes 8 and 22)	-	-	300,524	-	(300,524)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries (Note 22)	-	-	-	-	-	-	-	-	-	-	(1,024,053)	(1,024,053)
BALANCE AT DECEMBER 31, 2022	39,800,002	3,434,165	28,780,952	(654,652)	15,016,611	94,162,996	3,434,165	28,780,952	94,162,996	8,570,720	102,733,716	

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, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 18,046,172	\$ 18,223,090
Adjustments for:		
Depreciation expense	9,195,254	11,361,984
Amortization expense	354,103	293,856
Carbon offset	174	-
Expected credit (gain) loss recognized on accounts receivable	(151,262)	56,210
(Gains) losses on financial assets and liabilities at fair value through profit or loss	10,041	1,058
Interest expense	94,874	205,883
Interest income	(154,580)	(58,948)
Dividend income	(634,979)	(404,585)
Share of (profit) loss of associates	(512,295)	(197,908)
(Gains) losses on disposal of property, plant and equipment	(357,146)	(174,642)
(Gains) losses on disposal of non-current held for sale assets	(36,181)	(30,371)
(Gains) losses on disposal of investments	-	436
(Gains) losses on disposal of intangible assets	(91)	4,803
Impairment loss on property, plant and equipment	112,266	782,949
Gains on lease modification	(111,231)	(15)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets and liabilities at fair value through profit or loss	51,928	(19,867)
(Increase) decrease in accounts receivable	2,452,548	(1,845,248)
(Increase) decrease in accounts receivable due from related parties	(96,397)	(561,502)
(Increase) decrease in other receivables	540,209	294,673
(Increase) decrease in inventories	(5,507,390)	(1,799,274)
(Increase) decrease in other current assets	(310,088)	(297,781)
(Increase) decrease in other non-current assets	(1,859,498)	(774)
Increase (decrease) in notes and accounts payable	(1,053,285)	(314,890)
Increase (decrease) in accounts payable due to related parties	(155,267)	(321,808)
Increase (decrease) in other payables	140,930	3,818,970
Increase (decrease) in other current liabilities	308,338	325,658
Increase (decrease) in other non-current liabilities	(964,949)	(303,820)
Cash flows generated by (used in) operations	19,402,198	29,038,137
Interest received	150,955	53,059
Dividends received	726,400	459,437
Interest paid	(552,169)	(436,963)
Income taxes paid	(4,031,232)	(720,486)
Net cash flows generated by (used in) operating activities	<u>15,696,152</u>	<u>28,393,184</u>

(Continued)

# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of investments accounted for using equity method	\$ (568,772)	\$ -
Acquisitions of financial assets at fair value through profit or loss	(96,958)	(178,957)
Acquisitions of financial assets at fair value through other comprehensive income	(1,521,393)	(219,676)
Proceeds from disposal of financial assets at fair value through other comprehensive income	18,535	310,667
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,000	4,500
Net cash flow from acquisition of subsidiaries	-	(77,934)
Proceeds from disposal of non-current held for sale assets	55,200	279,897
Acquisitions of property, plant and equipment	(42,164,653)	(9,819,828)
Proceeds from disposal of property, plant and equipment	369,674	959,954
Acquisitions of right-of-use assets	(2,167)	-
(Increase) decrease in refundable deposits	(29,160)	442,799
(Increase) decrease in other receivables - time deposits	128,267	13,008
Acquisitions of intangible assets	(381,342)	(314,310)
Proceeds from disposal of intangible assets	356	-
Increase (decrease) in investment payable	(362,643)	-
(Increase) decrease in finance lease receivables	71,848	-
Net cash flows generated by (used in) investing activities	<u>(44,482,208)</u>	<u>(8,599,880)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	(361,377)	(390,793)
Proceeds from long-term borrowings	23,150,000	4,931,600
Repayments of long-term borrowings	-	(5,000,000)
Cash dividends paid	(3,980,000)	(796,000)
Change in non-controlling interests	(1,024,053)	(148,788)
Repayments of lease liabilities	(339,177)	(381,264)
Increase (decrease) in guarantee deposits	433,932	1,982,200
Net cash flows generated by (used in) financing activities	<u>17,879,325</u>	<u>196,955</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>395,240</u>	<u>(820,138)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(10,511,491)</u>	<u>19,170,121</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>30,914,427</u>	<u>11,744,306</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 20,402,936</u>	<u>\$ 30,914,427</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on February 16, 2023.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

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

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **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 IFRSs 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, 2022	December 31, 2021
The Company	Winbond International Corporation ("WIC")	Investment holding	100.00	100.00
The Company	Landmark Group Holdings Ltd. ("Landmark")	Investment holding	100.00	100.00
The Company	Winbond Electronics Corporation Japan ("WECJ") (Note 1)	Research, development, sales and after-sales service of semiconductor	100.00	-
The Company	Winbond Electronics (HK) Limited ("WEHK")	Sales of semiconductor and investment holding	100.00	100.00
The Company	Pine Capital Investment Limited ("PCI")	Investment holding	100.00	100.00
The Company	Winbond Technology Ltd. ("WTL")	Design and service of semiconductor	100.00	100.00
The Company	Callisto Holding Limited ("Callisto")	Electronic commerce and investment holding	100.00	100.00
The Company	Winbond Electronics Germany GmbH ("WEG")	Marketing service of semiconductor	100.00	100.00
The Company	Great Target Development Ltd. ("GTD")	Investment holding	100.00	100.00
The Company	Miraxia Edge Technology Corporation ("METC") (Note 2)	Software and hardware integration design of semiconductor	100.00	100.00
The Company	Nuvoton Technology Corporation ("NTC")	Research, design, development, manufacture and marketing of Logic IC, 6 inch wafer product, test, and OEM	51.00	51.00
WIC	Winbond Electronics Corporation America ("WECA")	Design, sales and service of semiconductor	100.00	100.00
Landmark	Winbond Electronics Corporation Japan ("WECJ") (Note 1)	Research, development, sales and after-sales service of semiconductor	-	100.00
WEHK	Winbond Electronics (Suzhou) Limited ("WECN")	Design, development and marketing of VLSI integrated ICs	100.00	100.00
Callisto	Callisto Technology Limited ("CTL")	Electronic commerce and investment holding	100.00	100.00
GTD	GLMTD Technology Private Limited ("GLMTD")	Sales and service of semiconductor	99.99	99.99
METC	Miraxia Technology Taiwan Corporation ("MTTC") (Note 3)	Development of software and services for automotive and industrial control	100.00	-
NTC	Marketplace Management Limited ("MML")	Investment holding	100.00	100.00
NTC	Nuvoton Technology Corporation America ("NTCA")	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Investment Holding Ltd. ("NIH")	Investment holding	100.00	100.00

(Continued)

Investor	Investee	Main Business	% of Ownership	
			2022	2021
NTC	Nuvoton Electronics Technology (H.K.) Limited (“NTHK”)	Sales of semiconductor	100.00	100.00
NTC	Song Yong Investment Corporation (“SYI”)	Investment holding	100.00	100.00
NTC	Nuvoton Technology India Private Limited (“NTIPL”)	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Technology Singapore Pte. Ltd. (“NTSG”)	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Technology Korea Limited (“NTKL”)	Design, sales and service of semiconductor	100.00	100.00
NTC	Nuvoton Technology Holdings Japan (“NTHJ”)	Investment holding	100.00	100.00
MML	Goldbond LLC (“GLLC”)	Investment holding	100.00	100.00
GLLC	Nuvoton Electronics Technology (Shanghai) Limited (“NTSH”)	Provide projects for sale in China and repairing, testing, consulting of software and equipment leasing business	100.00	100.00
GLLC	Winbond Electronics (Nanjing) Ltd. (“WENJ”)	Computer software service (except I.C. design)	100.00	100.00
NTSH	Song Zhi Electronics Technology (Suzhou) (“Song Zhi Suzhou”)	Provide development of semiconductor and technology, consult service and equipment leasing business	100.00	100.00
NIH	Nuvoton Technology Israel Ltd. (“NTIL”)	Design and service of semiconductor	100.00	100.00
NTHK	Nuvoton Electronics Technology (Shenzhen) Limited (“NTSZ”)	Computer software service (except I.C. design), wholesale business for computer, supplement and software	100.00	100.00
NTHJ	Nuvoton Technology Corporation Japan (“NTCJ”)	Design, sales and service of semiconductor	100.00	100.00
NTCJ	Atfields Manufacturing Technology Corporation (“AMTC”)	Design and service of semiconductor	100.00	100.00

(Concluded)

Note 1: The Company acquired 100% of ownership interest of WECJ from its subsidiary, Landmark, on November 30, 2022. The transaction was a reorganization under common control. Refer to Note 28 to the consolidated financial statements.

Note 2: The company acquired 100% of ownership interest of METC from its sub-subsidiary, NTCJ, on November 1, 2021. The transaction was a reorganization under common control. Refer to Note 28 to the consolidated financial statements.

Note 3: MTTC was established in November 2022.

### Classification of Current and Non-current Assets and Liabilities

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

### Business Combinations Involving Reorganization under Common Control

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

## **Foreign Currencies**

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

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

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

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

## **Cash Equivalents**

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

## **Financial Instruments**

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

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

### **a. Financial assets measurement category**

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

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

#### **1) Financial asset at FVTPL**

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

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

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

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

f. Derecognition of financial liabilities

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

g. Derivative financial instruments

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

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

### **Inventories**

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

### **Investments in Associates**

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

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

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

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

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

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

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

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

### **Property, Plant and Equipment**

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

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

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

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

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

Buildings	8-50 years
Machinery and equipment	3-14 years
Other equipment	3-5 years

### **Investment Properties**

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

## **Intangible Assets**

### a. Intangible assets acquired separately

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

### b. Derecognition of intangible assets

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

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

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

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

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

## **Non-current Assets Classified as Held for Sale**

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

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

## **Provisions**

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

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

## Revenue Recognition

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

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

## Leasing

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

### a. The Group as lessor

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

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

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

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

### b. The Group as lessee

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

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

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

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

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

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

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

### **Borrowing Costs**

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

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

### **Government Grants**

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

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

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

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

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

### **Employee Benefits**

#### a. Short-term employee benefits

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

#### b. Retirement benefits

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

Defined benefit costs (including service cost, net interest and 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. Rereasurement, 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. Rereasurement 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.

### **Taxation**

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

#### a. Current tax

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

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

#### b. Deferred tax

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

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

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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the possible impact of the recent development of the COVID-19 in the world and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the 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 critical 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>2022</u>	<u>2021</u>
Cash and deposits in banks	\$ 18,642,936	\$ 27,374,370
Repurchase agreements collateralized by bonds	<u>1,760,000</u>	<u>3,540,057</u>
	<u>\$ 20,402,936</u>	<u>\$ 30,914,427</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>2022</u>	<u>2021</u>
Time deposits	<u>\$ 236,938</u>	<u>\$ 234,269</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>2022</u>	<u>2021</u>
Time deposits	\$ <u>56,214</u>	\$ <u>184,481</u>

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets at FVTPL - current</u>		
Derivative financial assets		
Forward exchange contracts	\$ 7,173	\$ 51,688
Non-derivative financial assets		
Domestic listed and emerging stocks	44,433	-
Overseas unlisted stocks	61,420	55,360
Mutual funds	<u>110,506</u>	<u>108,700</u>
	<u>\$ 223,532</u>	<u>\$ 215,748</u>

### Financial assets at FVTPL - non-current

Mandatorily measured at FVTPL		
Foreign currency warrants	<u>\$ 121,775</u>	<u>\$ 69,200</u>

### Financial liabilities at FVTPL - current

Derivative financial liabilities		
Forward exchange contracts	<u>\$ 7,412</u>	<u>\$ -</u>

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

	<b>Currencies</b>	<b>Maturity Date</b>	<b>Contract Amount (In Thousands)</b>
<u>December 31, 2022</u>			
Sell forward exchange contracts	USD to NTD	2023.01.06-2023.03.17	USD244,500/NTD7,492,601
Sell forward exchange contracts	USD to JPY	2023.01.23-2023.02.21	USD17,400/JPY2,300,582
Buy forward exchange contracts	NTD to USD	2023.01.13-2023.02.17	NTD1,552,375/USD50,500
<u>December 31, 2021</u>			
Sell forward exchange contracts	USD to NTD	2022.01.06-2022.03.04	USD286,000/NTD7,949,136
Sell forward exchange contracts	RMB to NTD	2022.01.14-2022.01.21	RMB75,000/NTD325,655
Buy forward exchange contracts	NTD to USD	2022.02.17-2022.02.25	NTD965,550/USD35,000

- 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>2022</u>	<u>2021</u>
Domestic listed and emerging stocks	\$ 14,705,736	\$ 11,235,587
Domestic unlisted stocks	1,081,708	638,326
Overseas unlisted stocks	625,340	1,820,415
Mutual funds	<u>1,231,877</u>	<u>765,011</u>
	<u>\$ 17,644,661</u>	<u>\$ 14,459,339</u>
Current	\$ 14,587,832	\$ 10,977,904
Non-current	<u>3,056,829</u>	<u>3,481,435</u>
	<u>\$ 17,644,661</u>	<u>\$ 14,459,339</u>

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

For the years ended December 31, 2022 and 2021, the Group disposed partial shares for the investment position adjustment. The unrealized gain and loss on financial assets at fair value through other comprehensive income of NT\$300,524 thousand and NT\$94,258 thousand were transferred to retained earnings, respectively, please refer to Note 22 to consolidated financial statements for related information.

## 9. ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 9,283,776	\$ 11,819,385
Less: Allowance for impairment loss	<u>(146,030)</u>	<u>(303,792)</u>
	<u>\$ 9,137,746</u>	<u>\$ 11,515,593</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, 2022

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

#### December 31, 2021

	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%	50-100%	
Gross carrying amount	\$ 11,396,793	\$ 303,344	\$ 10,282	\$ 13	\$ 108,953	\$ 11,819,385
Loss allowance (lifetime ECL)	<u>(187,741)</u>	<u>(6,067)</u>	<u>(1,028)</u>	<u>(3)</u>	<u>(108,953)</u>	<u>(303,792)</u>
Amortized cost	<u>\$ 11,209,052</u>	<u>\$ 297,277</u>	<u>\$ 9,254</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 11,515,593</u>

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

	2022	2021
Balance at January 1	\$ 303,792	\$ 266,759
Recognized (reversal of) impairment loss	(151,262)	56,210
Effect of exchange rate changes	<u>(6,500)</u>	<u>(19,177)</u>
Balance at December 31	<u>\$ 146,030</u>	<u>\$ 303,792</u>

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

## 10. FINANCE LEASE RECEIVABLES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Undiscounted lease payments</u>		
Year 1	\$ 100,135	\$ -
Year 2	100,135	-
Year 3	<u>25,034</u>	<u>-</u>
	225,304	-
Less: Unearned finance income	<u>(5,122)</u>	<u>-</u>
Finance lease receivables	<u>\$ 220,182</u>	<u>\$ -</u>
Current	\$ 96,731	\$ -
Non-current	<u>123,451</u>	<u>-</u>
	<u>\$ 220,182</u>	<u>\$ -</u>

NTC leased out its property, plant and equipment and intangible assets to its associate, TPSCo., under finance leases with an average lease term for 3 years. In 2022, the average implied interest rate is approximately 1.85% per year. Refer to Note 31 to the consolidated financial statements for details of finance lease contracts.

## 11. OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Business tax refund receivable	\$ 229,680	\$ 291,030
Time deposits (Note 6)	56,214	184,481
Income tax refund receivable (Note 25)	38,037	77,826
Royalty receivable	-	370,327
Technical service receivable	-	136,345
Others	<u>234,905</u>	<u>207,017</u>
	<u>\$ 558,836</u>	<u>\$ 1,267,026</u>

## 12. INVENTORIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Finished goods	\$ 3,095,173	\$ 2,034,079
Work-in-process	16,393,699	11,238,945
Raw materials and supplies	1,958,690	2,652,854
Inventories in transit	<u>516</u>	<u>14,810</u>
	<u>\$ 21,448,078</u>	<u>\$ 15,940,688</u>

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

	<b>2022</b>	<b>2021</b>
The operating cost of goods sold	\$ 48,535,925	\$ 57,181,372
Recognition of inventory write-downs (reversed) and scrap of inventories, etc.	650,800	(635,590)
Unallocated production overhead	<u>2,291,982</u>	<u>543,075</u>
Operating costs	<u>\$ 51,478,707</u>	<u>\$ 57,088,857</u>

### 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

#### Investments in Associates

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Associates that are not individually material		
Chin Xin Investment Co., Ltd.	\$ 7,996,268	\$ 8,257,867
Tower Partners Semiconductor Co., LTD. (“TPSCo.”)	1,710,869	-
Hwa Bao Botanic Conservation Corp.	<u>264,303</u>	<u>28,596</u>
	<u>\$ 9,971,440</u>	<u>\$ 8,286,463</u>

On May 27, 2022, the board of directors of Hwa Bao Botanic Conservation Corp. (“Hwa Bao”) resolved to issue 60,000 thousand ordinary shares. In addition to subscribing in the proportion of share ownership, the Company is also a specified subscriber. The Company subscribed for 21,000 thousand ordinary shares in total with a par value of NT\$10. As of December 31, 2022, the Company held 24,000 thousand shares of Hwa Bao, which equals to 30% ownership interest, and Hwa Bao was accounted for using the equity method.

As of December 31, 2022, the Company held 182,841 thousand shares of Chin Xin Investment Co., Ltd. with a 38% ownership interest.

Under the business acquisition agreement, if TPSCo. turns a net profit during the period of the effective date of the acquisition (September 1, 2020) to March 31, 2022, NTC is required to pay Panasonic Corporation the net profit based on its ownership proportion. Thus, NTC has no significant influence over TPSCo. during the period aforementioned. TPSCo. was recognized as non-current financial assets at fair value through other comprehensive income. Starting from April 2022, the restriction has been waived for NTC, and NTC has significant influence over TPSCo.; accordingly, TPSCo. has been accounted for using the equity method. NTCJ subscribed for 30,919 shares issued in the cash capital increase by TPSCo. in a total amount of NT\$358,772. As of December 31, 2022, NTCJ has held TPSCo.’s 45,619 shares with a direct shareholding of 49%.

In June 2022, NTCJ transferred the right-of-use assets contract to TPSCo. The related deferred benefit will be recognized in accordance with the remaining lease term of the contract, refer to Note 31 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, 2022 and 2021 were based on the associates’ financial statements audited by independent auditors.

## 14. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ 3,086,647	\$ 3,069,658
Buildings	10,299,201	11,783,125
Machinery and equipment	25,174,746	28,397,574
Other equipment	1,559,960	1,030,036
Construction in progress and equipment under installation	<u>53,686,085</u>	<u>16,799,212</u>
	<u>\$ 93,806,639</u>	<u>\$ 61,079,605</u>

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 3,069,658	\$ 47,939,867	\$ 177,909,476	\$ 7,586,418	\$ 16,799,212	\$ 253,304,631
Additions	61,407	162,805	9,245,321	799,415	31,497,094	41,766,042
Disposals	-	(23,611)	(2,177,698)	(173,299)	-	(2,374,608)
Reclassified	12,248	181,258	(5,818,573)	232,207	5,392,860	-
Effect of exchange rate changes	<u>(56,666)</u>	<u>(548,438)</u>	<u>(1,468,558)</u>	<u>(90,087)</u>	<u>(3,081)</u>	<u>(2,166,830)</u>
Balance at December 31, 2022	<u>\$ 3,086,647</u>	<u>\$ 47,711,881</u>	<u>\$ 177,689,968</u>	<u>\$ 8,354,654</u>	<u>\$ 53,686,085</u>	<u>\$ 290,529,235</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ -	\$ 36,156,742	\$ 149,511,902	\$ 6,556,382	\$ -	\$ 192,225,026
Depreciation expense	-	1,774,774	6,528,059	425,455	-	8,728,288
Disposals	-	(22,100)	(2,167,485)	(99,962)	-	(2,289,547)
Impairment loss	-	-	112,266	-	-	112,266
Reclassified	-	-	(3)	3	-	-
Effect of exchange rate changes	<u>-</u>	<u>(496,736)</u>	<u>(1,469,517)</u>	<u>(87,184)</u>	<u>-</u>	<u>(2,053,437)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 37,412,680</u>	<u>\$ 152,515,222</u>	<u>\$ 6,794,694</u>	<u>\$ -</u>	<u>\$ 196,722,596</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 3,322,387	\$ 50,113,861	\$ 182,256,279	\$ 7,750,795	\$ 9,639,168	\$ 253,082,490
Additions	34,760	284,825	3,980,466	506,331	7,530,487	12,336,869
Business combinations - subsequent adjustment of fair values	-	-	437,628	-	-	437,628
Disposals	-	(13,698)	(2,351,827)	(231,965)	-	(2,597,490)
Reclassified	-	119,784	217,133	13,950	(350,867)	-
Effect of exchange rate changes	<u>(287,489)</u>	<u>(2,564,905)</u>	<u>(6,630,203)</u>	<u>(452,693)</u>	<u>(19,576)</u>	<u>(9,954,866)</u>
Balance at December 31, 2021	<u>\$ 3,069,658</u>	<u>\$ 47,939,867</u>	<u>\$ 177,909,476</u>	<u>\$ 7,586,418</u>	<u>\$ 16,799,212</u>	<u>\$ 253,304,631</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ -	\$ 36,773,934	\$ 148,018,047	\$ 6,803,522	\$ 34,471	\$ 191,629,974
Depreciation expense	-	1,687,364	8,797,435	389,589	-	10,874,388
Disposals	-	(13,650)	(1,585,530)	(212,998)	-	(1,812,178)
Impairment loss	-	-	782,949	-	-	782,949
Reclassified	-	79	31,168	428	(31,675)	-
Effect of exchange rate changes	<u>-</u>	<u>(2,290,985)</u>	<u>(6,532,167)</u>	<u>(424,159)</u>	<u>(2,796)</u>	<u>(9,250,107)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 36,156,742</u>	<u>\$ 149,511,902</u>	<u>\$ 6,556,382</u>	<u>\$ -</u>	<u>\$ 192,225,026</u>

- a. As of December 31, 2022 and 2021, the carrying amounts of NT\$52,365,644 thousand and NT\$11,352,868 thousand of property, plant and equipment were pledged to secure long-term borrowings and corporate bonds.

b. Information about capitalized interest

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Capitalized interest amounts	\$ 528,129	\$ 252,668
Capitalized interest rates	1.89%-1.92%	1.79%-1.89%

c. In 2022, NTC disposed of other equipment for finance lease amounted to NT\$72,533 thousand. Refer to Note 31 to the consolidated financial statements for details of finance lease contracts.

d. For the years ended December 31, 2022 and 2021, the Group recognized an impairment loss of NT\$112,266 thousand and NT\$782,949 thousand for certain machinery and equipment which will not be used in the future after evaluation, respectively.

## 15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Land	\$ 1,667,604	\$ 1,717,843
Buildings	383,165	289,439
Machinery and equipment	139,758	754,180
Other equipment	<u>33,954</u>	<u>35,458</u>
	<u>\$ 2,224,481</u>	<u>\$ 2,796,920</u>

In June 2022, NTC transferred its lease arrangement of machinery under right-of-use assets to TPSCo. The gain on lease modification amounted to NT\$178,623 thousand. Refer to Note 31 to the consolidated financial statements.

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 369,518</u>	<u>\$ 55,596</u>
Depreciation charge for right-of-use assets		
Land	\$ 110,896	\$ 107,378
Buildings	153,474	122,394
Machinery and equipment	32,999	68,557
Other equipment	<u>28,925</u>	<u>32,167</u>
	<u>\$ 326,294</u>	<u>\$ 330,496</u>
Income from the subleasing of right-of-use assets (recorded as "other income")	<u>\$ 1,999</u>	<u>\$ 2,080</u>

b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Current	<u>\$ 276,015</u>	<u>\$ 333,791</u>
Non-current	<u>\$ 2,052,762</u>	<u>\$ 2,682,609</u>

Range of discount rate for lease liabilities are as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Land	1.76%-2.47%	1.76%-2.47%
Buildings	0.14%-3.55%	0.33%-3.75%
Machinery and equipment	0.48%-0.80%	0.26%-0.80%
Other equipment	0.14%-2.44%	0.44%-2.97%

For the years ended December 31, 2022 and 2021, the interest expense under lease liabilities amounted to NT\$51,349 thousand and NT\$57,188 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 2023, 2027 and 2037, respectively, which can be extended after the expiration of the lease periods.

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

The Group leased office spaces in the United States, China, Hong Kong, Japan, Israel, India, Korea, Germany and part in Taiwan, and the lease terms will expire between 2023 and 2026 which can be extended after the expiration of the lease contract periods.

d. Subleases

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Year 1	\$ 1,988	\$ 2,080
Year 2	<u>1,326</u>	<u>2,080</u>
	<u>\$ 3,314</u>	<u>\$ 4,160</u>

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

e. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 191,498</u>	<u>\$ 241,852</u>
Expenses relating to low-value asset leases	<u>\$ 1,941</u>	<u>\$ 677</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 11,660</u>	<u>\$ 17,567</u>
Total cash outflow for leases	<u>\$ 597,501</u>	<u>\$ 699,413</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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Investment properties, net	<u>\$ 1,798,160</u>	<u>\$ 2,005,598</u>

NTC acquired investment properties in Niigata and Toyama, Japan through business combinations on September 1, 2020. The fair value of such investment properties were NT\$2,503,591 thousand based on the purchase price allocation report. In 2022 and 2021, NTC's management evaluated the fair value of investment properties and determined that the fair value of the investment properties had not changed significantly.

NTC's other investment properties is in Shen-Zhen, China. As of December 31, 2022 and 2021, the fair value of such investment properties were both approximately NT\$200,000 thousand, which was referred by the neighborhood transactions.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Cost</u>		
Balance at January 1	\$ 7,924,196	\$ 9,090,968
Disposals	-	(1,176)
Effect of exchange rate changes	<u>(262,074)</u>	<u>(1,165,596)</u>
Balance at December 31	<u>7,662,122</u>	<u>7,924,196</u>
<u>Accumulated depreciation and impairment</u>		
Balance at January 1	5,918,598	6,624,301
Depreciation expense	138,763	155,190
Disposals	-	(1,176)
Effect of exchange rate changes	<u>(193,399)</u>	<u>(859,717)</u>
Balance at December 31	<u>5,863,962</u>	<u>5,918,598</u>
Investment properties, net	<u>\$ 1,798,160</u>	<u>\$ 2,005,598</u>

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

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Year 1	\$ 171,129	\$ 178,142
Year 2	152,691	155,123
Year 3	149,898	155,123
Year 4	149,898	155,123
Year 5	149,898	155,123
More than five years	<u>637,067</u>	<u>814,391</u>
	<u>\$ 1,410,581</u>	<u>\$ 1,613,025</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, 2022 and 2021, the carrying amounts of NT\$381,219 thousand and NT\$425,606 thousand of investment properties of NTC were pledged to secure long-term borrowings, respectively.

## 17. INTANGIBLE ASSETS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Deferred technical assets, net	\$ 558,739	\$ 616,861
Other intangible assets, net	223,101	456,124
Carbon credits	<u>763</u>	<u>-</u>
	<u>\$ 782,603</u>	<u>\$ 1,072,985</u>

	<b>Deferred Technical Assets</b>	<b>Other Intangible Assets</b>	<b>Carbon Credits</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2022	\$ 19,801,638	\$ 1,495,795	\$ -	\$ 21,297,433
Additions	170,807	91,340	937	263,084
Disposals	-	(206,865)	-	(206,865)
Carbon offset	-	-	(174)	(174)
Reclassified	-	(763)	-	(763)
Effect of exchange rate changes	<u>4,936</u>	<u>(51,906)</u>	<u>-</u>	<u>(46,970)</u>
Balance at December 31, 2022	<u>\$ 19,977,381</u>	<u>\$ 1,327,601</u>	<u>\$ 763</u>	<u>\$ 21,305,745</u>

(Continued)

	<b>Deferred Technical Assets</b>	<b>Other Intangible Assets</b>	<b>Carbon Credits</b>	<b>Total</b>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2022	\$ 19,184,777	\$ 1,039,671	\$ -	\$ 20,224,448
Amortization expenses	228,037	99,066	-	327,103
Disposals	-	(1,743)	-	(1,743)
Effect of exchange rate changes	<u>5,828</u>	<u>(32,494)</u>	<u>-</u>	<u>(26,666)</u>
Balance at December 31, 2022	<u>\$ 19,418,642</u>	<u>\$ 1,104,500</u>	<u>\$ -</u>	<u>\$ 20,523,142</u>
<u>Cost</u>				
Balance at January 1, 2021	\$ 19,550,666	\$ 1,452,139	\$ -	\$ 21,002,805
Additions	259,590	216,296	-	475,886
Disposals	(5,592)	(111)	-	(5,703)
Effect of exchange rate changes	<u>(3,026)</u>	<u>(172,529)</u>	<u>-</u>	<u>(175,555)</u>
Balance at December 31, 2021	<u>\$ 19,801,638</u>	<u>\$ 1,495,795</u>	<u>\$ -</u>	<u>\$ 21,297,433</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2021	\$ 18,988,797	\$ 1,122,628	\$ -	\$ 20,111,425
Amortization expenses	198,298	61,481	-	259,779
Disposals	(789)	(111)	-	(900)
Effect of exchange rate changes	<u>(1,529)</u>	<u>(144,327)</u>	<u>-</u>	<u>(145,856)</u>
Balance at December 31, 2021	<u>\$ 19,184,777</u>	<u>\$ 1,039,671</u>	<u>\$ -</u>	<u>\$ 20,224,448</u> (Concluded)

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

The Company's carbon credits were purchased from the CIX platform in Singapore, which was certified by third-party regarding forest carbon rights. The carbon credits will be used to offset carbon emission from fabs and employee transportation, etc. On November 3, 2022, the Company acquired the certificate which containing 1,000 tonnes of carbon credits from the platform, and offset 194 tonnes of carbon emissions on the Company's Family Day.

In 2022, NTC disposed of intangible assets for finance leases amounted to NT\$204,857 thousand. Refer to Note 31 to the consolidated financial statements for details of finance lease contracts.

## 18. BORROWINGS

### a. Short-term borrowings

	December 31			
	2022		2021	
	Interest Rate %	Amount	Interest Rate %	Amount
<u>Secured borrowings</u>				
Bank loans	1.15%	\$ 952,840	-	\$ -
<u>Unsecured borrowings</u>				
Bank lines of credit	1.02%	<u>116,200</u>	0.30%-0.48%	<u>1,430,417</u>
		<u>\$ 1,069,040</u>		<u>\$ 1,430,417</u>

On May 17, 2021, NTCJ signed a syndicated loan with CTBC and a group of financial institutions to pay outstanding debt and enrich operating capital, and the line of credit amounted to JPY30 billion. This syndicated loan requires the Company to act as a joint guarantor and hold ownership of NTCJ with NTC by no less than 100% with maintenance operational control as stated in the agreement. According to the financial covenants, NTCJ and the Company are required to maintain their financial ratios not lower than a specific threshold over the effective period, and there is no breach of the terms of the contract. The financial ratios mentioned above are computed based on the audited (reviewed) consolidated financial statements.

### b. Long-term borrowings

	Period	Interest Rate	December 31	
			2022	2021
<u>Secured borrowings</u>				
Bank of Taiwan syndicated loan (V)	2019.01.14-2026.09.19	2.43%	\$ 31,000,000	\$ 7,850,000
<u>Unsecured borrowings</u>				
The Export - Import Bank of ROC	2019.09.20-2026.09.21	0.92%-1.34%	500,000	500,000
The Export - Import Bank of ROC	2020.08.25-2027.08.25	0.92%-1.34%	1,000,000	1,000,000
Government grants (Note 27)	2020.12.28-2028.11.15	1.13%-1.33%	<u>5,131,600</u>	<u>5,131,600</u>
			37,631,600	14,481,600
Less: Current portion			(3,171,429)	(785,000)
Less: Syndication agreement management fee			(47,250)	(74,250)
Less: Government loan discount (Note 27)			<u>(134,848)</u>	<u>(273,485)</u>
			<u>\$ 34,278,073</u>	<u>\$ 13,348,865</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 procure equipment for fab. The credit line amounted to NT\$42 billion. The principal will be repaid every six months from September 19, 2023 until maturity.
- b) Refer to Note 14 to the consolidated financial statements for collateral on bank borrowings.

- c) The Company is required to maintain certain financial covenants, including current ratio, debt ratio and total equity, on June 30 and December 31 during the tenors of the loans. Additionally, the principal and interest coverage should be also maintained on June 30 and December 31 during the tenors of the loans. The Company was in compliance with the agreed financial ratio requirements. The computations of financial ratios mentioned above are done based on the audited (reviewed) consolidated financial statements.
- 2) The proceeds of the unsecured borrowings from the Export-Import Bank of ROC were provided NTC for investing in Autotalks Ltd. and acquiring Panasonic Semiconductor Solutions., Co., Ltd.

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

## 19. BONDS PAYABLE

	December 31	
	2022	2021
Domestic secured bonds	\$ 9,968,462	\$ 9,956,086
Domestic unsecured bonds	-	-
	<u>\$ 9,968,462</u>	<u>\$ 9,956,086</u>

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

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

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

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

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

- 1) The conversion price was set at NT\$39.9 per share at the time of issuance. When meeting certain criteria, adjustments on the conversion price are made in accordance with the terms and conditions. Since NTC distributed cash dividends in August 2021, the conversion price should be adjusted according to the issuance and conversion measures, so the conversion price has been adjusted to NT\$38 since August 22, 2021. As of December 31, 2021, all convertible bonds were converted into ordinary shares.

- 2) After the first three months of the issuance and forty days before the maturity date, if the closing price of NTC's common shares listed on the Taiwan Stock Exchange exceeds or equals 30% of the conversion price or the outstanding balance of the bonds is less than 10% in principal amount of the bonds originally outstanding for thirty consecutive business days, NTC may redeem the bonds in cash at the principal amount.
- 3) After the bonds has been issued for over five years, the bondholders may request NTC to redeem the bonds at 106.41% of the principal amount (annual rate of return 1.25%).
- 4) Except for the NTC's bonds that have been redeemed, sold back, converted, or bought back by NTC in the market, the principal will be repaid in cash upon maturity at a rate of 109.09% (annual rate of return 1.25% upon maturity).

## 20. PROVISIONS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Decommissioning liabilities	<u>\$ 132,473</u>	<u>\$ 532,948</u>
<u>Non-current</u>		
Employee benefits	\$ 1,485,268	\$ 1,537,035
Warranties	737,268	775,861
Decommissioning liabilities	<u>510,815</u>	<u>653,679</u>
	<u>\$ 2,733,351</u>	<u>\$ 2,966,575</u>

	<b>Decommissioning Liabilities</b>	<b>Employee Benefits</b>	<b>Warranties</b>	<b>Total</b>
Balance at January 1, 2022	\$ 1,186,627	\$ 1,537,035	\$ 775,861	\$ 3,499,523
Decreased	(475,526)	-	(28,120)	(503,646)
Effects of foreign currency exchange differences	<u>(67,813)</u>	<u>(51,767)</u>	<u>(10,473)</u>	<u>(130,053)</u>
Balance at December 31, 2022	<u>\$ 643,288</u>	<u>\$ 1,485,268</u>	<u>\$ 737,268</u>	<u>\$ 2,865,824</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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of the defined benefit obligation	\$ 4,306,648	\$ 4,500,536
Fair value of the plan assets	<u>(2,414,054)</u>	<u>(1,879,521)</u>
Net defined benefit liabilities, non-current	<u>\$ 1,892,594</u>	<u>\$ 2,621,015</u>

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

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2021	<u>\$ 4,578,390</u>	<u>\$ (1,855,846)</u>	<u>\$ 2,722,544</u>
Service cost			
Current service cost	81,614	-	81,614
Net interest expense (income)	24,851	(15,026)	9,825
Others	<u>4,069</u>	<u>(777)</u>	<u>3,292</u>
Recognized in profit or loss	<u>110,534</u>	<u>(15,803)</u>	<u>94,731</u>
Remeasurement			
Actuarial (gain) loss			
- realized rate greater than the discounted rate	-	(18,019)	(18,019)
- changes in demographic assumptions	58,672	-	58,672
- changes in financial assumptions	(426)	(9,264)	(9,690)
- experience adjustments	<u>111,751</u>	<u>(26,150)</u>	<u>85,601</u>
Recognized in other comprehensive income	<u>169,997</u>	<u>(53,433)</u>	<u>116,564</u>
Contributions from the employer	-	(94,450)	(94,450)
Benefits paid	(142,879)	141,969	(910)
Settlements	(28,909)	-	(28,909)
Effect of exchange rate changes	<u>(186,597)</u>	<u>(1,958)</u>	<u>(188,555)</u>
Balance at December 31, 2021	<u>\$ 4,500,536</u>	<u>\$ (1,879,521)</u>	<u>\$ 2,621,015</u> (Concluded)

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating costs	\$ 16,830	\$ 17,522
Selling expenses	2,028	2,003
General and administrative expenses	21,134	6,007
Research and development expenses	<u>64,689</u>	<u>69,199</u>
	<u>\$ 104,681</u>	<u>\$ 94,731</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>	
	2022	2021
Discount rates	1.25%-5.26%	0.70%-2.80%
Expected rates of salary increase	1.00%-6.25%	1.00%-6.02%

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>	
	2022	2021
Discount rates		
0.25%-0.50% increase	<u>\$ (82,728)</u>	<u>\$ (110,912)</u>
0.25%-0.50% decrease	<u>\$ 90,773</u>	<u>\$ 121,286</u>
Expected rates of salary increase/decrease		
0.25%-0.50% increase	<u>\$ 86,317</u>	<u>\$ 115,435</u>
0.25%-0.50% decrease	<u>\$ (80,577)</u>	<u>\$ (104,760)</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>	
	2022	2021
The expected contribution to the plan for the next year	<u>\$ 135,886</u>	<u>\$ 144,478</u>
The average duration of defined benefit obligation	7.35-11.84 years	8.04-12.15 years

## 22. EQUITY

### a. Share capital

#### Common stock

	<u>December 31</u>	
	2022	2021
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>3,980,000</u>	<u>3,980,000</u>
Shares issued	<u>\$ 39,800,002</u>	<u>\$ 39,800,002</u>

As of December 31, 2022 and 2021, the balance of the Company's capital account amounted to NT\$39,800,002 thousand, divided into 3,980,000 thousand common shares with a par value of NT\$10.

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</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	\$ 4,787,673	\$ 4,787,673
Arising from treasury share transactions	2,342,036	2,342,036
Arising from conversion of bonds	136,352	136,352
Arising from exercised employee share options	208,451	208,451
Overdue employee share options	30,749	30,749
 <u>May only be used to offset a deficit</u>		
Arising from changes in percentage of ownership interest in subsidiaries	251,734	251,726
Arising from share of changes in capital surplus of associates	<u>28,923</u>	<u>29,137</u>
	<u>\$ 7,785,918</u>	<u>\$ 7,786,124</u>

The capital surplus generated from the excess of the issuance price over the par value of capital stock (including the stock issued for new capital, mergers and convertible bonds) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the Company's paid-in capital. The capital surplus from share of changes in equities of subsidiaries and associates may be used to offset a deficit; however, when generated from issuance of restricted shares for employees, such capital surplus may not be used for any purpose.

c. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, the Company's dividend distribution policy is as follows:

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

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

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

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

The board of directors shall be authorized to distribute the profit, the legal reserve and the capital reserve mentioned in the preceding paragraph in cash upon resolution by a majority vote at a board meeting attended by two-thirds or more of the directors, and shall report the same to the shareholders' meeting.

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

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

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

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset 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 2021 and 2020 were as follows:

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

The above cash dividends were resolved by the board of directors on March 15, 2022 and March 16, 2021, respectively; the other proposed appropriations were resolved by the shareholders in their meetings on May 31, 2022 and August 12, 2021, respectively.

As of the date of the Company's board meeting (February 16, 2023), the appropriation of earnings for 2022 has not been finalized.

d. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (861,389)	\$ (271,328)
Exchange differences arising on translating the financial statements of foreign operations	<u>206,737</u>	<u>(590,061)</u>
Balance at December 31	<u>\$ (654,652)</u>	<u>\$ (861,389)</u>

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

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 12,911,356	\$ 8,141,510
Unrealized gains (losses) on revaluation of financial assets at FVTOCI	2,935,470	2,962,485
Share of unrealized gains (losses) on revaluation of financial assets at FVTOCI of associates accounted for using equity method	(529,691)	1,901,619
Disposal of investments in equity instruments designated at FVTOCI	<u>(300,524)</u>	<u>(94,258)</u>
Balance at December 31	<u>\$ 15,016,611</u>	<u>\$ 12,911,356</u>

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

e. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 7,589,399	\$ 5,143,568
Share attributable to non-controlling interests		
Profit for the year	2,059,387	1,405,479
Exchange differences on translation of the financial statements of foreign operations	19,189	(425,126)
Remeasurement of defined benefit plans	50,596	(23,613)
Unrealized gains (losses) on financial assets measured at FVTOCI	(123,806)	454,578
Cash dividends issued by subsidiaries to non-controlling interests	(1,024,053)	(148,788)
Changes in ownership interests in subsidiaries	<u>8</u>	<u>1,183,301</u>
Balance at December 31	<u>\$ 8,570,720</u>	<u>\$ 7,589,399</u>

**23. REVENUE**

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

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

	<b>For the Year Ended December 31, 2022</b>			
	<b>Classified as Operating Costs</b>	<b>Classified as Operating Expenses</b>	<b>Classified as Non-operating Income and Losses</b>	<b>Total</b>
Short-term employee benefits	\$ 4,479,421	\$ 14,349,752	\$ -	\$ 18,829,173
Post-employment benefits	\$ 158,664	\$ 717,826	\$ -	\$ 876,490
Depreciation	\$ 7,906,136	\$ 1,143,992	\$ 145,126	\$ 9,195,254
Amortization	\$ 5,362	\$ 321,741	\$ 27,000	\$ 354,103
	<b>For the Year Ended December 31, 2021</b>			
	<b>Classified as Operating Costs</b>	<b>Classified as Operating Expenses</b>	<b>Classified as Non-operating Income and Losses</b>	<b>Total</b>
Short-term employee benefits	\$ 4,502,850	\$ 12,088,668	\$ -	\$ 16,591,518
Post-employment benefits	\$ 138,514	\$ 595,279	\$ -	\$ 733,793
Depreciation	\$ 9,789,579	\$ 1,411,539	\$ 160,866	\$ 11,361,984
Amortization	\$ 23,131	\$ 236,648	\$ 34,077	\$ 293,856

The remuneration policies of the Company were as follows:

a. Directors:

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

b. Managers:

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

c. Employees:

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

For the years ended December 31, 2022 and 2021, the employees' compensation and remuneration of directors were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Amounts</b>	<b>Accrual Rate</b>	<b>Amounts</b>	<b>Accrual Rate</b>
Employees' compensation	<u>\$ 307,880</u>	2%	<u>\$ 330,737</u>	2%
Remuneration of directors	<u>\$ 153,940</u>	1%	<u>\$ 165,369</u>	1%

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

The compensation to employees and remuneration to the directors of 2021 and 2020 were approved by the Company's board of directors on March 15, 2022 and March 16, 2021, respectively, were as below:

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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

## 25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

Major components of income tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current income tax expense		
Current tax expense	\$ 3,476,330	\$ 3,088,867
Adjustment for prior years	24,139	15,163
Deferred income tax		
Change in current year	<u>(440,849)</u>	<u>118,938</u>
Income tax expense recognized in profit or loss	<u>\$ 3,059,620</u>	<u>\$ 3,222,968</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Income tax expense from continuing operations at the statutory rate	\$ 4,435,666	\$ 4,405,341
Tax effect of adjustment item		
Permanent differences	(732,576)	(533,465)
Others	<u>(358,609)</u>	<u>(180,071)</u>
Current income tax expense	3,344,481	3,691,805
Loss carryforwards, investment credits and deductible temporary differences	(309,000)	(484,000)
Adjustment for prior years' income tax expense	<u>24,139</u>	<u>15,163</u>
Tax expense recognized in profit or loss	<u>\$ 3,059,620</u>	<u>\$ 3,222,968</u>

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

### b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Income tax refund receivable (Note 11)	<u>\$ 38,037</u>	<u>\$ 77,826</u>
Current tax liabilities		
Income tax payables	<u>\$ 2,123,413</u>	<u>\$ 2,704,871</u>

c. Deferred tax assets

As of December 31, 2022 and 2021, deferred income tax assets of NT\$1,191,547 thousand and NT\$774,072 thousand, respectively, were mainly generated from idle capacity, unrealized inventory losses and asset impairment losses.

d. Deferred tax liabilities

As of December 31, 2022 and 2021, deferred income tax liabilities of NT\$13,209 thousand and NT\$36,583 thousand, respectively, were mainly generated from unrealized valuation gains or losses on financial assets at FVTOCI.

e. Tax return assessments

The tax returns of the Company and NTC through 2020 have been assessed by the tax authorities.

## 26. EARNINGS PER SHARE

	For the Year Ended December 31					
	2022			2021		
	Amounts (Numerator)		Earnings Per Share (NT\$)	Amounts (Numerator)		Earnings Per Share (NT\$)
	Net Income After Income Tax	Shares (Denominator)	Net Income After Income Tax	Net Income After Income Tax	Shares (Denominator)	Net Income After Income Tax
	(Attributable to Owners of the Parent)	(In Thousands)	(Attributable to Owners of the Parent)	(Attributable to Owners of the Parent)	(In Thousands)	(Attributable to Owners of the Parent)
Basic earnings per share						
Net income attributed to common shareholders	\$ 12,927,165	3,980,000	<u>\$ 3.25</u>	\$ 13,594,643	3,980,000	<u>\$ 3.42</u>
Effect of dilutive potential common shares						
Employees' compensation	-	17,642		-	9,930	
Diluted earnings per share						
Net income attributed to common shareholders	<u>\$ 12,927,165</u>	<u>3,997,642</u>	<u>\$ 3.23</u>	<u>\$ 13,594,643</u>	<u>3,989,930</u>	<u>\$ 3.41</u>

If the Company offered to settle the compensation or bonuses paid to employees by cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share (EPS), if the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the number of shares to be distributed to employees is resolved in the following year.

## 27. GOVERNMENT GRANTS

As of December 31, 2022, the Company received government loan of NT\$5,131,600 thousand at a below-market interest rate. It will be used in the purchase of machinery and equipment and for supporting working capital. The first installment will be made in the 36th-37th month of the principal, and each month thereafter, the principal will be repaid in 48-49 equal installments. Using the prevailing market interest rates of 1.79%-1.89% for an equivalent loan, the fair value of the loan was estimated at NT\$4,837,630 thousand on initial recognition. The difference of NT\$293,970 thousand between the proceeds and the fair value of the loan is the benefit derived from the below-market rate of interest which has been recognized as deferred revenue. The deferred revenue will be recognized as other income during the loan period accordingly. For the years ended December 31, 2022 and 2021, the other income under government grants were amounts of

NT\$47,599 thousand and NT\$20,485 thousand, respectively, and the interest expense under loans were amounts of NT\$94,824 thousand and NT\$30,781 thousand, respectively.

## 28. BUSINESS COMBINATIONS

### a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
METC	Software and hardware integration design of semiconductor	November 1, 2021	100	<u>\$ 357,898</u>
WECJ	Research, development, sales and after-sales service of semiconductor	November 30, 2022	100	<u>\$ 190,070</u>

The Company acquired 100% ownership interest of WECJ and METC from the subsidiary Landmark and the sub-subsidiary NTCJ, respectively. The transaction was a reorganization under common control, and was recognized as an equity transaction.

### b. Assets acquired and liabilities assumed

	WECJ	METC
<b>Current assets</b>		
Cash and cash equivalents	\$ 76,255	\$ 298,304
Accounts receivable and other receivables	797,517	101,201
Inventories	-	39,835
Other current assets	6,328	6,147
<b>Non-current assets</b>		
Property, plant and equipment	4,064	6,146
Right-of-use assets	17,505	-
Intangible assets	1,934	14,728
Deferred income tax assets	37,709	65,349
Other non-current assets	<u>6,270</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 947,582</u>	<u>\$ 531,710</u>
<b>Current liabilities</b>		
Accounts payable and other payables	\$ 716,492	\$ 291,280
Current tax liabilities	18,329	17,717
Other current liabilities	14,261	55,053
Other non-current liabilities	<u>8,430</u>	<u>-</u>
<b>Total liabilities</b>	<u>\$ 757,512</u>	<u>\$ 364,050</u>
<b>Net assets</b>	<u>\$ 190,070</u>	<u>\$ 167,660</u>

c. Equity transaction difference under common control

	<b>WECJ</b>	<b>METC</b>
Fair value of identifiable net assets acquired	\$ 190,070	\$ 167,660
Less: Consideration transferred	<u>(190,070)</u>	<u>(357,898)</u>
Equity transaction difference	<u>\$ -</u>	<u>\$ (190,238)</u>
<u>Equity transaction difference adjustment account</u>		
Investments accounted for using equity method - NTC	\$ -	\$ 97,887
Capital surplus - changes in ownership interests in subsidiaries	<u>-</u>	<u>92,351</u>
Equity transaction difference	<u>\$ -</u>	<u>\$ 190,238</u>

## 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.

2) Fair value measurements recognized in the consolidated balance sheets

The fair value of financial instruments are 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 at December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Bonds payable (secured)	\$ -	\$ 9,968,462	\$ -	\$ 9,968,462

Fair value hierarchy as at December 31, 2021

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

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

Fair value hierarchy as at December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 7,173	\$ 121,775	\$ 128,948
Non-derivative financial assets				
Domestic listed and emerging securities	44,433	-	-	44,433
Overseas unlisted securities	-	-	61,420	61,420
Mutual funds	110,506	-	-	110,506
	<u>\$ 154,939</u>	<u>\$ 7,173</u>	<u>\$ 183,195</u>	<u>\$ 345,307</u>
<u>Financial assets at FVTOCI</u>				
Equity securities				
Domestic listed and emerging securities	\$ 14,705,736	\$ -	\$ -	\$ 14,705,736
Domestic and overseas unlisted securities	-	22,560	1,684,488	1,707,048
Mutual funds	-	-	1,231,877	1,231,877
	<u>\$ 14,705,736</u>	<u>\$ 22,560</u>	<u>\$ 2,916,365</u>	<u>\$ 17,644,661</u>
<u>Financial liabilities</u>				
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 7,412	\$ -	\$ 7,412

Fair value hierarchy as at December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 51,688	\$ 69,200	\$ 120,888
Non-derivative financial assets				
Overseas unlisted securities	-	-	55,360	55,360
Mutual funds	<u>108,700</u>	<u>-</u>	<u>-</u>	<u>108,700</u>
	<u>\$ 108,700</u>	<u>\$ 51,688</u>	<u>\$ 124,560</u>	<u>\$ 284,948</u>
<u>Financial assets at FVTOCI</u>				
Equity securities				
Domestic listed and emerging securities	\$ 11,235,587	\$ -	\$ -	\$ 11,235,587
Domestic and overseas unlisted securities	-	21,010	2,437,731	2,458,741
Mutual funds	<u>-</u>	<u>-</u>	<u>765,011</u>	<u>765,011</u>
	<u>\$ 11,235,587</u>	<u>\$ 21,010</u>	<u>\$ 3,202,742</u>	<u>\$ 14,459,339</u>

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, 2022 and 2021 were as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ 3,327,302	\$ 1,908,328
Additions	800,383	289,439
Recognized in other comprehensive income	190,439	1,146,473
Recognized in profit or loss	7,575	(563)
Reclassified to investments accounted for using equity method	(1,289,679)	-
Proceeds from capital reduction of investment	(1,000)	(4,500)
Effect of exchange rate changes	<u>64,540</u>	<u>(11,875)</u>
Balance at December 31	<u>\$ 3,099,560</u>	<u>\$ 3,327,302</u>

b. Categories of financial instruments

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

	<b>December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<u>Financial assets</u>				
Measured at amortized cost				
Cash and cash equivalents	\$ 20,402,936	\$ 20,402,936	\$ 30,914,427	\$ 30,914,427
Accounts receivable (included related parties)	9,873,405	9,873,405	12,154,855	12,154,855
Financial lease receivables (current and non-current)	220,182	220,182	-	-
Other receivables	558,836	558,836	1,267,026	1,267,026
Refundable deposits (recorded in other non-current assets)	573,743	573,743	529,290	529,290
Financial assets at fair value through profit or loss (current and non-current)	345,307	345,307	284,948	284,948
Financial assets at fair value through other comprehensive income (current and non-current)	17,644,661	17,644,661	14,459,339	14,459,339
<u>Financial liabilities</u>				
Measured at amortized cost				
Short-term borrowings	1,069,040	1,069,040	1,430,317	1,430,317
Notes and accounts payable (included related parties)	6,391,671	6,391,671	7,600,734	7,600,734
Payable on equipment and other payables	13,270,593	13,270,593	14,409,181	14,409,181
Bonds payable	9,968,462	9,968,462	9,956,086	9,956,086
Long-term borrowings (included current portion)	37,449,502	37,449,502	14,133,865	14,133,865
Guarantee deposits (recorded in other non-current liabilities)	2,473,353	2,473,353	2,072,448	2,072,448
Financial liabilities at fair value through profit or loss	7,412	7,412	-	-

c. Financial risk management objectives and policies

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

The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, and use of financial derivatives. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

## 1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses forward foreign exchange contracts to hedge the foreign currency risk on export.

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

### a) Foreign currency risk

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

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and an increase in net income and equity if New Taiwan dollars strengthen by 1% against foreign currencies. For a 1% weakening of New Taiwan dollars against U.S. dollars, there would be impact on net income increase in the amounts of NT\$76,527 thousand and NT\$66,323 thousand for the years ended December 31, 2022 and 2021, respectively.

### b) Interest rate risk

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

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash flow interest rate risk		
Financial assets	\$ 8,413	\$ 8,413
Financial liabilities	38,700,640	15,699,041

The sensitivity analyses below were determined based on the Group's exposure to interest rates for fair value of variable-rate derivatives instruments at the end of the reporting period. If interest rates had been higher by 1%, the Group's cash flows would have increased by NT\$386,922 thousand and NT\$156,906 thousand for the years ended December 31, 2022 and 2021, respectively.

## 2) Credit risk

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

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

3) Liquidity risk

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

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

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

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 2 Years</b>	<b>2-5 Years</b>	<b>Over 5 Years</b>
Lease liabilities	<u>\$ 571,527</u>	<u>\$ 572,922</u>	<u>\$ 1,556,508</u>

	<b>December 31, 2021</b>			
	<b>Within 1 Year</b>	<b>1-2 Years</b>	<b>Over 2 Years</b>	<b>Total</b>
Non-interest bearing	\$ 22,009,915	\$ 2,072,448	\$ -	\$ 24,082,363
Lease liabilities	378,266	330,741	2,765,867	3,474,874
Variable interest rate liabilities	2,002,441	1,641,429	12,055,171	15,699,041
Fixed interest rate liabilities	<u>212,976</u>	<u>-</u>	<u>10,000,000</u>	<u>10,212,976</u>
	<u>\$ 24,603,598</u>	<u>\$ 4,044,618</u>	<u>\$ 24,821,038</u>	<u>\$ 53,469,254</u>

Additional information about the maturity analysis for lease liabilities:

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

4) Transfers of financial assets

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

December 31, 2022: None.

December 31, 2021

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

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

### 31. RELATED PARTY TRANSACTIONS

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

<u>Related Party</u>	<u>Relationship with the Group</u>
Walsin Lihwa Corporation	Investor that exercises significant influence over the Group
Hwa Bao Botanic Conservation Corp.	Associate
Chin Xin Investment Co., Ltd.	Associate
TPSCo.	Associate (Note)
Nyquest Technology Co., Ltd.	Related party in substance
Walton Advanced Engineering Inc.	Related party in substance
Walton Advanced Engineering Ltd. (Suzhou)	Related party in substance
Chin Cherng Construction Co., Ltd.	Related party in substance
Walsin Technology Corporation	Related party in substance
United Industrial Gases Co., Ltd.	Related party in substance
Hannstar Display Corporation	Related party in substance
Glorystone Inc.	Related party in substance
Waltech Advanced Engineering (Suzhou) Ltd.	Related party in substance
CHIA-HO Green Energy Corporation	Related party in substance
Taiwan Cement Corporation	Related party in substance

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

- b. Operating activities

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
1) Operating revenue		
Related party in substance	\$ 3,506,794	\$ 4,040,351
Associate	<u>251,640</u>	<u>-</u>
	<u>\$ 3,758,434</u>	<u>\$ 4,040,351</u>

Price and terms were determined in accordance with mutual agreements.

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
2) Purchases of goods		
Associate		
TPSCo.	\$ 3,099,787	\$ -
Related party in substance		
TPSCo.	1,498,020	6,319,062
Others	<u>-</u>	<u>111,089</u>
	<u>\$ 4,597,807</u>	<u>\$ 6,430,151</u>

Price and terms were determined in accordance with mutual agreements.

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
3) Manufacturing expenses		
Related party in substance		
Walton Advanced Engineering Inc.	\$ 2,942,876	\$ 3,256,561
Others	2,021,444	2,970,167
Associate	<u>1,408,002</u>	<u>-</u>
	<u>\$ 6,372,322</u>	<u>\$ 6,226,728</u>
4) Operating expenses		
Associate	\$ 233,901	\$ -
Related party in substance	125,172	407,834
Investor that exercises significant influence over the Group	<u>14,078</u>	<u>13,788</u>
	<u>\$ 373,151</u>	<u>\$ 421,622</u>
5) Dividend income		
Investor that exercises significant influence over the Group		
Walsin Lihwa Corporation	\$ 355,200	\$ 199,800
Related party in substance		
HannStar Display Corporation	149,330	75,000
United Industrial Gases Co., Ltd.	67,118	62,000
Others	<u>58,488</u>	<u>67,495</u>
	<u>\$ 630,136</u>	<u>\$ 404,295</u>
6) Other income and expenses		
Associate	\$ 12,190	\$ 64
Related party in substance	<u>977</u>	<u>1,097</u>
	<u>\$ 13,167</u>	<u>\$ 1,161</u>
	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
7) Accounts receivable		
Related party in substance	\$ 700,437	\$ 639,262
Associate	<u>35,222</u>	<u>-</u>
	<u>\$ 735,659</u>	<u>\$ 639,262</u>

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
8) Accounts payable		
Related party in substance	\$ 936,286	\$ 1,344,195
Associate	<u>252,642</u>	<u>-</u>
	<u>\$ 1,188,928</u>	<u>\$ 1,344,195</u>
9) Other receivables and other current assets		
Associate		
TPSCo.	\$ 54,318	\$ -
Related party in substance		
TPSCo.	-	262,957
Others	<u>340</u>	<u>4,396</u>
	<u>\$ 54,658</u>	<u>\$ 267,353</u>
10) Other payables and other current liabilities		
Associate	\$ 188,807	\$ -
Related party in substance	155,132	217,462
Investor that exercises significant influence over the Group	<u>-</u>	<u>4</u>
	<u>\$ 343,939</u>	<u>\$ 217,466</u>
11) Refundable deposits (recorded in “other non-current assets”)		
Related party in substance	\$ 1,722	\$ 1,722
Investor that exercises significant influence over the Group	<u>203</u>	<u>203</u>
	<u>\$ 1,925</u>	<u>\$ 1,925</u>
12) Guarantee deposits (recorded in “other non-current liabilities”)		
Related party in substance	<u>\$ 250,594</u>	<u>\$ 225,869</u>

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

c. Acquisition of property, plant and equipment

	<b>Purchase Price</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Associate	\$ 112,128	\$ -
Related party in substance	<u>31,725</u>	<u>-</u>
	<u>\$ 143,853</u>	<u>\$ -</u>

d. Disposal of property, plant and equipment

	<u>Disposal Price</u>		<u>Gain (Loss) on Disposal</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Associate				
TPSCo.	\$ 72,749	\$ -	\$ 155	\$ -
Hwa Bao Botanic				
Conservation Corp.	55,200	-	36,181	-
Related party in substance				
Waltech Advanced				
Engineering (Suzhou) Ltd.	-	886,862	-	144,679
Others	<u>68</u>	<u>628</u>	<u>68</u>	<u>595</u>
	<u>\$ 128,017</u>	<u>\$ 887,490</u>	<u>\$ 36,404</u>	<u>\$ 145,274</u>

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

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

e. Disposal of intangible assets

	<u>Disposal Price</u>		<u>Gain (Loss) on Disposal</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Associate				
TPSCo.	<u>\$ 204,873</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ -</u>

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

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

f. Lease arrangements - the Group is lessee

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
1) Acquisition of right-of-use assets		
Investor that exercises significant influence over the Group	\$ 1,033	\$ -
Related party in substance	<u>-</u>	<u>1,350</u>
	<u>\$ 1,033</u>	<u>\$ 1,350</u>

	<u>December 31</u>	
	2022	2021
2) Lease liabilities		
Investor that exercises significant influence over the Group	\$ 5,845	\$ -
Related party in substance	<u>-</u>	<u>11,993</u>
	<u>\$ 5,845</u>	<u>\$ 11,993</u>
	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>

3) Interest expense		
Investor that exercises significant influence over the Group	\$ 89	\$ 20
Related party in substance	<u>87</u>	<u>273</u>
	<u>\$ 176</u>	<u>\$ 293</u>

g. Lease arrangements - the Group is lessor/sublease arrangements

Lease arrangements - sublease arrangement under operating leases

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

	<u>December 31</u>	
	2022	2021
1) Operating lease receivables		
Associate		
TPSCo.	\$ 19,770	\$ -
Related party in substance		
TPSCo.	<u>-</u>	<u>20,459</u>
	<u>\$ 19,770</u>	<u>\$ 20,459</u>
2) Future lease payment receivables		
Associate		
TPSCo.	\$ 1,402,999	\$ -
Related party in substance		
TPSCo.	<u>-</u>	<u>1,607,021</u>
	<u>\$ 1,402,999</u>	<u>\$ 1,607,021</u>

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
3) Lease income		
Associate TPSCo.	\$ 155,271	\$ -
Related party in substance TPSCo.	<u>55,912</u>	<u>237,011</u>
	<u>\$ 211,183</u>	<u>\$ 237,011</u>

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, 2022, the balance of finance lease receivables was NT\$220,182 thousand and no impairment loss was recognized for the year ended December 31, 2022. There was also no gain or loss on the disposal of equipment and intangible assets. The amounts of interest income under finance leases for the year ended December 31, 2022 were NT\$3,552 thousand.

h. Disposal of right-of-use assets

In June 2022, NTCJ transferred lease agreement of machinery equipment originally recorded as a right-of-use assets to TPSCo. and generated a gain on lease modification of approximately NT\$178,623 thousand. NTC recognized a deferred gain on lease modification of NT\$87,526 thousand based on its 49% shareholding ratio, which will be recognized in accordance with the remaining term of the contract.

i. Acquisition of shares

For the year ended December 31, 2022

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Investor that exercises significant influence over the Group				
Walsin Lihwa Corporation	Current financial assets at FVTOCI	25,527,493	Ordinary shares of Walsin Lihwa Corporation	\$ 765,825
Related party in substance				
CHIA-HO Green Energy Corporation	Non-current financial assets at FVTOCI	55,500,000	Ordinary shares of CHIA-HO Green Energy Corporation	555,000
Associate				
TPSCo.	Investments accounted for using equity method	30,919	Ordinary shares of TPSCo.	358,772
Hwa Bao Botanic Conservation Corp.	Investments accounted for using equity method	21,000	Ordinary shares of Hwa Bao Botanic Conservation Corp.	<u>210,000</u>
				<u>\$ 1,889,597</u>

For the year ended December 31, 2021: None.

j. Guarantee

Acquisition of guarantee

The chairman of NTC is a joint guarantor of the land-leasing from Taiwan Sugar Corporation. Refer to Note 15 to the consolidated financial statements.

k. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employment benefits	\$ 964,014	\$ 619,221
Post-employment benefits	<u>9,447</u>	<u>25,570</u>
	<u>\$ 973,461</u>	<u>\$ 644,791</u>

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

### 32. PLEDGED AND COLLATERALIZED ASSETS

Refer to Notes 6, 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 as of December 31, 2022 and 2021 were approximately US\$3,957 thousand and US\$75,493 thousand, JPY321,200 thousand and JPY310,190 thousand and EUR0 thousand and EUR550 thousand, respectively.
- b. The Company's unrecognized commitments were as follows:

	<b>December 31, 2022</b>
Acquisition of property, plant and equipment	<u>\$ 23,102,440</u>

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

### 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:

	December 31					
	2022			2021		
	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollars (In Thousands)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollars (In Thousands)
<u>Financial assets</u>						
Monetary items						
USD	\$ 417,963	30.71	\$ 12,835,638	\$ 449,183	27.68	\$ 12,433,390
USD	57,785	132.14 (Note 2)	1,774,585	35,252	115.09 (Note 2)	975,769
EUR	1,546	32.72	50,594	1,390	31.32	43,527
JPY	3,612,672	0.2324	839,585	2,165,741	0.2405	520,861
RMB	13,695	4.408	60,366	126,013	4.344	547,400
ILS	9,720	8.7301	84,860	9,584	8.8912	85,210
SGD	2,308	22.88	52,814	522	20.46	10,687
<u>Financial liabilities</u>						
Monetary items						
USD	195,653	30.71	6,008,507	214,994	27.68	5,951,028
USD	31,253	132.14 (Note 2)	959,778	30,482	115.09 (Note 2)	843,735
EUR	3,530	32.72	115,492	49,260	31.32	1,542,839
JPY	3,615,868	0.2324	840,328	3,844,180	0.2405	924,525
ILS	14,046	8.7301	122,624	22,798	8.8912	202,702

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

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

For the years ended December 31, 2022 and 2021, 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. 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:

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

b. Information on investments: Refer to Table 7 attached.

c. Information on investment in mainland China

1)	The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits (losses) of investee, ending balance, amount received as dividends from the investee, and the limitation on investee.	Table 8
2)	Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports.  a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.  b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.  c) The amount of property transactions and the amount of the resultant gains or losses.  d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.  e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.  f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.	Table 8

d. Information on major shareholders: Refer to Table 10 attached.

### 36. SEGMENT INFORMATION

a. Basic information about operating segment

1) Classification of operating segments

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

a) Segment of DRAM IC product

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

b) Segment of Flash Memory product

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

c) Segment of Logic IC product

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

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

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

b. Segment revenues and operating results

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

	Segment Revenue		Segment Profit and Loss	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
DRAM IC product	\$ 21,928,754	\$ 26,386,578	\$ 7,071,962	\$ 8,143,308
Flash Memory product	29,863,054	31,895,039	13,294,130	13,516,475
Logic IC product	<u>41,640,173</u>	<u>41,086,910</u>	<u>8,689,183</u>	<u>7,647,126</u>
Total of segment revenue	93,431,981	99,368,527	29,055,275	29,306,909
Other revenue	<u>1,097,809</u>	<u>201,397</u>	1,097,809	201,397
Operating revenue	<u>\$ 94,529,790</u>	<u>\$ 99,569,924</u>		
Unallocated expenditure				
Administrative and supporting expenses			(8,301,233)	(6,044,264)
Sales and other common expenses			<u>(5,317,270)</u>	<u>(5,036,120)</u>
Income from operations			<u>16,534,581</u>	<u>18,427,922</u>
Non-operating income and expenses				
Interest income			154,580	58,948
Dividend income			634,979	404,585
Other income			540,182	477,608
Share of profit (loss) of associates			512,295	197,908
Gains (losses) on disposal of property, plant and equipment			357,146	174,642
Gains (losses) on disposal of intangible assets			91	(4,803)
Gains (losses) on disposal of investments			-	(436)
Gains (losses) on disposal of non-current held for sale assets			36,181	30,371
Gains (losses) on foreign exchange			968,662	(106,710)

(Continued)

	<u>Segment Revenue</u>		<u>Segment Profit and Loss</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Gains (losses) on financial instruments at fair value through profit or loss			\$ (962,983)	\$ 64,345
Interest expense			(94,874)	(205,883)
Other expenses			(522,402)	(512,458)
Impairment loss recognized on property, plant and equipment			<u>(112,266)</u>	<u>(782,949)</u>
Income before income tax			<u>\$ 18,046,172</u>	<u>\$ 18,223,090</u>

(Concluded)

c. Geographical information

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

	<u>Revenue from</u>		<u>Non-current Assets</u>	
	<u>External Customers</u>		<u>December 31</u>	
	<u>For the Year Ended</u>		<u>December 31</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Asia	\$ 85,135,882	\$ 92,987,128	\$ 100,482,950	\$ 66,879,643
Americas	5,412,842	3,779,368	203,979	189,773
Europe	3,584,558	2,545,900	-	-
Others	<u>396,508</u>	<u>257,528</u>	<u>-</u>	<u>-</u>
	<u>\$ 94,529,790</u>	<u>\$ 99,569,924</u>	<u>\$ 100,686,929</u>	<u>\$ 67,069,416</u>

d. Major customer information

For the years ended December 31, 2022 and 2021, the Group's operating revenue were NT\$94,529,790 thousand and NT\$99,569,924 thousand and single customer contacting 10% or more to the Group's operating revenue were NT\$14,393,996 thousand and NT\$13,524,520 thousand, respectively. For the years ended December 31, 2022 and 2021, there was no other individual customer exceeded 10% of the Group's operating revenue.

TABLE 1

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	WEC	NTCJ	NTC's indirect subsidiary with 100% ownership	\$ 17,103,199 (Note 1)	\$ 10,706,900 (JPY 46,071,000) (Note 3)	\$ 6,972,000 (JPY 30,000,000) (Note 3)	\$ 952,840 (JPY 4,100,000)	\$ -	7.40	\$ 47,081,498 (Note 5)	Y	N	N	
1	NTC	NTCJ	Subsidiary	17,565,938 (Note 2)	2,080,810 (JPY 5,650,000) and (USD 25,000) (Note 4)	2,080,810 (JPY 5,650,000) and (USD 25,000) (Note 4)	659,040 (JPY 287,980) and (USD 19,281)	-	11.85	17,565,938 (Note 6)	Y	N	N	

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

Note 2: NTC's maximum amount endorsed are limited to 20% of the net equity in latest financial statements of NTC or the net value of the endorsee company, whichever is lower. NTC's limitation of maximum endorse amount as described are not limited to subsidiaries that directly or indirectly hold more than 50% of voting shares.

Note 3: The ending balance is approved by the boards of directors of WEC.

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

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

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

TABLE 2

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	
WEC	Shares Walsin Lihwa Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman. As WEC's corporate director, the investee held 22.20% ownership interest in WEC.	Current financial assets at fair value through other comprehensive income	247,527,493	\$ 11,683,298	7	\$ 11,683,298
	Hannstar Display Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	"	150,000,210	1,672,502	5	1,672,502
	Walsin Technology Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	"	8,400,117	663,609	2	663,609
	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	568,211	10	568,211
	Cathay Financial Holdings Co., Ltd.	None	"	5,305	212	-	212
	Shares Hsin Chu Golf Country Club	None	Non-current financial assets at fair value through other comprehensive income	3	12,450	-	12,450
	Linkou Golf Course Corporation	None	"	1	10,110	-	10,110
	Intellectual Property Innovation Corporation	WEC as the investee's director	"	1,000,000	7,671	10	7,671
	Harbinger III Venture Capital Corp.	WEC as the investee's supervisor	"	5,440	124	5	124
	Smart Catch International Co., Ltd.	None	"	4,000,000	-	16	-
	CHIA-HO Green Energy Corporation	WEC's chairman as an independent director of the investee's parent company	"	55,500,000	548,709	15	548,709
	Preferred stocks Fubon Financial Holding Co., Ltd.	None	Current financial assets at fair value through profit or loss	182,000	10,993	-	10,993
	Preferred Shares B (2881A)	None	"	65,000	3,679	-	3,679
	Cathay Financial Holding Co., Ltd.	None	"	829,000	29,761	-	29,761
	Preferred Stock B (2882A)	None	"				
	Shin Kong Financial Holding Co., Ltd.	None	"				
	Preferred Shares B (2888B)	None	"				

(Continued)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	
WECA	Shares Kneron Holding Company	None	Current financial assets at fair value through profit or loss	377,808	USD 2,000	1	USD 2,000
	Funds Vanguard Short-Term Corporate Bond ETF (VCSH)	None	Current financial assets at fair value through profit or loss	24,000	USD 1,804	-	USD 1,804
	iShares National Muni Bond ETF (MUB)	None	"	17,000	USD 1,794	-	USD 1,794
	JVP VIII, L.P.	None	Non-current financial assets at fair value through other comprehensive income	-	USD 25,191	7	USD 25,191
	JVP X Funds	None	"	-	USD 14,922	4	USD 14,922
WECJ	Shares Nihon Computer Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	10	JPY -	1	JPY -
GLMTD	Shares TEGNA Electronics Private Limited	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	3,001,000	INR 30,010	10	INR 30,010
NTC	Shares Yu-Ji Venture Capital Co., Ltd.	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	575,000	9,844	5	9,844
	Brightek Optoelectronic Co., Ltd.	None	"	34,680	919	-	919
	United Industrial Gases Co., Ltd.	The held company as the investee's director	"	8,800,000	492,800	4	492,800
	Autotalks Ltd. - Preferred E. Share	None	"	3,932,816	614,200	9	614,200
	Warrants Autotalks Ltd.	None	Non-current financial assets at fair value through profit or loss	-	76,775	-	76,775
	Allxon Inc.	None	"	-	45,000	-	45,000
SYI	Shares Nyquest Technology Co., Ltd.	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	1,650,000	116,985	5	116,985
NTCJ	Shares Symatrix Corporation	None	Non-current financial assets at fair value through other comprehensive income	50,268	-	1	-

Note: Refer to Tables 7 and 8 for information of investment in subsidiaries, investments in associates and investment in mainland China.

(Concluded)

TABLE 3

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Ending Balance		
					Number of Shares	Cost Amount	Number of Shares	Cost Amount	Number of Shares	Amount	Carrying Amount (Note 3)	Gain (Loss) on Disposal	Number of Shares
WEC	Walsin Lihwa Corporation	Current financial assets at FVTOCI	Issuance of ordinary shares in cash	Investor that exercises significant influence over the Group	222,000,000	\$ 2,082,335	25,527,493	\$ 765,825	-	\$ -	-	247,527,493	\$ 2,848,160
	CHIA-HO Green Energy Corporation	Non-current financial assets at FVTOCI	Issuance of ordinary shares in cash	Related party in substance	-	-	55,500,000	555,000	-	-	-	55,500,000	555,000
NTCJ	TPSCo.	Investments accounted for using equity method	TPSCo.	Parent company	14,700 (Note)	1,289,679	30,919	358,772	-	-	-	45,619	1,710,869

Note: Under the business acquisition agreement, if TPSCo. turns a net profit during the period of the effective date of the acquisition (September 1, 2020) to March 31, 2022, NTC. is required to pay Panasonic Corporation the net profit based on its ownership proportion. Thus, NTC has no significant influence over TPSCo. during the period aforementioned. TPSCo. was recognized as non-current financial assets at fair value through other comprehensive income. Starting from April 2022, the restriction has been waived for NTC, and NTC has significant influence over TPSCo.; accordingly, TPSCo. has been accounted for using the equity method. Share of profit (loss) was recognized as from April 2022 for the period.

TABLE 4

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Company Name	Property	Event Date	Transaction Amount	Payment Term	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is A Related Party			Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date			
WEC	Buildings	2022.01.23-2022.12.08	\$ 425,823	Monthly settlement by the construction progress and acceptance	L&K Engineering Co., Ltd.	None	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None
	Buildings	2022.01.23-2022.12.22	638,728	Monthly settlement by the construction progress and acceptance	Wholetech System Hitech Ltd.	None	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None
	Buildings	2022.01.23-2022.12.22	454,092	Monthly settlement by the construction progress and acceptance	Jer Yih Electrical Co., Ltd.	None	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None
	Buildings	2022.06.16-2022.12.18	331,348	Monthly settlement by the construction progress and acceptance	Mega Union Technology Incorporated	None	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None
	Buildings	2022.01.23-2022.12.22	341,842	Monthly settlement by the construction progress and acceptance	Rayzher Industrial Co., Ltd.	None	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None

TABLE 5

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	
WEC	WEHK WECJ WECN WECA NTC	Direct subsidiary with 100% ownership Direct subsidiary with 100% ownership Indirect subsidiary with 100% ownership Indirect subsidiary with 100% ownership Direct subsidiary with 51% ownership	Sales Sales Sales Sales Sales	\$ 7,349,083 5,640,271 2,914,234 1,661,541 173,887	14 11 6 3 -	Net 90 days from invoice date Net 30 days from invoice date	N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A	\$ 553,174 461,590 1,135 140,764 21,464	12 10 - 3 -
WEHK	WEC	Parent company	Purchases	USD 249,304	100	Net 90 days from invoice date	N/A	N/A	USD (18,013)	(100)
WECJ	WEC NTC	Parent company Direct subsidiary with 51% ownership	Purchases Purchases	JPY 24,946,747 659,811	97 3	Net 90 days from invoice date Net 90 days from invoice date	N/A N/A	N/A N/A	JPY (1,994,248) JPY (142,480)	(93) (7)
WECN	WEC	Parent company	Purchases	RMB 662,557	100	Net 90 days from invoice date	N/A	N/A	RMB (257)	(100)
WECA	WEC	Parent company	Purchases	USD 56,502	100	Net 90 days from invoice date	N/A	N/A	USD (4,584)	(95)
NTC	NTHK	NTC's direct subsidiary with 100% ownership	Sales	8,079,378	41	Net 90 days from invoice date	N/A	N/A	141,110	12
NTC	NTCJ	NTC's indirect subsidiary with 100% ownership	Purchases	1,961,416	24	Net 15 days end of the month	N/A	N/A	(158,632)	(10)
NTC	Waltech Advanced Engineering (Suzhou) Ltd.	Related party in substance	Purchases	1,045,764	13	Net 15 days end of the month	N/A	N/A	(448,177)	(28)
NTC	NTSG	NTC's direct subsidiary with 100% ownership	Purchases	335,654	4	Net 15 days end of the month	N/A	N/A	(84,559)	(5)
NTC	NTCA	NTC's direct subsidiary with 100% ownership	Sales	262,269	1	Net 90 days from invoice date	N/A	N/A	108,679	9
NTC	WEC	Parent company	Purchases	173,354	2	Net 30 days from invoice date	N/A	N/A	(20,828)	(1)
NTC	WECJ	Direct subsidiary with 100% ownership	Sales	149,214	1	Net 90 days from invoice date	N/A	N/A	33,052	3
NTC	Nyquest Technology Co., Ltd.	Related party in substance	Sales	229,401	1	Net 45 days from invoice date	N/A	N/A	15,704	1
NTHK	NTC	Parent company	Purchases	USD 271,014	100	Net 90 days from invoice date	N/A	N/A	USD (4,595)	(100)
NTCA	NTC	Parent company	Purchases	USD 8,744	100	Net 90 days from invoice date	N/A	N/A	USD (3,539)	(100)

(Continued)

Company Name	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	
NTCJ	NTC	Parent company	Sales	USD 65,019	8	Net 15 days end of the month	N/A	N/A	USD 5,165	5
NTSG	NTC NTCJ	Parent company NTC's indirect subsidiary with 100% ownership	Sales Sales	USD 10,791 USD 141,550	3 45	Net 15 days end of the month Net 10 days end of the month	N/A N/A	N/A N/A	USD 2,741 USD 16,902	9 56
NTCJ	NTSG	NTC's direct subsidiary with 100% ownership	Purchases	JPY 19,356,022	37	Net 10 days end of the month	N/A	N/A	JPY (2,233,479)	(25)
NTSG	NTCJ	NTC's direct subsidiary with 100% ownership	Sales	JPY 26,308,826	26	Net 10 days end of the month	N/A	N/A	JPY 1,871,831	14
NTCJ	NTCJ	NTC's indirect subsidiary with 100% ownership	Purchases	USD 202,508	69	Net 10 days end of the month	N/A	N/A	USD (14,165)	(71)
NTCJ	TPSCo. Waltech Advanced Engineering (Suzhou) Ltd.	Associate Related party in substance	Purchases Sales	JPY 20,139,308 JPY 13,025,750	39 13	Net 10 days end of the month Net 10 days end of the month	N/A N/A	N/A N/A	JPY (1,087,101) JPY 2,864,430	(12) 21
NTSG	Waltech Advanced Engineering (Suzhou) Ltd.	Related party in substance	Sales	USD 7,786	3	Net 10 days end of the month	N/A	N/A	USD 619	2
AMTC	TPSCo.	Associate	Sales	JPY 1,305,035	50	Net 10 days end of the month	N/A	N/A	JPY 138,201	62

(Concluded)

TABLE 6

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
WEC	WEHK	Direct subsidiary with 100% ownership	\$ 553,174	10.55	-	-	\$ 481,835	-
	WECJ	Direct subsidiary with 100% ownership	461,590	9.68	-	-	-	-
	WECA	Indirect subsidiary with 100% ownership	140,764	7.47	-	-	-	-
WECA	WEC	Parent company	USD 5,591	(Note)	-	-	USD 1,571	-
NTC	NTHK	NTC's direct subsidiary with 100% ownership	141,110	91.16	-	-	141,110	-
	NTCA	NTC's direct subsidiary with 100% ownership	108,679	3.49	-	-	108,679	-
NTSG	NTCJ	NTC's indirect subsidiary with 100% ownership	USD 16,902	9.69	-	-	USD 16,902	-
NTCJ	NTSG	NTC's direct subsidiary with 100% ownership	JPY 1,871,831	14.11	-	-	JPY 1,871,831	-
	NTC	Direct subsidiary with 51% ownership	USD 5,165	17.08	-	-	USD 5,165	-
	Waltech Advanced Engineering (Suzhou) Ltd.	Related party in substance	JPY 2,864,430	4.91	-	-	JPY 2,864,430	-

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

TABLE 7

## 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, 2022  
 (In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares	As of December 31, 2022		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021		%	Carrying Amount			
Winbond Electronics Corp.	Navotek Technology Corporation	Taiwan	Research, design, development, manufacture and marketing of Logic IC's on chip for product, test, and OEM	\$ 4,436,920	\$ 4,436,920	214,954,635	51.00	\$ 8,941,174	\$ 4,220,773	\$ 2,161,530	
	Winbond International Corporation	British Virgin Islands	Investment holding	2,758,517	2,758,517	87,960,000	100.00	2,067,311	30,439	30,439	
	Winbond Electronics (HK) Limited	Hong Kong	Sales, distributor and investment holding	178,158	278,158	71,150,000	100.00	581,154	129,345	129,338	
	Miraxia Edge Technology Corporation	Japan	Software and hardware integration design of semiconductor	167,660	167,660	4,000	100.00	234,733	69,921	69,921	
	Landmark Group Holdings Ltd.	British Virgin Islands	Investment holding	168,755	168,755	5,343,000	100.00	185,332	51,954	51,954	
	Winbond Electronics Corporation Japan	Japan	Research, development, sales and after-sales service of semiconductor	190,070	-	2,970	100.00	312,463	147,128	101,815	
	Great Target Development Ltd.	Seychelles	Investment holding	155,663	155,663	4,470,000	100.00	132,048	(404)	(404)	
	Callisto Holding Limited	Hong Kong	Electronic commerce and investment holding	156,292	156,292	40,000,000	100.00	95,763	(17,185)	(17,185)	
	Winbond Technology Ltd.	Israel	Design and service of semiconductor	21,242	21,242	100,000	100.00	87,383	12,301	12,301	
	Winbond Electronics Germany GmbH	Germany	Marketing service of semiconductor	28,679	28,679	850,000	100.00	25,717	673	673	
	Pine Capital Investment Limited	Hong Kong	Investment holding	2,967	2,967	780,000	100.00	2,929	26	26	
	Chin Xin Investment Co., Ltd.	Taiwan	Investment holding	1,874,825	1,874,825	182,840,999	38.00	7,996,268	1,026,111	386,750	
	Hwa Bao Botanic Conservation Corp.	Taiwan	Agriculture and forestry botanic conservation	240,000	30,000	24,000,000	30.00	264,303	(5,630)	(1,316)	
Winbond International Corporation	Winbond Electronics Corporation America	United States of America	Design, sales and service of semiconductor	1,683,207	1,683,207	3,067	100.00	2,097,702	30,487	30,487	
Landmark Group Holdings Ltd.	Winbond Electronics Corporation Japan	Japan	Research, development, sales and after-sales service of semiconductor	-	112,644	-	-	-	147,128	45,313	
Callisto Holding Limited	Callisto Technology Limited	Hong Kong	Electronic commerce and investment holding	30,895	30,895	1,000,000	100.00	30,362	(192)	(192)	
Great Target Development Ltd.	GLMTD Technology Private Limited	India	Sales and service of semiconductor	135,415	135,415	27,998,400	99.99	102,348	(6)	(6)	
Miraxia Edge Technology Corporation	Miraxia Technology Taiwan Corporation	Taiwan	Development of software and services for automotive and industrial control	3,000	-	300,000	100.00	3,000	(524)	(524)	
Navotek Technology Corporation	Navotek Electronics Technology (HK) Limited	Hong Kong	Sales of semiconductor	427,092	427,092	107,400,000	100.00	611,146	66,834	66,834	
	Marketplace Management Limited	British Virgin Islands	Investment holding	271,987	271,987	1,897,790	100.00	248,197	(9,224)	(9,224)	
	Navotek Investment Holding Ltd.	British Virgin Islands	Investment holding	590,953	590,953	17,960,000	100.00	368,652	(17,278)	(17,278)	
	Song Yo Technology Corporation	Taiwan	Investment holding	38,500	38,500	3,850,000	100.00	147,758	14,445	14,445	
	Navotek Technology India Private Limited	India	Investment holding	30,211	30,211	600,000	100.00	21,647	1,186	1,186	
	Navotek Technology Corporation America	United States of America	Design, sales and service of semiconductor	190,862	190,862	60,500	100.00	210,631	10,280	10,280	
	Navotek Technology Singapore Pte. Ltd.	Singapore	Design, sales and service of semiconductor	1,319,054	1,319,054	45,100,000	100.00	1,959,771	168,131	168,131	
	Navotek Technology Korea Limited	Korea	Design, sales and service of semiconductor	30,828	30,828	125,000	100.00	12,708	907	907	
	Navotek Technology Holdings Japan	Japan	Investment holding	5,927,849	5,927,849	100	100.00	7,567,843	1,352,222	1,352,222	
Marketplace Management Limited	Goldbond LLC	United States of America	Investment holding	1,473,559	1,473,559	-	100.00	285,197	(16,951)	(16,951)	
Navotek Investment Holding Ltd.	Navotek Technology Israel Ltd.	Israel	Design and service of semiconductor	46,905	46,905	1,000	100.00	294,012	(3,737)	(3,737)	
Navotek Technology Holdings Japan	Navotek Technology Corporation Japan	Japan	Design, sales and service of semiconductor	111,520	111,520	9,480	100.00	11,402,133	1,352,086	1,352,086	
Navotek Technology Corporation	Aifields Manufacturing Technology Corporation	Japan	Design and service of semiconductor	55,760	55,760	4,000	100.00	233,534	91,737	91,737	
Japan	Tower Partners Semiconductor Co., Ltd.	Japan	Foundry and sales of semiconductor	1,648,451	-	45,619	49.00	1,710,869	493,050	126,861	

Note 1: The acquisition of 100% ownership of WECJ from Landmark was approved by WEC's board meeting on August 4, 2022. The acquisition date was set on November 30, 2022.

Note 2: Miraxia Technology Taiwan Corporation was established in November 2022.

Note 3: Share of profit (loss) includes downstream and upstream transactions.

Note 4: Under the business acquisition agreement, if TPSCo. turns a net profit during the period of the acquisition (September 1, 2020) to March 31, 2022, NTC is required to pay Panasonic Corporation the net profit based on its ownership proportion. Thus, NTC has no significant influence over TPSCo. during the period aforementioned. TPSCo. was recognized as non-current financial assets at fair value through other comprehensive income. Starting from April 2022, the restriction has been waived for NTC, and NTC has significant influence over TPSCo., accordingly, TPSCo. has been accounted for using the equity method. Share of profit (loss) was recognized as from April 2022 for the period.

Note 5: Refer to Table 8 for information on investment in mainland China.

TABLE 8

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 1)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
WEC	Winbond Electronics (Suzhou) Limited	Design, development and marketing of VLSI integrated ICs	\$ 276,435 (USD 9,000)	Through investing in WHEK in the third area, which then invested in the investee in Mainland China indirectly	\$ -	\$ -	\$ 276,435 (USD 9,000)	\$ 38,278	100	\$ 38,278	\$ 419,622	\$ 35,880
NTC	Navoton Electronics Technology (Shanghai) Limited	Provide projects for sale in China and repairing, testing, consulting of software and equipment lease of semiconductor	68,036 (USD 2,000)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in Mainland China indirectly	-	-	68,036 (USD 2,000)	(16,630)	51	(8,516)	147,465	-
	Winbond Electronics (Nanjing) Ltd.	Computer software service (except I.C. design)	16,429 (USD 500)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in Mainland China indirectly	-	-	16,429 (USD 500)	-	51	-	(1,556) (Note 2)	-
	Navoton Electronics Technology (Shenzhen) Limited	Computer software service (except I.C. design), wholesale business for computer, supplement and software	197,670 (USD 6,000)	Through investing in NTHK in the third area, which then invested in the investee in Mainland China indirectly	-	-	197,670 (USD 6,000)	4,749	51	2,432	117,041	-
NTSH	Song Zhi Electronics Technology (Suzhou)	Provide development of semiconductor and technology, consult service and equipment leasing business	8,688 (CNY 2,000) (Note 3)	Through investing in NTSH in the third area, which then invested in the investee in Mainland China indirectly	-	-	- (Note 3)	(16)	51	(8)	4,203	-

Note 1: Investment profit or loss for the year ended December 31, 2022 was recognized under the basis of the financial statements audited by the Company's auditor.

Note 2: WENJ has a negative net book value as of December 31, 2022, which is reclassified to other non-current liabilities.

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

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

Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stimulated by Investment Commission, MOEA (Note 4)	
WEC	\$ 276,435 (USD9,000)	\$ 276,435 (USD9,000)	\$	56,497,798
NTC	282,135 (USD8,500)	282,135 (USD8,500)		10,539,562

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

3. Refer to Table 5 for significant transactions with the investee in mainland China directly and indirectly through investing in companies in the third area.

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

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

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

TABLE 9

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			Percentage of Consolidated Total Gross Sales or Total Assets (%)
				Financial Statement Account	Amount	Terms	
0	WEC	WEHK WEHK WECA WECA WECA WECJ WECJ WECJ WTL WECN NTC	Transactions between parent company and subsidiaries Transactions between parent company and subsidiaries	Operating revenue Accounts receivable due from related parties Operating revenue Operating expenses Other payables Accounts receivable due from related parties Operating revenue Accounts receivable due from related parties Accounts receivable due from related parties Operating expenses Operating expenses Operating revenue Operating revenue	\$ 7,349,083 553,174 1,661,541 577,400 171,691 140,764 5,640,271 461,590 265,877 380,023 2,914,234 173,887	- - - - - - - - - - - -	8 - 2 1 - - 6 - - - 3 -
1	WECJ	NTC	Transactions between subsidiaries	Purchases of goods	149,108	-	-
2	NTC	NTHK NTHK NTIL NTCA NTCA NTCA NTCJ NTCJ NTSG	Transactions between parent company and subsidiaries Transactions between parent company and subsidiaries	Operating revenue Accounts receivable due from related parties Operating expenses Operating expenses Operating revenue Accounts receivable due from related parties Operating costs Accounts payable due to related parties Operating costs	8,079,378 141,110 1,136,241 417,532 262,269 108,679 1,961,416 158,632 335,654	- - - - - - - - -	9 - 1 - - - 2 - -
3	NTCJ	NTSG NTSG	Transactions between subsidiaries Transactions between subsidiaries	Operating revenue Accounts receivable due from related parties	JPY 26,308,826 JPY 1,871,831	- -	6 -
4	NTSG	NTCJ NTCJ	Transactions between subsidiaries Transactions between subsidiaries	Operating revenue Accounts receivable due from related parties	USD 141,550 USD 16,902	- -	4 -
5	AMTC	NTCJ	Transactions between subsidiaries	Other operating revenue	JPY 1,489,444	-	-

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 NTS\$100 million.

**WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

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

Note 1: Table 10 is based on the information on the last business day of the quarter provided by the Taiwan Depository & Clearing Corporation (TDCC). The TDCC calculate the total number of ordinary shares and preferred shares held by shareholders who retain more than 5% of the Company's share (including treasury shares) that have delivered without physical registration. The number of shares in the Company's consolidated financial report and the actual number of shares delivered without physical registration may differ due to the different calculation basis.

Note 2: As per information above, if the shareholder delivers the shares to the trust, shares will be disclosed based on the trustee's account. Additionally, according to the Securities and Exchange Act, internal stakeholder whom holds more than 10% of the Company's share, which includes shares held by the stakeholder and parts delivered to the trust that have decision making rights, should be declared. For information regarding internal stakeholder declaration, please refer to the Market Observation Post System website of the Taiwan Stock Exchange Corporation.

**Winbond Electronics Corporation**

**Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' Report**

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Winbond Electronics Corporation

### Opinion

We have audited the accompanying financial statements of Winbond Electronics Corporation (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Occurrence of Sales Revenue from Specific Series of Flash Memory Products

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

As the gross profit margin and the proportion of sales revenue from the specific series of flash memory products are higher than that of other product series, and given that the gross profit of the specific series is significant to the net income of the year, we considered the occurrence of sales revenue from specific series of products as a key audit matter of the Company's financial statements for the year ended December 31, 2022.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 16, 2023

Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.*

## WINBOND ELECTRONICS CORPORATION

### BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 8,684,164	6	\$ 20,226,289	16
Current financial assets at fair value through profit or loss (Notes 4 and 7)	48,712	-	50,057	-
Current financial assets at fair value through other comprehensive income (Notes 4 and 8)	14,587,832	9	10,977,904	9
Accounts receivable, net (Notes 4 and 9)	3,588,202	2	5,556,897	4
Accounts receivable due from related parties, net (Note 26)	1,179,039	1	1,944,639	2
Other receivables (Note 26)	256,731	-	283,312	-
Inventories (Notes 4, 5 and 10)	13,044,368	8	9,195,814	7
Other current assets	861,614	1	680,687	1
Total current assets	42,250,662	27	48,915,599	39
<b>NON-CURRENT ASSETS</b>				
Non-current financial assets at fair value through other comprehensive income (Notes 4 and 8)	579,064	-	29,086	-
Investments accounted for using equity method (Notes 4 and 11)	20,926,478	14	18,878,347	15
Property, plant and equipment (Notes 4 and 12)	87,575,274	56	55,352,300	44
Right-of-use assets (Notes 4 and 13)	1,562,419	1	1,558,921	1
Investment properties (Notes 4 and 14)	275,254	-	285,814	-
Intangible assets (Notes 4 and 15)	18,158	-	43,999	-
Deferred income tax assets (Notes 4 and 21)	810,000	1	445,000	1
Other non-current assets (Notes 6 and 26)	2,009,285	1	435,513	-
Total non-current assets	113,755,932	73	77,028,980	61
<b>TOTAL</b>	<b>\$ 156,006,594</b>	<b>100</b>	<b>\$ 125,944,579</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ -	-	\$ 1,430,417	1
Notes payable	102,011	-	61,648	-
Accounts payable	2,691,742	2	3,520,195	3
Accounts payable due to related parties (Note 26)	462,039	-	913,581	1
Payables on machinery and equipment	3,382,521	2	4,393,748	3
Other payables (Note 26)	5,423,560	4	5,157,125	4
Current tax liabilities (Notes 4 and 21)	1,386,821	1	2,256,788	2
Lease liabilities - current (Notes 4 and 13)	87,383	-	75,578	-
Long-term borrowings - current portion (Note 16)	3,100,000	2	785,000	1
Other current liabilities	75,372	-	93,942	-
Total current liabilities	16,711,449	11	18,688,022	15
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 17)	9,968,462	7	9,956,086	8
Long-term borrowings (Notes 16 and 23)	32,849,502	21	11,848,865	9
Lease liabilities - non-current (Notes 4 and 13)	1,541,922	1	1,535,495	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	379,105	-	944,555	1
Other non-current liabilities (Note 26)	393,158	-	527,443	1
Total non-current liabilities	45,132,149	29	24,812,444	20
Total liabilities	61,843,598	40	43,500,466	35
<b>EQUITY (Note 19)</b>				
Share capital	39,800,002	25	39,800,002	32
Capital surplus	7,785,918	5	7,786,124	6
Retained earnings				
Legal reserve	3,434,165	2	2,074,570	2
Unappropriated earnings	28,780,952	19	20,733,450	16
Exchange differences on translation of the financial statements of foreign operations	(654,652)	(1)	(861,389)	(1)
Unrealized gains on financial assets measured at fair value through other comprehensive income	15,016,611	10	12,911,356	10
Total equity	94,162,996	60	82,444,113	65
<b>TOTAL</b>	<b>\$ 156,006,594</b>	<b>100</b>	<b>\$ 125,944,579</b>	<b>100</b>

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

# WINBOND ELECTRONICS CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 26)	\$ 51,139,171	100	\$ 57,532,802	100
OPERATING COSTS (Notes 10 and 26)	<u>27,181,153</u>	<u>53</u>	<u>32,775,614</u>	<u>57</u>
GROSS PROFIT	<u>23,958,018</u>	<u>47</u>	<u>24,757,188</u>	<u>43</u>
OPERATING EXPENSES (Note 26)				
Selling expenses	1,229,028	3	1,200,719	2
General and administrative expenses	4,672,592	9	2,756,183	5
Research and development expenses	6,610,718	13	6,088,149	10
Expected credit (gain) loss (Note 9)	<u>(39,000)</u>	<u>-</u>	<u>34,000</u>	<u>-</u>
Total operating expenses	<u>12,473,338</u>	<u>25</u>	<u>10,079,051</u>	<u>17</u>
INCOME FROM OPERATIONS	<u>11,484,680</u>	<u>22</u>	<u>14,678,137</u>	<u>26</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	59,527	-	25,480	-
Dividend income (Note 26)	551,906	1	336,520	-
Other income (Notes 23 and 26)	164,340	-	87,948	-
Share of profit (loss) of subsidiaries and associates	2,925,842	6	1,985,911	3
Gains (losses) on disposal of property, plant and equipment (Note 26)	53,438	-	41,973	-
Gains (losses) on disposal of non-current held for sale assets	36,181	-	30,371	-
Gains (losses) on foreign exchange (Note 29)	809,964	2	(109,015)	-
Gains (losses) on financial instruments at fair value through profit or loss	(822,862)	(2)	48,733	-
Interest expense (Notes 13, 23 and 26)	(59,527)	-	(136,158)	-
Other expenses	(159,052)	-	(165,769)	-
Gains (losses) on disposal of investments	-	-	(436)	-
Impairment loss recognized on property, plant and equipment (Note 12)	<u>(112,266)</u>	<u>-</u>	<u>(782,949)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>3,447,491</u>	<u>7</u>	<u>1,362,609</u>	<u>2</u>
INCOME BEFORE INCOME TAX	14,932,171	29	16,040,746	28
INCOME TAX EXPENSE (Notes 4 and 21)	<u>2,005,006</u>	<u>4</u>	<u>2,446,103</u>	<u>4</u>
NET INCOME	<u>12,927,165</u>	<u>25</u>	<u>13,594,643</u>	<u>24</u>

(Continued)

# WINBOND ELECTRONICS CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
Gains (losses) on remeasurement of defined benefit plans (Note 18)	\$ 92,216	-	\$ (51,661)	-
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	2,857,430	6	2,176,120	4
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	(384,459)	(1)	2,646,694	4
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	(43,322)	-	(22,955)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	<u>250,059</u>	<u>1</u>	<u>(567,106)</u>	<u>(1)</u>
Other comprehensive income (loss)	<u>2,771,924</u>	<u>6</u>	<u>4,181,092</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 15,699,089</u>	<u>31</u>	<u>\$ 17,775,735</u>	<u>31</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 3.25</u>		<u>\$ 3.42</u>	
Diluted	<u>\$ 3.23</u>		<u>\$ 3.41</u>	

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

(Concluded)

**WINBOND ELECTRONICS CORPORATION**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings	Other Equity		Total Equity
			Legal Reserve	Unappropriated Earnings		Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2021	\$ 39,800,002	\$ 7,770,865	\$ 1,913,317	\$ 8,094,753	\$ 8,094,753	\$ (271,328)	\$ 8,141,510	\$ 65,449,119
Appropriation of 2020 earnings (Note 19)	-	-	161,253	(161,253)	-	-	-	-
Legal reserve appropriated	-	-	-	(796,000)	-	-	-	(796,000)
Cash dividends	-	-	-	-	-	-	-	-
Total appropriations	-	-	161,253	(957,253)	-	-	-	(796,000)
Net income for the year ended December 31, 2021	-	-	-	13,594,643	13,594,643	-	-	13,594,643
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	(92,951)	(92,951)	(590,061)	4,864,104	4,181,092
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	13,501,692	13,501,692	(590,061)	4,864,104	17,775,735
Changes in ownership interests in subsidiaries	-	15,259	-	-	-	-	-	15,259
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Note 19)	-	-	-	94,258	94,258	-	(94,258)	-
BALANCE AT DECEMBER 31, 2021	39,800,002	7,786,124	2,074,570	20,733,450	20,733,450	(861,389)	12,911,356	82,444,113
Appropriation of 2021 earnings (Note 19)	-	-	1,359,595	(1,359,595)	-	-	-	-
Legal reserve appropriated	-	-	-	(3,980,000)	-	-	-	(3,980,000)
Cash dividends	-	-	-	-	-	-	-	-
Total appropriations	-	-	1,359,595	(5,339,595)	-	-	-	(3,980,000)
Net income for the year ended December 31, 2022	-	-	-	12,927,165	12,927,165	-	-	12,927,165
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	159,408	159,408	206,737	2,405,779	2,771,924
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	13,086,573	13,086,573	206,737	2,405,779	15,699,089
Changes in ownership interests in subsidiaries	-	8	-	-	-	-	-	8
Changes in equity of associates accounted for using equity method	-	(214)	-	-	-	-	-	(214)
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Note 19)	-	-	-	300,524	300,524	-	(300,524)	-
BALANCE AT DECEMBER 31, 2022	\$ 39,800,002	\$ 7,785,918	\$ 3,434,165	\$ 28,780,952	\$ 28,780,952	\$ (654,652)	\$ 15,016,611	\$ 94,162,996

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

# WINBOND ELECTRONICS CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 14,932,171	\$ 16,040,746
Adjustments for:		
Depreciation expense	8,113,063	10,231,678
Amortization expense	52,841	53,712
Expected credit (gain) loss recognized on accounts receivable	(39,000)	34,000
(Gains) losses on financial assets and liabilities at fair value through profit or loss	7,525	(11,677)
Interest expense	59,527	136,158
Interest income	(59,527)	(25,480)
Dividend income	(551,906)	(336,520)
Share of (profit) loss of subsidiaries and associates	(2,925,842)	(1,985,911)
(Gains) losses on disposal of investments	-	436
(Gains) losses on disposal of property, plant and equipment	(53,438)	(41,973)
(Gains) losses on disposal of non-current held for sale assets	(36,181)	(30,371)
Impairment loss on property, plant and equipment	112,266	782,949
Unrealized profit (loss) on the transactions with subsidiaries	(66,340)	93,720
Carbon offset	174	-
Gains on lease modification	-	(15)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets and liabilities at fair value through profit or loss	45,778	-
(Increase) decrease in accounts receivable	2,007,695	(1,762,452)
(Increase) decrease in accounts receivable due from related parties	765,600	(867,138)
(Increase) decrease in other receivables	30,252	(56,187)
(Increase) decrease in inventories	(3,848,554)	(1,276,190)
(Increase) decrease in other current assets	(180,927)	(204,647)
(Increase) decrease in other non-current assets	(1,761,996)	-
Increase (decrease) in notes payable	40,363	(124,081)
Increase (decrease) in accounts payable	(827,941)	158,062
Increase (decrease) in accounts payable due to related parties	(451,542)	35,621
Increase (decrease) in other payables	256,911	2,804,097
Increase (decrease) in other current liabilities	(18,570)	22,589
Increase (decrease) in other non-current liabilities	(516,481)	27,238
Cash flows generated by (used in) operations	15,085,921	23,698,364
Interest received	58,914	23,337
Dividends received	1,718,099	1,081,156
Interest paid	(518,173)	(374,197)
Income taxes paid	(3,243,031)	(109,456)
Net cash flows generated by (used in) operating activities	<u>13,101,730</u>	<u>24,319,204</u>

(Continued)

# WINBOND ELECTRONICS CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of investments accounted for using equity method	\$ (400,070)	\$ (357,898)
Acquisitions of financial assets at fair value through profit or loss	(51,958)	-
Acquisitions of financial assets at fair value through other comprehensive income	(1,321,011)	(10,000)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	18,535	-
Proceeds from capital reduction of investments accounted for using equity method	-	16,116
Proceeds from disposal of non-current held for sale assets	55,200	279,897
Acquisitions of property, plant and equipment	(40,798,805)	(9,292,410)
Proceeds from disposal of property, plant and equipment	53,660	61,082
Acquisitions of right-of-use assets	(2,167)	-
(Increase) decrease in refundable deposits	167,545	(81,309)
Acquisitions of intangible assets	(937)	(6,070)
Acquisitions of investment properties	(572)	(2,712)
Net cash flows generated by (used in) investing activities	<u>(42,280,580)</u>	<u>(9,393,304)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	(1,430,417)	1,430,417
Proceeds from long-term borrowings	23,150,000	4,931,600
Repayments of long-term borrowings	-	(5,000,000)
Cash dividends paid	(3,980,000)	(796,000)
Repayments of lease liabilities	(102,858)	(83,965)
Net cash flows generated by (used in) financing activities	<u>17,636,725</u>	<u>482,052</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(11,542,125)</b>	<b>15,407,952</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b><u>20,226,289</u></b>	<b><u>4,818,337</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>\$ 8,684,164</u></b>	<b><u>\$ 20,226,289</u></b>

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

(Concluded)

# WINBOND ELECTRONICS CORPORATION

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on February 16, 2023.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

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

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

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

The Company used equity method to account for its investment in subsidiaries and associates for the stand-alone financial statements. The amounts of the net profit, other comprehensive income and total equity in stand-alone financial statements are same with the amounts attributable to the owner of the Company in its consolidated financial statements since there is no difference in accounting treatment between stand-alone basis and consolidated basis.

## **Classification of Current and Non-current Assets and Liabilities**

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

## **Foreign Currencies**

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

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

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

For the purposes of presenting the financial statements, the assets and liabilities of foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into New Taiwan dollars using exchange rate prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The exchange differences arising are recognized in other comprehensive income.

## **Cash Equivalents**

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

## **Financial Instruments**

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

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

### **a. Financial assets measurement category**

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

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

1) Financial asset at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 25 to the financial statements.

2) Financial assets at amortized cost

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

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

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

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

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

3) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets

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

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

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

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

c. Derecognition of financial assets

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

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

d. Equity instruments

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

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

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

e. Financial liabilities

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

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

f. Derecognition of financial liabilities

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

g. Derivative financial instruments

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

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

### **Inventories**

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

### **Investments Accounted for Using Equity Method**

Investment accounted for using equity method include investments in subsidiaries and associates.

a. Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment in a subsidiary is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream transactions with a subsidiary and sidestream transactions between subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiary that are not related to the Company.

b. Investment in associates

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

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

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

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

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

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

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

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

### **Property, Plant and Equipment**

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

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

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

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

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

Buildings	10-50 years
Machinery and equipment	3-14 years
Other equipment	3-5 years

### **Investment Properties**

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss, and depreciated over 20 to 50 years useful lives after considered residual values, using the straight-line method. Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

## **Intangible Assets**

### **a. Intangible assets acquired separately**

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

### **b. Derecognition of intangible assets**

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

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

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

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

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

## **Non-current Assets Classified as Held for Sale**

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

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

## **Provisions**

Provisions are recognized when the Company has a present obligation as a result of a past event and at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. For potential product risk, the Company accrues reserve for products guarantee based on commitment to specific customers.

## Revenue Recognition

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

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

## Leases

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

### a. The Company as lessor

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

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

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

### b. The Company as lessee

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

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

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

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

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

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

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

### **Borrowing Costs**

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

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

### **Government Grants**

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

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

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

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

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

## **Employee Benefits**

### a. Short-term employee benefits

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

### b. Retirement benefits

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

Defined benefit costs (including service cost, net interest and 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. Rereasurement, 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. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

## **Taxation**

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

### a. Current tax

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

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

### b. Deferred tax

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

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

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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The Company's critical 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>	
	2022	2021
Cash and deposits in banks	\$ 6,974,164	\$ 17,161,232
Repurchase agreements collateralized by bonds	<u>1,710,000</u>	<u>3,065,057</u>
	<u>\$ 8,684,164</u>	<u>\$ 20,226,289</u>

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

	<u>December 31</u>	
	2022	2021
Time deposits	<u>\$ 129,711</u>	<u>\$ 127,101</u>

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

	<u>December 31</u>	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Derivative financial assets		
Forward exchange contracts	\$ 4,279	\$ 50,057
Non-derivative financial assets		
Domestic listed and emerging stocks	<u>44,433</u>	<u>-</u>
	<u>\$ 48,712</u>	<u>\$ 50,057</u>

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

	<b>Currencies</b>	<b>Maturity Date</b>	<b>Contract Amount (In Thousands)</b>
<u>December 31, 2022</u>			
Sell forward exchange contracts	USD to NTD	2023.01.06-2023.03.17	USD214,500/NTD6,577,149
Buy forward exchange contracts	NTD to USD	2023.01.13-2023.02.17	NTD1,552,375/USD50,500
<u>December 31, 2021</u>			
Sell forward exchange contracts	USD to NTD	2022.01.07-2022.03.04	USD268,000/NTD7,449,265
Sell forward exchange contracts	RMB to NTD	2022.01.14-2022.01.21	RMB75,000/NTD325,655
Buy forward exchange contracts	NTD to USD	2022.02.17-2022.02.25	NTD965,550/USD35,000

The Company entered into derivative financial instruments contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The derivative financial instruments contracts entered into by the Company did not meet the criteria of hedge accounting; therefore, the Company did not apply hedge accounting treatment.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity instruments at FVTOCI:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Domestic listed and emerging stocks	\$ 14,587,832	\$ 10,977,904
Domestic unlisted stocks	<u>579,064</u>	<u>29,086</u>
	<u>\$ 15,166,896</u>	<u>\$ 11,006,990</u>
Current	\$ 14,587,832	\$ 10,977,904
Non-current	<u>579,064</u>	<u>29,086</u>
	<u>\$ 15,166,896</u>	<u>\$ 11,006,990</u>

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

For the year ended December 31, 2022, the Company disposed partial shares for the investment position adjustment. The unrealized gain and loss on financial assets at fair value through other comprehensive income of NT\$12,179 thousand were transferred to retained earnings, please refer to Note 19 to financial statements for related information. For the year ended December 31, 2021, the Company did not dispose the shares for the adjustment of the investment position.

## 9. ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
At amortized cost		
Gross carrying amount	\$ 3,664,202	\$ 5,671,897
Less: Allowance for impairment loss	<u>(76,000)</u>	<u>(115,000)</u>
	<u>\$ 3,588,202</u>	<u>\$ 5,556,897</u>

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

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

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

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

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

### December 31, 2022

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Overdue Over 180 Days	Total
Expected credit loss rate	2%	2%	10%	20%	50%	
Gross carrying amount	\$ 3,485,544	\$ 174,934	\$ 3,724	\$ -	\$ -	\$ 3,664,202
Loss allowance (Lifetime ECL)	<u>(72,129)</u>	<u>(3,499)</u>	<u>(372)</u>	<u>-</u>	<u>-</u>	<u>(76,000)</u>
Amortized cost	<u>\$ 3,413,415</u>	<u>\$ 171,435</u>	<u>\$ 3,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,588,202</u>

December 31, 2021

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Overdue Over 180 Days	Total
Expected credit loss rate	2%	2%	10%	20%	50%	
Gross carrying amount	\$ 5,464,287	\$ 201,323	\$ 6,287	\$ -	\$ -	\$ 5,671,897
Loss allowance (Lifetime ECL)	<u>(110,345)</u>	<u>(4,026)</u>	<u>(629)</u>	<u>-</u>	<u>-</u>	<u>(115,000)</u>
Amortized cost	<u>\$ 5,353,942</u>	<u>\$ 197,297</u>	<u>\$ 5,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,556,897</u>

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

	2022	2021
Balance at January 1	\$ 115,000	\$ 81,000
Recognized (reversal of) impairment loss	<u>(39,000)</u>	<u>34,000</u>
Balance at December 31	<u>\$ 76,000</u>	<u>\$ 115,000</u>

**10. INVENTORIES**

	December 31	
	2022	2021
Finished goods	\$ 1,293,029	\$ 1,847,501
Work-in-process	10,367,859	6,656,812
Raw materials and supplies	1,383,231	691,445
Inventories in transit	<u>249</u>	<u>56</u>
	<u>\$ 13,044,368</u>	<u>\$ 9,195,814</u>

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

	December 31	
	2022	2021
The operating cost of goods sold	\$ 24,440,083	\$ 32,875,431
Unallocated production overhead	2,291,982	543,075
Recognition of inventory write-downs (reversed) and scrap of inventories, etc.	<u>449,088</u>	<u>(642,892)</u>
Operating costs	<u>\$ 27,181,153</u>	<u>\$ 32,775,614</u>

**11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**

	December 31	
	2022	2021
Investments in subsidiaries	\$ 12,665,907	\$ 10,591,884
Investments in associates	<u>8,260,571</u>	<u>8,286,463</u>
	<u>\$ 20,926,478</u>	<u>\$ 18,878,347</u>

a. Investments in subsidiaries

Name of Subsidiaries	December 31			
	2022		2021	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Listed companies				
Nuvoton Technology Corporation (“NTC”)	\$ 8,941,174	51%	\$ 7,844,763	51%
Unlisted companies				
Winbond International Corporation (“WIC”)	2,067,211	100%	1,666,124	100%
Winbond Electronics (H.K.) Limited (“WEHK”)	581,154	100%	435,975	100%
Winbond Electronics Corporation Japan (“WECJ”)	312,463	100%	-	-
Miraxia Edge Technology Corporation (“METC”)	234,733	100%	168,518	100%
Landmark Group Holdings Ltd. (“Landmark”)	185,332	100%	151,284	100%
Great Target Development Ltd. (“GTD”)	132,048	100%	132,662	100%
Callisto Holding Limited (“Callisto”)	95,763	100%	103,563	100%
Winbond Technology Ltd. (“WTL”)	87,383	100%	62,301	100%
Winbond Electronics Germany GmbH (“WEG”)	25,717	100%	23,791	100%
Pine Capital Investment Limited (“PCI”)	<u>2,929</u>	100%	<u>2,903</u>	100%
	<u>\$ 12,665,907</u>		<u>\$ 10,591,884</u>	

Refer to Table 7 for information of above subsidiaries’ company name, main business and products, and registered location.

- 1) The fair value of investment in subsidiaries for which there are published price quotations, based on closing price of those investments at the balance sheet date, are summarized as follows:

Name of Subsidiary	December 31	
	2022	2021
NTC	<u>\$ 24,719,783</u>	<u>\$ 30,308,604</u>

- 2) The Company acquired 100% ownership interest of METC from the sub-subsidiary NTCJ on November 1, 2021 and the transaction was a reorganization under common control. The Company has provided the financial information of the subsidiaries acquired in the consolidated financial statements. Such information is not provided in the standalone financial statements.
- 3) The Company acquired 100% ownership interest of WECJ from the subsidiary Landmark on November 30, 2022 and the transaction was a reorganization under common control. The Company has provided the financial information of the subsidiaries acquired in the consolidated financial statements. Such information is not provided in the standalone financial statements.

- 4) For the years ended December 31, 2022 and 2021 the Company recognized shares of subsidiaries' profit in the amounts of NT\$2,540,408 thousand and NT\$1,788,003 thousand, respectively.

b. Investments in associates

- 1) Aggregate information of associates that are not individually material

	<u>December 31</u>	
	2022	2021
Associates that are not individually material		
Chin Xin Investment Co., Ltd.	\$ 7,996,268	\$ 8,257,867
Hwa Bao Botanic Conservation Corp.	<u>264,303</u>	<u>28,596</u>
	<u>\$ 8,260,571</u>	<u>\$ 8,286,463</u>

On May 27, 2022, the board of directors of Hwa Bao Botanic Conservation Corp. ("Hwa Bao") resolved to issue 60,000 thousand ordinary shares. In addition to subscribing in the proportion of share ownership, the Company is also a specified subscriber. The Company subscribed for 21,000 thousand ordinary shares in total with a par value of NT\$10. As of December 31, 2022, the Company held 24,000 thousand shares of Hwa Bao, which equals to 30% ownership interest, and Hwa Bao was accounted for using the equity method.

As of December 31, 2022 and 2021, the Company held 182,841 thousand shares of Chin Xin Investment Co., Ltd. with a 38% ownership interest.

- 2) Aggregate information of associates that are not individually material

	<u>For the Year Ended December 31</u>	
	2022	2021
The Company's share of:		
Profit from continuing operations for the year	\$ 385,434	\$ 197,908
Other comprehensive income (loss)	<u>(529,691)</u>	<u>1,901,619</u>
Total comprehensive income	<u>\$ (144,257)</u>	<u>\$ 2,099,527</u>

The investments accounted for using equity method and the shares of profit or loss and other comprehensive income of those investments for the years ended December 31, 2022 and 2021 were based on the subsidiaries' and associates' financial statements audited by independent auditors.

## 12. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31</u>	
	2022	2021
Land	\$ 1,049,445	\$ 1,012,705
Buildings	8,134,135	9,571,018
Machinery and equipment	23,695,491	27,329,533
Other equipment	1,230,745	741,850
Construction in progress and equipment under installation	<u>53,465,458</u>	<u>16,697,194</u>
	<u>\$ 87,575,274</u>	<u>\$ 55,352,300</u>

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
<b>Cost</b>						
Balance at January 1, 2022	\$ 1,012,705	\$ 26,560,502	\$ 122,077,668	\$ 4,086,583	\$ 16,697,194	\$ 170,434,652
Additions	36,740	102,149	9,101,228	749,421	30,326,169	40,315,707
Disposals	-	-	(1,388,709)	(4,724)	-	(1,393,433)
Reclassified	-	51,818	(6,487,389)	(4,521)	6,442,095	2,003
Balance at December 31, 2022	<u>\$ 1,049,445</u>	<u>\$ 26,714,469</u>	<u>\$ 123,302,798</u>	<u>\$ 4,826,759</u>	<u>\$ 53,465,458</u>	<u>\$ 209,358,929</u>
<b>Accumulated depreciation and impairment</b>						
Balance at January 1, 2022	\$ -	\$ 16,989,484	\$ 94,748,135	\$ 3,344,733	\$ -	\$ 115,082,352
Depreciation expense	-	1,590,850	6,135,393	256,005	-	7,982,248
Disposals	-	-	(1,388,487)	(4,724)	-	(1,393,211)
Impairment loss	-	-	112,266	-	-	112,266
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 18,580,334</u>	<u>\$ 99,607,307</u>	<u>\$ 3,596,014</u>	<u>\$ -</u>	<u>\$ 121,783,655</u>
<b>Cost</b>						
Balance at January 1, 2021	\$ 977,945	\$ 26,197,116	\$ 118,930,247	\$ 3,770,476	\$ 9,466,347	\$ 159,342,131
Additions	34,760	246,696	3,818,896	320,930	7,450,872	11,872,154
Disposals	-	-	(771,690)	(7,943)	-	(779,633)
Reclassified	-	116,690	100,215	3,120	(220,025)	-
Balance at December 31, 2021	<u>\$ 1,012,705</u>	<u>\$ 26,560,502</u>	<u>\$ 122,077,668</u>	<u>\$ 4,086,583</u>	<u>\$ 16,697,194</u>	<u>\$ 170,434,652</u>
<b>Accumulated depreciation and impairment</b>						
Balance at January 1, 2021	\$ -	\$ 15,514,679	\$ 86,280,990	\$ 3,147,282	\$ -	\$ 104,942,951
Depreciation expense	-	1,474,805	8,436,818	205,353	-	10,116,976
Disposals	-	-	(752,622)	(7,902)	-	(760,524)
Impairment loss	-	-	782,949	-	-	782,949
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 16,989,484</u>	<u>\$ 94,748,135</u>	<u>\$ 3,344,733</u>	<u>\$ -</u>	<u>\$ 115,082,352</u>

a. As of December 31, 2022 and 2021, the carrying amounts of NT\$50,648,364 thousand and NT\$9,507,995 thousand of property, plant and equipment were pledged to secure long-term borrowings and corporate bonds.

b. Information about capitalized interest

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Capitalized interest amounts	\$ 528,129	\$ 252,668
Capitalized interest rates	1.89%-1.92%	1.79%-1.89%

c. For the years ended December 31, 2022 and 2021 the Company recognized an impairment loss of NT\$112,266 thousand and NT\$782,949 thousand for certain machinery and equipment which will not be used in the future after evaluation, respectively.

### 13. LEASE ARRANGEMENTS

#### a. Right-of-use assets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amounts</u>		
Land	\$ 1,517,392	\$ 1,544,632
Buildings	31,676	4,454
Other equipment	<u>13,351</u>	<u>9,835</u>
	<u>\$ 1,562,419</u>	<u>\$ 1,558,921</u>
	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
Additions to right-of-use assets	<u>\$ 123,273</u>	<u>\$ 13,306</u>
Depreciation charge for right-of-use assets		
Land	\$ 85,726	\$ 82,323
Buildings	23,619	9,944
Other equipment	<u>10,430</u>	<u>11,431</u>
	<u>\$ 119,775</u>	<u>\$ 103,698</u>

#### b. Lease liabilities

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amounts</u>		
Current	<u>\$ 87,383</u>	<u>\$ 75,578</u>
Non-current	<u>\$ 1,541,922</u>	<u>\$ 1,535,495</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Land	2.37%-2.47%	2.47%
Buildings	0.90%-1.60%	0.90%-1.60%
Other equipment	1.04%-1.86%	0.90%-1.86%

For the years ended December 31, 2022 and 2021, the interest expense under lease liabilities amounted to NT\$39,502 thousand and NT\$39,538 thousand, respectively.

#### c. Material lease-in activities and terms

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

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	\$ 2,750	\$ 1,885
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 6,929	\$ 13,569
Total cash outflow for leases	<u>\$ 154,222</u>	<u>\$ 139,461</u>

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

**14. INVESTMENT PROPERTIES**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Investment properties, net	<u>\$ 275,254</u>	<u>\$ 285,814</u>

The Company has been subleasing its offices located in Hsinchu to its subsidiary, NTC, since November 2019, which was classified as operating lease with lease terms of 5 years and with an extension option. As of December 31, 2022, the fair value of such investment properties was approximately NT\$417,675 thousand, which was referred by the neighborhood transactions.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Cost</u>		
Balance at January 1	\$ 305,053	\$ 302,341
Additions	572	2,712
Reclassified	<u>(2,003)</u>	<u>-</u>
Balance at December 31	<u>\$ 303,622</u>	<u>\$ 305,053</u>
<u>Accumulated depreciation and impairment</u>		
Balance at January 1	\$ 19,239	\$ 10,146
Depreciation expense	<u>9,129</u>	<u>9,093</u>
Balance at December 31	<u>\$ 28,368</u>	<u>\$ 19,239</u>

**15. INTANGIBLE ASSETS**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Deferred technical assets, net	\$ 8,124	\$ 16,248
Other intangible assets, net	9,271	27,751
Carbon credits	<u>763</u>	<u>-</u>
	<u>\$ 18,158</u>	<u>\$ 43,999</u>

	<b>Deferred Technical Assets</b>	<b>Other Intangible Assets</b>	<b>Carbon Credits</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2022	\$ 17,900,729	\$ 41,741	\$ -	\$ 17,942,470
Additions	-	-	937	937
Carbon offset	-	-	(174)	(174)
Reclassified	-	(763)	-	(763)
	<u>\$ 17,900,729</u>	<u>\$ 40,978</u>	<u>\$ 763</u>	<u>\$ 17,942,470</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2022	\$ 17,884,481	\$ 13,990	\$ -	\$ 17,898,471
Amortization expenses	<u>8,124</u>	<u>17,717</u>	<u>-</u>	<u>25,841</u>
Balance at December 31, 2022	<u>\$ 17,892,605</u>	<u>\$ 31,707</u>	<u>\$ -</u>	<u>\$ 17,924,312</u>
<u>Cost</u>				
Balance at January 1, 2021	\$ 17,900,729	\$ 35,670	\$ -	\$ 17,936,399
Additions	-	<u>6,071</u>	-	<u>6,071</u>
Balance at December 31, 2021	<u>\$ 17,900,729</u>	<u>\$ 41,741</u>	<u>\$ -</u>	<u>\$ 17,942,470</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2021	\$ 17,872,891	\$ 5,945	\$ -	\$ 17,878,836
Amortization expenses	<u>11,590</u>	<u>8,045</u>	<u>-</u>	<u>19,635</u>
Balance at December 31, 2021	<u>\$ 17,884,481</u>	<u>\$ 13,990</u>	<u>\$ -</u>	<u>\$ 17,898,471</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 CIX platform in Singapore, which was certified by third-party regarding forest carbon rights. The carbon credits will be used to offset carbon emission from fabs and employee transportation, etc. On November 3, 2022, the Company acquired the certificate which containing 1,000 tonnes of carbon credits from the platform, and offset 194 tonnes of carbon emissions on the Company's Family Day.

## 16. BORROWINGS

### a. Short-term borrowings

	December 31			
	2022		2021	
	Interest Rate %	Amount	Interest Rate %	Amount
Bank lines of credit	-	\$ <u>          -</u>	0.30-0.48	\$ <u>1,430,417</u>

### b. Long-term borrowings

	Period	Interest Rate	December 31	
			2022	2021
<u>Secured borrowings</u>				
Bank of Taiwan syndicated loan (V)	2019.01.14-2026.09.19	2.43 %	\$ 31,000,000	\$ 7,850,000
<u>Unsecured borrowings</u>				
Government grants (Note 23)	2020.12.28-2028.11.15	1.13%-1.33%	<u>5,131,600</u>	<u>5,131,600</u>
			36,131,600	12,981,600
Less: Current portion			(3,100,000)	(785,000)
Less: Syndication agreement management fee			(47,250)	(74,250)
Less: Government loan discount (Note 23)			<u>(134,848)</u>	<u>(273,485)</u>
			<u>\$ 32,849,502</u>	<u>\$ 11,848,865</u>

- Bank of Taiwan Syndicated Loan (V)

- 1) On January 14, 2019, the Company entered into a syndicated loan, with a group of financial institutions, to procure equipment for fab. The credit line amounted to NT\$42 billion. The principal will be repaid every six months from September 19, 2023 until maturity.
- 2) Refer to Note 12 to the financial statements for collateral of 12-inch building, fab facilities, machinery and equipment and related ancillary equipment on corporate bonds.
- 3) The Company is required to maintain certain financial covenants, including current ratio, debt ratio and total equity, on June 30 and December 31 during the tenors of the loans. Additionally, the principal and interest coverage should be also maintained on June 30 and December 31 during the tenors of the loans. The Company was in compliance with the agreed financial ratio requirements. The computations of financial ratios mentioned above are done based on the audited (reviewed) consolidated financial statements.

## 17. BONDS PAYABLE

	December 31	
	2022	2021
Domestic secured bonds	\$ 10,000,000	\$ 10,000,000
Less: Discounts on bonds payable	<u>(31,538)</u>	<u>(43,914)</u>
	<u>\$ 9,968,462</u>	<u>\$ 9,956,086</u>

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

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

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

## 18. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

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

### b. Defined benefit plan

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

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of the defined benefit obligation	\$ 1,440,800	\$ 1,522,597
Fair value of the plan assets	<u>(1,061,695)</u>	<u>(578,042)</u>
Net defined benefit liabilities, non-current	<u>\$ 379,105</u>	<u>\$ 944,555</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2022	<u>\$ 1,522,597</u>	<u>\$ (578,042)</u>	<u>\$ 944,555</u>
Service cost			
Current service cost	23,368	-	23,368
Net interest expense (income)	<u>12,028</u>	<u>(4,548)</u>	<u>7,480</u>
Recognized in profit or loss	<u>35,396</u>	<u>(4,548)</u>	<u>30,848</u>
Remeasurement			
Actuarial (gain) loss			
- realized rate greater than the discounted rate	-	(1,456)	(1,456)
- changes in financial assumptions	(125,498)	-	(125,498)
- changes in demographic assumptions	(28,724)	-	(28,724)
- experience adjustments	<u>63,462</u>	<u>-</u>	<u>63,462</u>
Recognized in other comprehensive income	<u>(90,760)</u>	<u>(1,456)</u>	<u>(92,216)</u>
Contributions from the employer	-	(504,082)	(504,082)
Benefits paid	<u>(26,433)</u>	<u>26,433</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 1,440,800</u>	<u>\$ (1,061,695)</u>	<u>\$ 379,105</u>
Balance at January 1, 2021	<u>\$ 1,525,037</u>	<u>\$ (595,493)</u>	<u>\$ 929,544</u>
Service cost			
Current service cost	25,883	-	25,883
Net interest expense (income)	<u>6,028</u>	<u>(2,346)</u>	<u>3,682</u>
Recognized in profit or loss	<u>31,911</u>	<u>(2,346)</u>	<u>29,565</u>
Remeasurement			
Actuarial (gain) loss			
- realized rate greater than the discounted rate	-	(8,116)	(8,116)
- changes in financial assumptions	(61,284)	-	(61,284)
- changes in demographic assumptions	41,795	-	41,795
- experience adjustments	<u>79,266</u>	<u>-</u>	<u>79,266</u>
Recognized in other comprehensive income	<u>59,777</u>	<u>(8,116)</u>	<u>51,661</u>
Contributions from the employer	-	(37,306)	(37,306)
Benefits paid	(65,219)	65,219	-
Settlements	<u>(28,909)</u>	<u>-</u>	<u>(28,909)</u>
Balance at December 31, 2021	<u>\$ 1,522,597</u>	<u>\$ (578,042)</u>	<u>\$ 944,555</u>

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Operating costs	\$ 12,491	\$ 12,901
Selling expenses	1,906	1,902
General and administrative expenses	6,536	5,043
Research and development expenses	<u>9,915</u>	<u>9,719</u>
	<u>\$ 30,848</u>	<u>\$ 29,565</u>

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

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

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

	<u>December 31</u>	
	2022	2021
Discount rate	1.90%	0.80%
Expected rates of salary increase	1.00%-3.00%	1.00%-3.00%

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

	<u>December 31</u>	
	2022	2021
Discount rate		
0.5% increase	<u>\$ (51,884)</u>	<u>\$ (71,998)</u>
0.5% decrease	<u>\$ 55,012</u>	<u>\$ 77,146</u>
Expected rates of salary increase/decrease		
0.5% increase	<u>\$ 54,278</u>	<u>\$ 75,229</u>
0.5% decrease	<u>\$ (51,716)</u>	<u>\$ (70,991)</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>	
	2022	2021
The expected contribution to the plan for the next year	<u>\$ 19,802</u>	<u>\$ 19,088</u>
The average duration of defined benefit obligation	7.5 years	10.1 years

## 19. EQUITY

### a. Share capital

#### Common stock

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
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>3,980,000</u>	<u>3,980,000</u>
Shares issued	<u>\$ 39,800,002</u>	<u>\$ 39,800,002</u>

As of December 31, 2022 and 2021, the balance of the Company's capital account amounted to NT\$39,800,002 thousand, divided into 3,980,000 thousand common shares with a par value of NT\$10.

### b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</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	\$ 4,787,673	\$ 4,787,673
Arising from treasury share transactions	2,342,036	2,342,036
Arising from conversion of bonds	136,352	136,352
Arising from exercised employee share options	208,451	208,451
Overdue employee stock options	30,749	30,749
<u>May only be used to offset a deficit</u>		
Arising from changes in percentage of ownership interest in subsidiaries	251,734	251,726
Arising from share of changes in capital surplus of associates	<u>28,923</u>	<u>29,137</u>
	<u>\$ 7,785,918</u>	<u>\$ 7,786,124</u>

The capital surplus generated from the excess of the issuance price over the par value of capital stock (including the stock issued for new capital, mergers and convertible bonds) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the Company's paid-in capital. The capital surplus from share of changes in equities of subsidiaries and associates may be used to offset a deficit; however, when generated from issuance of restricted shares for employees, such capital surplus may not be used for any purpose.

c. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, the Company's dividend distribution policy is as follows:

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

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

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

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

The board of directors shall be authorized to distribute the profit, the legal reserve and the capital reserve mentioned in the preceding paragraph in cash upon resolution by a majority vote at a board meeting attended by two-thirds or more of the directors, and shall report the same to the shareholders' meeting.

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

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

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

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset 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 2021 and 2020 were as follows:

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

The above cash dividends were resolved by the board of directors on March 15, 2022 and March 16, 2021, respectively; the other proposed appropriations were resolved by the shareholders meetings on May 31, 2022 and August 12, 2021, respectively.

As of the date of the Company's board meeting (February 16, 2023), the appropriation of earnings for 2022 has not been finalized.

d. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (861,389)	\$ (271,328)
Exchange differences arising on translating the financial statements of foreign operations	(43,322)	(22,955)
Share of exchange differences of subsidiaries and associates accounted for using equity method	<u>250,059</u>	<u>(567,106)</u>
Balance at December 31	<u>\$ (654,652)</u>	<u>\$ (861,389)</u>

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

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 12,911,356	\$ 8,141,510
Unrealized gains (losses) on revaluation of financial assets at FVTOCI	2,857,430	2,176,120
Share of unrealized gains (losses) on revaluation of financial assets at FVTOCI of subsidiaries and associates accounted for using equity method	(451,651)	2,687,984
Disposal of investments in equity instruments designated at FVTOCI of subsidiaries and associates accounted for using equity method	(288,345)	(94,258)
Disposal of investments in equity instruments designated at FVTOCI	<u>(12,179)</u>	<u>-</u>
Balance at December 31	<u>\$ 15,016,611</u>	<u>\$ 12,911,356</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.

**20. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION, AND AMORTIZATION**

	<b>For the Year Ended December 31, 2022</b>			
	<b>Classified as Operating Costs</b>	<b>Classified as Operating Expenses</b>	<b>Classified as Non-operating Income and Losses</b>	<b>Total</b>
Short-term employee benefits				
Salary	<u>\$ 3,063,946</u>	<u>\$ 4,991,257</u>	<u>\$ -</u>	<u>\$ 8,055,203</u>
Insurance	<u>\$ 185,738</u>	<u>\$ 258,344</u>	<u>\$ -</u>	<u>\$ 444,082</u>
Board compensation	<u>\$ -</u>	<u>\$ 162,940</u>	<u>\$ -</u>	<u>\$ 162,940</u>
Post-employment benefits				
Pension	<u>\$ 114,509</u>	<u>\$ 146,270</u>	<u>\$ -</u>	<u>\$ 260,779</u>
Depreciation	<u>\$ 7,377,599</u>	<u>\$ 724,424</u>	<u>\$ 11,040</u>	<u>\$ 8,113,063</u>
Amortization	<u>\$ -</u>	<u>\$ 25,841</u>	<u>\$ 27,000</u>	<u>\$ 52,841</u>
	<b>For the Year Ended December 31, 2021</b>			
	<b>Classified as Operating Costs</b>	<b>Classified as Operating Expenses</b>	<b>Classified as Non-operating Income and Losses</b>	<b>Total</b>
Short-term employee benefits				
Salary	<u>\$ 3,201,718</u>	<u>\$ 4,338,035</u>	<u>\$ -</u>	<u>\$ 7,539,753</u>
Insurance	<u>\$ 158,572</u>	<u>\$ 176,911</u>	<u>\$ -</u>	<u>\$ 335,483</u>
Board compensation	<u>\$ -</u>	<u>\$ 173,929</u>	<u>\$ -</u>	<u>\$ 173,929</u>
Post-employment benefits				
Pension	<u>\$ 106,604</u>	<u>\$ 115,800</u>	<u>\$ -</u>	<u>\$ 222,404</u>
Depreciation	<u>\$ 9,246,634</u>	<u>\$ 974,041</u>	<u>\$ 11,003</u>	<u>\$ 10,231,678</u>
Amortization	<u>\$ -</u>	<u>\$ 19,635</u>	<u>\$ 34,077</u>	<u>\$ 53,712</u>

There were 3,582 and 3,257 employees in the Company as of December 31, 2022 and 2021, respectively. There were 8 full time board directors as of December 31, 2022 and 2021.

As of December 31, 2022 and 2021, the average employee benefits and average salaries and wages were NT\$2,451 thousand and NT\$2,492 thousand, NT\$2,254 thousand and NT\$2,321 thousand, respectively. The average salaries and wages decrease 3%.

The Company has established the Audit Committee. There was neither supervisors nor remuneration to supervisors.

The remuneration policies of the Company were as follows:

a. Directors

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

b. Managers

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

c. Employees

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

For the years ended December 31, 2022 and 2021, the employees' compensation and remuneration of directors were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Amounts</b>	<b>Accrual Rate</b>	<b>Amounts</b>	<b>Accrual Rate</b>
Employees' compensation	<u>\$ 307,880</u>	2%	<u>\$ 330,737</u>	2%
Remuneration of directors	<u>\$ 153,940</u>	1%	<u>\$ 165,369</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 2021 and 2020 were approved by the Company's board of directors on March 15, 2022 and March 16, 2021, respectively, were as below:

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

There was no difference between the actual amounts of employees' compensation of and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

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

## 21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

Major components of income tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current income tax expense		
Current tax expense	\$ 2,368,000	\$ 2,356,684
Adjustment for prior years	2,006	16,419
Deferred income tax		
Change in current year	<u>(365,000)</u>	<u>73,000</u>
Income tax expense recognized in profit or loss	<u>\$ 2,005,006</u>	<u>\$ 2,446,103</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Income tax expense from continuing operations at the statutory rate	\$ 2,986,000	\$ 3,208,000
Tax effect of adjustment item		
Permanent differences	<u>(782,000)</u>	<u>(422,316)</u>
Current income tax expense	2,204,000	2,785,684
Loss carryforwards, investment credits and deductible temporary differences	(201,000)	(356,000)
Adjustment for prior years' income tax expense	<u>2,006</u>	<u>16,419</u>
Tax expense recognized in profit or loss	<u>\$ 2,005,006</u>	<u>\$ 2,446,103</u>

Based on the Income Tax Act in the ROC, the corporate income tax rate is 20%.

b. Current tax assets and liabilities

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Current income tax assets		
Income tax refund receivable (recorded as “other receivables”)	\$ <u>5,395</u>	\$ <u>2,337</u>
Current income tax liabilities		
Income tax payable	\$ <u>1,386,821</u>	\$ <u>2,256,788</u>

c. Deferred tax assets

The movements of deferred tax assets were as follows:

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Idle capacity	\$ 32,000	\$ 312,000	\$ 344,000
Allowance for loss on inventories	172,000	63,000	235,000
Allowance for impairment loss	157,000	(37,000)	120,000
Others	<u>84,000</u>	<u>27,000</u>	<u>111,000</u>
	<u>\$ 445,000</u>	<u>\$ 365,000</u>	<u>\$ 810,000</u>

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Operating loss carryforwards	\$ 109,000	\$ (109,000)	\$ -
Temporary differences			
Idle capacity	307,000	(135,000)	172,000
Allowance for impairment loss	-	157,000	157,000
Others	<u>102,000</u>	<u>14,000</u>	<u>116,000</u>
	<u>\$ 518,000</u>	<u>\$ (73,000)</u>	<u>\$ 445,000</u>

d. Tax return assessments

The tax returns of the Company through 2020 have been assessed by the tax authorities.

## 22. EARNINGS PER SHARE

	For the Year Ended December 31					
	2022			2021		
	Amounts (Numerator) Net Income	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) Net Income	Amounts (Numerator) Net Income	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) Net Income
Basic earnings per share						
Net income attributed to common shareholders	\$ 12,927,165	3,980,000	<u>\$ 3.25</u>	\$ 13,594,643	3,980,000	<u>\$ 3.42</u>
Effect of dilutive potential common shares						
Employees' compensation	<u>-</u>	<u>17,642</u>		<u>-</u>	<u>9,930</u>	
Diluted earnings per share						
Net income attributed to common shareholders	<u>\$ 12,927,165</u>	<u>3,997,642</u>	<u>\$ 3.23</u>	<u>\$ 13,594,643</u>	<u>3,989,930</u>	<u>\$ 3.41</u>

If the Company offered to settle the compensation or bonuses paid to employees by cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share (EPS), if the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the number of shares to be distributed to employees is resolved in the following year.

## 23. GOVERNMENT GRANTS

As of December 31, 2022, the Company received government loan of NT\$5,131,600 thousand at a below-market interest rate. It will be used in the purchase of machinery and equipment and for supporting working capital. The first installment will be made in the 36th-37th month of the principal, and each month thereafter, the principal will be repaid in 48-49 equal installments. Using the prevailing market interest rates of 1.79%-1.89% for an equivalent loan, the fair value of the loan was estimated at NT\$4,837,630 thousand on initial recognition. The difference of NT\$293,970 thousand between the proceeds and the fair value of the loan is the benefit derived from the below-market rate of interest which has been recognized as deferred revenue. The deferred revenue will be recognized as other income during the loan period accordingly. For the years ended December 31, 2022 and 2021, the other income under government grants were amounts of NT\$47,599 thousand and NT\$20,485 thousand, respectively, and the interest expense under loans were amounts of NT\$94,824 thousand and NT\$30,781 thousand, respectively.

## 24. CAPITAL MANAGEMENT

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

## 25. FINANCIAL INSTRUMENT

### a. Fair value of financial instruments

#### 1) Valuation techniques and assumptions used in fair value measurement

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

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes publicly traded stock and mutual funds).

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

2) Fair value measurements recognized in the balance sheets

The fair value of financial instruments are 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 at December 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Bonds payable (secured)	\$ 9,968,462	\$ _____ -	\$ 9,968,462	\$ _____ -	\$ 9,968,462

Fair value hierarchy as at December 31, 2021

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

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

Fair value hierarchy as at December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 4,279	\$ -	\$ 4,279
Non-derivative financial assets				
Domestic listed and emerging securities	<u>44,433</u>	<u>-</u>	<u>-</u>	<u>44,433</u>
	<u>\$ 44,433</u>	<u>\$ 4,279</u>	<u>\$ -</u>	<u>\$ 48,712</u>
<u>Financial assets at FVTOCI</u>				
Equity securities				
Domestic listed and emerging securities	\$ 14,587,832	\$ -	\$ -	\$ 14,587,832
Domestic unlisted securities	<u>-</u>	<u>22,560</u>	<u>556,504</u>	<u>579,064</u>
	<u>\$ 14,587,832</u>	<u>\$ 22,560</u>	<u>\$ 556,504</u>	<u>\$ 15,166,896</u>

Fair value hierarchy as at December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
Derivative financial assets	<u>\$ -</u>	<u>\$ 50,057</u>	<u>\$ -</u>	<u>\$ 50,057</u>
<u>Financial assets at FVTOCI</u>				
Equity securities				
Domestic listed and emerging securities	\$ 10,977,904	\$ -	\$ -	\$ 10,977,904
Domestic unlisted securities	<u>-</u>	<u>21,010</u>	<u>8,076</u>	<u>29,086</u>
	<u>\$ 10,977,904</u>	<u>\$ 21,010</u>	<u>\$ 8,076</u>	<u>\$ 11,006,990</u>

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

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

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ 8,076	\$ 107
Additions	555,000	10,000
Recognized in other comprehensive income	<u>(6,572)</u>	<u>(2,031)</u>
Balance at December 31	<u>\$ 556,504</u>	<u>\$ 8,076</u>

b. Categories of financial instruments

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

	<b>December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<u>Financial assets</u>				
Measured at amortized cost				
Cash and cash equivalents	\$ 8,684,164	\$ 8,684,164	\$ 20,226,289	\$ 20,226,289
Notes and accounts receivable (included related parties)	4,767,241	4,767,241	7,501,536	7,501,536
Other receivables	256,731	256,731	283,312	283,312
Refundable deposits (recorded in other non-current assets)	212,710	212,710	380,255	380,255
Financial assets at fair value through profit or loss	48,712	48,712	50,057	50,057
Financial assets at fair value through other comprehensive income (current and non-current)	15,166,896	15,166,896	11,006,990	11,006,990
<u>Financial liabilities</u>				
Measured at amortized cost				
Short-term borrowings	-	-	1,430,417	1,430,417
Notes and accounts payable (included related parties)	3,255,792	3,255,792	4,495,424	4,495,424
Payable on equipment and other payables	8,806,081	8,806,081	9,550,873	9,550,873
Bonds payable	9,968,462	9,968,462	9,956,086	9,956,086
Long-term borrowings (included current portion)	35,949,502	35,949,502	12,633,865	12,633,865
Guarantee deposits (recorded in other non-current liabilities)	1,810	1,810	1,810	1,810

c. Financial risk management objectives and policies

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

The use of financial derivatives was governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, and use of financial derivatives. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

1) Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses forward foreign exchange contracts to hedge the foreign currency risk on export.

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

a) Foreign currency risk

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

The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity. For a 1% depreciation of New Taiwan dollars against U.S. dollars, there would be impact on net income increase in the amounts of NT\$60,201 thousand and NT\$71,384 thousand for the years ended December 31, 2022 and 2021, respectively.

b) Interest rate risk

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

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

	<u>December 31</u>	
	2022	2021
Cash flow interest rate risk		
Financial liabilities	\$ 36,131,600	\$ 14,199,041

The sensitivity analyses below were determined based on the Company's exposure to interest rates for fair value of variable-rate derivatives instruments at the end of the reporting period. If interest rates had been higher by 1%, the Company's cash flows would increased by NT\$361,316 thousand and NT\$141,990 thousand for the years ended December 31, 2022 and 2021, respectively.

2) Credit risk

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

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

3) Liquidity risk

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

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

	<b>December 31, 2022</b>			
	<b>Within 1 Year</b>	<b>1-2 Years</b>	<b>Over 2 Years</b>	<b>Total</b>
Non-interest bearing	\$ 12,061,873	\$ 1,810	\$ -	\$ 12,063,683
Lease liabilities	124,925	123,455	1,753,894	2,002,274
Variable interest rate liabilities	3,100,000	6,637,327	26,394,273	36,131,600
Fixed interest rate liabilities	<u>-</u>	<u>-</u>	<u>10,000,000</u>	<u>10,000,000</u>
	<u>\$ 15,286,798</u>	<u>\$ 6,762,592</u>	<u>\$ 38,148,167</u>	<u>\$ 60,197,557</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 2 Years</b>	<b>2-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>Over 15 Years</b>
Lease liabilities	<u>\$ 248,380</u>	<u>\$ 346,692</u>	<u>\$ 548,748</u>	<u>\$ 548,748</u>	<u>\$ 309,706</u>

	<b>December 31, 2021</b>			
	<b>Within 1 Year</b>	<b>1-2 Years</b>	<b>Over 2 Years</b>	<b>Total</b>
Non-interest bearing	\$ 14,046,296	\$ 1,810	\$ -	\$ 14,048,106
Lease liabilities	114,444	108,298	1,789,192	2,011,934
Variable interest rate liabilities	2,002,441	1,570,000	10,626,600	14,199,041
Fixed interest rate liabilities	<u>212,976</u>	<u>-</u>	<u>10,000,000</u>	<u>10,212,976</u>
	<u>\$ 16,376,157</u>	<u>\$ 1,680,108</u>	<u>\$ 22,415,792</u>	<u>\$ 40,472,057</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 2 Years</b>	<b>2-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>Over 15 Years</b>
Lease liabilities	<u>\$ 222,742</u>	<u>\$ 320,784</u>	<u>\$ 528,984</u>	<u>\$ 528,890</u>	<u>\$ 410,534</u>

## 26. RELATED PARTY TRANSACTIONS

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

<b>Related Party</b>	<b>Relationship with the Company</b>
Walsin Lihwa Corporation	Investor that exercises significant influence over the Company
WEHK	Subsidiary
WEG	Subsidiary
WTL	Subsidiary
Callisto	Subsidiary

(Continued)

<u>Related Party</u>	<u>Relationship with the Company</u>
Winbond Electronics (Suzhou) Limited (“WECN”)	Subsidiary
Winbond Electronics Corporation America (“WECA”)	Subsidiary
WECJ	Subsidiary
Landmark	Subsidiary
NTC	Subsidiary
METC	Subsidiary
Nuvoton Technology Corporation Japan (“NTCJ”)	Sub-subsubsidiary
Hwa Bao Botanic Conservation Corp.	Associate
Chin Xin Investment Co., Ltd.	Associate
Walton Advanced Engineering Inc.	Related party in substance
Walton Advanced Engineering Ltd. (Suzhou)	Related party in substance
Walsin Technology Corporation	Related party in substance
Hannstar Display Corporation	Related party in substance
CHIA-HO Green Energy Corporation	Related party in substance
Taiwan Cement Corporation	Related party in substance

(Concluded)

b. Operating activities

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
1) Operating revenue		
Subsidiaries		
WEHK	\$ 7,349,083	\$ 9,936,348
WECJ	5,640,271	5,884,031
WECN	2,914,234	4,022,285
Others	1,835,428	1,979,585
Sub-subsubsidiary	15,549	4,186
Related party in substance	<u>294</u>	<u>114</u>
	<u>\$ 17,754,859</u>	<u>\$ 21,826,549</u>

Price and terms were determined in accordance with mutual agreements.

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
2) Manufacturing expenses		
Related party in substance		
Walton Advanced Engineering Inc.	\$ 2,942,876	\$ 3,244,368
Others	<u>469,952</u>	<u>570,694</u>
	<u>\$ 3,412,828</u>	<u>\$ 3,815,062</u>

**For the Year Ended December 31**

	<u>2022</u>	<u>2021</u>
3) Selling expenses		
Subsidiaries		
WECA	\$ 254,693	\$ 229,478
Others	68,199	73,887
Related party in substance	<u>363</u>	<u>335</u>
	<u>\$ 323,255</u>	<u>\$ 303,700</u>
4) General and administrative expenses		
Investor that exercises significant influence over the Company	\$ 14,078	\$ 13,788
Subsidiaries	3,779	3,977
Related party in substance	<u>675</u>	<u>-</u>
	<u>\$ 18,532</u>	<u>\$ 17,765</u>
5) Research and development expenses		
Subsidiaries	<u>\$ 912,513</u>	<u>\$ 853,873</u>
6) Dividend income		
Investor that exercises significant influence over the Company		
Walsin Lihwa Corporation	\$ 355,200	\$ 199,800
Related party in substance		
HannStar Display Corporation	149,330	75,000
Walsin Technology Corporation	38,780	51,707
Others	<u>6,508</u>	<u>10,013</u>
	<u>\$ 549,818</u>	<u>\$ 336,520</u>
7) Other income		
Subsidiaries		
NTC	\$ 48,613	\$ 26,282
Associate	71	64
Related party in substance	<u>328</u>	<u>971</u>
	<u>\$ 49,012</u>	<u>\$ 27,317</u>

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
8) Accounts receivable		
Subsidiaries		
WEHK	\$ 553,174	\$ 840,586
WECJ	461,590	703,787
WECA	140,764	303,816
Others	<u>23,511</u>	<u>96,450</u>
	<u>\$ 1,179,039</u>	<u>\$ 1,944,639</u>
9) Accounts payable		
Related party in substance		
Walton Advanced Engineering Inc.	\$ 376,135	\$ 814,340
Others	<u>85,904</u>	<u>99,241</u>
	<u>\$ 462,039</u>	<u>\$ 913,581</u>
10) Other receivables and other current assets		
Subsidiaries	\$ 52,073	\$ 21,817
Related party in substance	<u>1,653</u>	<u>154</u>
	<u>\$ 53,726</u>	<u>\$ 21,971</u>
11) Other payables		
Subsidiaries	\$ 263,149	\$ 207,530
Related party in substance	17,723	31,922
Investor that exercises significant influence over the Company	<u>-</u>	<u>4</u>
	<u>\$ 280,872</u>	<u>\$ 239,456</u>
12) Refundable deposits (recorded in “other non-current assets”)		
Subsidiaries	\$ 545	\$ 545
Investor that exercises significant influence over the Company	<u>203</u>	<u>203</u>
	<u>\$ 748</u>	<u>\$ 748</u>
13) Guarantee deposits (recorded in “other non-current liabilities”)		
Subsidiaries	<u>\$ 1,780</u>	<u>\$ 1,780</u>

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



- e. Lease arrangements - the Company is lessor/sublease arrangements

Refer to Note 14 to the financial statement.

- f. Acquisition of shares

For the year ended December 31, 2022

<b>Related Party Category/Name</b>	<b>Line Item</b>	<b>Number of Shares</b>	<b>Underlying Assets</b>	<b>Purchase Price</b>
Investor that exercises significant influence over the Group Walsin Lihwa Corporation	Current financial assets at FVTOCI	25,527,493	Ordinary shares of Walsin Lihwa Corporation	\$ 765,825
Related party in substance CHIA-HO Green Energy Corporation	Non-current financial assets at FVTOCI	55,500,000	Ordinary shares of CHIA-HO Green Energy Corporation	555,000
Associate Hwa Bao Botanic Conservation Corp.	Investments accounted for using equity method	21,000	Ordinary shares of Hwa Bao Botanic Conservation Corp.	210,000
Subsidiaries Landmark	Investments accounted for using equity method	2,970	Shares of WECJ	<u>190,070</u>
				<u>\$ 1,720,895</u>

For the year ended December 31, 2021

<b>Related Party Category/Name</b>	<b>Line Item</b>	<b>Number of Shares</b>	<b>Underlying Assets</b>	<b>Purchase Price</b>
Sub-subsiidiary NTCJ	Investments accounted for using equity method	4,000 shares	Shares of METC	<u>\$ 357,898</u>

- g. Endorsements and guarantees

Endorsements and guarantees provided by the Group

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Sub-subsiidiary		
Amount endorsed	<u>\$ 6,972,000</u>	<u>\$ 11,080,076</u>
Amount utilized	<u>\$ 952,840</u>	<u>\$ -</u>

h. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employment benefits	\$ 510,698	\$ 334,753
Post-employment benefits	<u>689</u>	<u>18,154</u>
	<u>\$ 511,387</u>	<u>\$ 352,907</u>

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

## 27. PLEDGED AND COLLATERALIZED ASSETS

Refer to Notes 6 and 12 to the financial statements.

## 28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Amounts available under unused letters of credit as of December 31, 2022 and 2021 were approximately US\$3,957 thousand and US\$75,493 thousand, JPY321,200 thousand and JPY310,190 thousand and EUR0 thousand and EUR550 thousand, respectively.

b. The Company's unrecognized commitments were as follows:

	<b>December 31, 2022</b>
Acquisition of property, plant and equipment	<u>\$ 23,102,440</u>

## 29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

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

	<b>December 31</b>					
	<b>2022</b>			<b>2021</b>		
	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars (In Thousands)</b>	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars (In Thousands)</b>
<u>Financial assets</u>						
Monetary items						
USD	\$ 265,826	30.71	\$ 8,163,510	\$ 356,115	27.68	\$ 9,857,260
EUR	1,483	32.72	48,517	1,202	31.32	37,645
JPY	3,433,010	0.2324	797,831	1,850,370	0.2405	445,014
RMB	10,647	4.408	46,934	124,519	4.344	540,912

(Continued)

	December 31					
	2022			2021		
	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
Non-monetary items						
USD	\$ 22,042	30.71	\$ 676,914	\$ 19,492	27.68	\$ 539,527
EUR	786	32.72	25,717	760	31.32	23,791
JPY	985,033	0.2324	228,922	700,608	0.2405	168,518
ILS	10,009	8.7301	87,382	7,007	8.8912	62,301
<u>Financial liabilities</u>						
Monetary items						
USD	69,795	30.71	2,143,412	98,224	27.68	2,718,845
EUR	3,365	32.72	110,094	48,935	31.32	1,532,653
JPY	3,559,564	0.2324	827,243	2,704,144	0.2405	650,347
ILS	3,514	8.7301	30,675	2,098	8.8912	18,654
						(Concluded)

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currencies	For the Year Ended December 31	
	2022	2021
USD	\$ 591,600	\$ (131,846)
JPY	183,009	6,961
RMB	<u>26,157</u>	<u>14,699</u>
	<u>\$ 800,766</u>	<u>\$ (117,147)</u>

### 30. ADDITIONAL DISCLOSURE

a. Following are the additional disclosures for material transactions for the Company:

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

b. Information on investments: Refer to Table 7 attached.

c. Information on investment in mainland China

1)	The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits (losses) of investee, ending balance, amount received as dividends from the investee, and the limitation on investee.	Table 8
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 8

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

**31. SEGMENT INFORMATION**

The Company has provided the financial information of the operating segments in the consolidated financial statements. These parent company only financial statements do not provide such information.

TABLE 1

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	WEC	NTCJ	NTC's indirect subsidiary with 100% ownership	\$ 17,103,199 (Note 1)	\$ 10,706,900 (JPY 46,071,000) (Note 3)	\$ 6,972,000 (JPY 30,000,000) (Note 3)	\$ 952,840 (JPY 4,100,000)	\$ -	7.40	\$ 47,081,498 (Note 5)	Y	N	N	
1	NTC	NTCJ	Subsidiary	17,565,938 (Note 2)	2,080,810 (JPY 5,650,000) and (USD 25,000) (Note 4)	2,080,810 (JPY 5,650,000) and (USD 25,000) (Note 4)	659,040 (JPY 287,980) and (USD 19,281)	-	11.85	17,565,938 (Note 6)	Y	N	N	

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

Note 2: NTC's maximum amount endorsed are limited to 20% of the net equity in latest financial statements of NTC or the net value of the endorsee company, whichever is lower. NTC's limitation of maximum endorse amount as described are not limited to subsidiaries that directly or indirectly hold more than 50% of voting shares.

Note 3: The ending balance is approved by the boards of directors of WEC.

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

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

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

TABLE 2

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	
WEC	Shares Walsin Lihwa Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman. As WEC's corporate director, the investee held 22.20% ownership interest in WEC.	Current financial assets at fair value through other comprehensive income	247,527,493	\$ 11,683,298	7	\$ 11,683,298
	Hannstar Display Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	"	150,000,210	1,672,502	5	1,672,502
	Walsin Technology Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	"	8,400,117	663,609	2	663,609
	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	568,211	10	568,211
	Cathay Financial Holdings Co., Ltd.	None	"	5,305	212	-	212
	Shares Hsin Chu Golf Country Club	None	Non-current financial assets at fair value through other comprehensive income	3	12,450	-	12,450
	Linkou Golf Course Corporation	None	"	1	10,110	-	10,110
	Intellectual Property Innovation Corporation	WEC as the investee's director	"	1,000,000	7,671	10	7,671
	Harbinger III Venture Capital Corp.	WEC as the investee's supervisor	"	5,440	124	5	124
	Smart Catch International Co., Ltd.	None	"	4,000,000	-	16	-
	CHIA-HO Green Energy Corporation	WEC's chairman as an independent director of the investee's parent company	"	55,500,000	548,709	15	548,709
	Preferred stocks Fubon Financial Holding Co., Ltd. Preferred Shares B (2881A)	None	Current financial assets at fair value through profit or loss	182,000	10,993	-	10,993
	Cathay Financial Holding Co., Ltd. Preferred Stock B (2882A)	None	"	65,000	3,679	-	3,679
	Shin Kong Financial Holding Co., Ltd. Preferred Shares B (2888B)	None	"	829,000	29,761	-	29,761

(Continued)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	
WECA	Shares Kueron Holding Company	None	Current financial assets at fair value through profit or loss	377,808	USD 2,000	1	USD 2,000
	Funds Vanguard Short-Term Corporate Bond ETF (VCSH)	None	Current financial assets at fair value through profit or loss	24,000	USD 1,804	-	USD 1,804
	iShares National Muni Bond ETF (MUB)	None	"	17,000	USD 1,794	-	USD 1,794
	JVP VIII, L.P.	None	Non-current financial assets at fair value through other comprehensive income	-	USD 25,191	7	USD 25,191
	JVP X Funds	None	"	-	USD 14,922	4	USD 14,922
WECJ	Shares Nihon Computer Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	10	JPY -	1	JPY -
GLMTD	Shares TEGNA Electronics Private Limited	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	3,001,000	INR 30,010	10	INR 30,010
NTC	Shares Yu-Ji Venture Capital Co., Ltd.	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	575,000	9,844	5	9,844
	Brightek Optoelectronic Co., Ltd.	None	"	34,680	919	-	919
	United Industrial Gases Co., Ltd.	The held company as the investee's director	"	8,800,000	492,800	4	492,800
	Autotalks Ltd. - Preferred E. Share	None	"	3,932,816	614,200	9	614,200
	Warrants Autotalks Ltd.	None	Non-current financial assets at fair value through profit or loss	-	76,775	-	76,775
	Allxon Inc.	None	"	-	45,000	-	45,000
SYI	Shares Nyquest Technology Co., Ltd.	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	1,650,000	116,985	5	116,985
NTCJ	Shares Symatrix Corporation	None	Non-current financial assets at fair value through other comprehensive income	50,268	-	1	-

Note: Refer to Tables 7 and 8 for information of investment in subsidiaries, investments in associates and investment in Mainland China.

(Concluded)

TABLE 3

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Ending Balance		
					Number of Shares	Cost Amount	Number of Shares	Cost Amount	Number of Shares	Amount	Carrying Amount (Note 3)	Gain (Loss) on Disposal	Number of Shares
WEC	Walsin Lihwa Corporation	Current financial assets at FVTOCI	Issuance of ordinary shares in cash	Investor that exercises significant influence over the Group	222,000,000	\$ 2,082,335	25,527,493	\$ 765,825	-	-	-	247,527,493	\$ 2,848,160
	CHIA-HO Green Energy Corporation	Non-current financial assets at FVTOCI	Issuance of ordinary shares in cash	Related party in substance	-	-	55,500,000	555,000	-	-	-	55,500,000	555,000
NTCJ	TPSCo.	Investments accounted for using equity method	TPSCo.	Parent company	14,700 (Note)	1,289,679	30,919	338,772	-	-	-	45,619	1,710,869

Note: Under the business acquisition agreement, if TPSCo. turns a net profit during the period of the effective date of the acquisition (September 1, 2020) to March 31, 2022, NTC is required to pay Panasonic Corporation the net profit based on its ownership proportion. Thus, NTC has no significant influence over TPSCo. during the period aforementioned. TPSCo. was recognized as non-current financial assets at fair value through other comprehensive income. Starting from April 2022, the restriction has been waived for NTC, and NTC has significant influence over TPSCo.; accordingly, TPSCo. has been accounted for using the equity method. Share of profit (loss) was recognized as from April 2022 for the period.

TABLE 4

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Company Name	Property	Event Date	Transaction Amount	Payment Term	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is A Related Party			Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date			
WEC	Buildings	2022.01.23-2022.12.08	\$ 425,823	Monthly settlement by the construction progress and acceptance	L&K Engineering Co., Ltd.	None	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None
	Buildings	2022.01.23-2022.12.22	638,728	Monthly settlement by the construction progress and acceptance	Wholetech System Hitech Ltd.	None	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None
	Buildings	2022.01.23-2022.12.22	454,092	Monthly settlement by the construction progress and acceptance	Jer Yih Electrical Co., Ltd.	None	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None
	Buildings	2022.06.16-2022.12.18	331,348	Monthly settlement by the construction progress and acceptance	Mega Union Technology Incorporated	None	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None
	Buildings	2022.01.23-2022.12.22	341,842	Monthly settlement by the construction progress and acceptance	Rayzher Industrial Co., Ltd.	None	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None

TABLE 5

## 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, 2022  
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Transaction Details		Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	
WEC	WEHK WECJ WECN WECA NTC	Direct subsidiary with 100% ownership Direct subsidiary with 100% ownership Indirect subsidiary with 100% ownership Indirect subsidiary with 100% ownership Direct subsidiary with 51% ownership	Sales Sales Sales Sales Sales	\$ 7,349,083 5,640,271 2,914,234 1,661,541 173,887	14 11 6 3 -	Net 90 days from invoice date Net 30 days from invoice date	N/A N/A N/A N/A N/A	\$ 553,174 461,590 1,135 140,764 21,464	12 10 - 3 -
WEHK	WEC	Parent company	Purchases	USD 249,304	100	Net 90 days from invoice date	N/A	USD (18,013)	(100)
WECJ	WEC NTC	Parent company Direct subsidiary with 51% ownership	Purchases Purchases	JPY 24,946,747 659,811	97 3	Net 90 days from invoice date Net 90 days from invoice date	N/A N/A	JPY (1,994,248) JPY (142,480)	(93) (7)
WECN	WEC	Parent company	Purchases	RMB 662,557	100	Net 90 days from invoice date	N/A	RMB (257)	(100)
WECA	WEC	Parent company	Purchases	USD 56,502	100	Net 90 days from invoice date	N/A	USD (4,584)	(95)
NTC	NTHK	NTC's direct subsidiary with 100% ownership	Sales	8,079,378	41	Net 90 days from invoice date	N/A	141,110	12
NTC	NTCJ	NTC's indirect subsidiary with 100% ownership	Purchases	1,961,416	24	Net 15 days end of the month	N/A	(158,632)	(10)
NTC	Waltech Advanced Engineering (Suzhou) Ltd.	Related party in substance	Purchases	1,045,764	13	Net 15 days end of the month	N/A	(448,177)	(28)
NTC	NTSG	NTC's direct subsidiary with 100% ownership	Purchases	335,654	4	Net 15 days end of the month	N/A	(84,359)	(5)
NTC	NTCA	NTC's direct subsidiary with 100% ownership	Sales	262,269	1	Net 90 days from invoice date	N/A	108,679	9
NTC	WEC	Parent company	Purchases	173,354	2	Net 30 days from invoice date	N/A	(20,828)	(1)
NTC	WECJ	Direct subsidiary with 100% ownership	Sales	149,214	1	Net 90 days from invoice date	N/A	33,052	3
NTC	Nyquest Technology Co., Ltd.	Related party in substance	Sales	229,401	1	Net 45 days from invoice date	N/A	15,704	1

(Continued)

Company Name	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	
NTHK	NTC	Parent company	Purchases	USD 271,014	100	Net 90 days from invoice date	N/A	N/A	USD (4,595)	(100)
NTCA	NTC	Parent company	Purchases	USD 8,744	100	Net 90 days from invoice date	N/A	N/A	USD (3,539)	(100)
NTCJ	NTC	Parent company	Sales	USD 65,019	8	Net 15 days end of the month	N/A	N/A	USD 5,165	5
NTSG	NTC	Parent company	Sales	USD 10,791	3	Net 15 days end of the month	N/A	N/A	USD 2,741	9
	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	USD 141,550	45	Net 10 days end of the month	N/A	N/A	USD 16,902	56
NTCJ	NTSG	NTC's direct subsidiary with 100% ownership	Purchases	JPY 19,356,022	37	Net 10 days end of the month	N/A	N/A	JPY (2,233,479)	(25)
	NTSG	NTC's direct subsidiary with 100% ownership	Sales	JPY 26,308,826	26	Net 10 days end of the month	N/A	N/A	JPY 1,871,831	14
NTSG	NTCJ	NTC's indirect subsidiary with 100% ownership	Purchases	USD 202,508	69	Net 10 days end of the month	N/A	N/A	USD (14,165)	(71)
NTCJ	TPSCo. Waltech Advanced Engineering (Suzhou) Ltd.	Associate Related party in substance	Purchases Sales	JPY 20,139,308 JPY 13,025,750	39 13	Net 10 days end of the month Net 10 days end of the month	N/A N/A	N/A N/A	JPY (1,087,101) JPY 2,864,430	(12) 21
NTSG	Waltech Advanced Engineering (Suzhou) Ltd.	Related party in substance	Sales	USD 7,786	3	Net 10 days end of the month	N/A	N/A	USD 619	2
AMTC	TPSCo.	Associate	Sales	JPY 1,305,035	50	Net 10 days end of the month	N/A	N/A	JPY 138,201	62

(Concluded)

TABLE 6

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
WEC	WEHK	Direct subsidiary with 100% ownership	\$ 553,174	10.55	\$ -	-	\$ 481,835	-
	WECJ	Direct subsidiary with 100% ownership	461,590	9.68	-	-	-	-
	WECA	Indirect subsidiary with 100% ownership	140,764	7.47	-	-	-	-
WECA	WEC	Parent company	USD 5,591	(Note)	-	-	USD 1,571	-
NTC	NTHK	NTC's direct subsidiary with 100% ownership	141,110	91.16	-	-	141,110	-
	NTCA	NTC's direct subsidiary with 100% ownership	108,679	3.49	-	-	108,679	-
NTSG	NTCJ	NTC's indirect subsidiary with 100% ownership	USD 16,902	9.69	-	-	USD 16,902	-
NTCJ	NTSG	NTC's direct subsidiary with 100% ownership	JPY 1,871,831	14.11	-	-	JPY 1,871,831	-
	NTC	Direct subsidiary with 51% ownership	USD 5,165	17.08	-	-	USD 5,165	-
	Waltech Advanced Engineering (Suzhou) Ltd.	Related party in substance	JPY 2,864,430	4.91	-	-	JPY 2,864,430	-

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

TABLE 7

## 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, 2022

(In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Carrying Amount			
Winbond Electronics Corp.	Navoton Technology Corporation	Taiwan	Research, design, development, manufacture and marketing of Logic IC, on-chip water product, test, and OEM	\$ 4,436,920	\$ 4,436,920	214,954,635	\$ 8,941,174	\$ 4,220,773	\$ 2,161,530	
	Winbond International Corporation	British Virgin Islands	Investment holding	2,758,517	2,758,517	87,960,000	2,067,311	30,439	30,439	
	Winbond Electronics (HK) Limited	Hong Kong	Sales, manufacture and investment holding	1,271,158	278,158	71,150,000	581,154	129,345	129,338	
	Miraxia Edge Technology Corporation	Japan	Software and hardware integration design of semiconductor	167,660	167,660	4,000	234,733	69,921	69,921	
	Landmark Group Holdings Ltd.	British Virgin Islands	Investment holding	168,755	168,755	5,343,000	185,332	51,954	51,954	
	Winbond Electronics Corporation Japan	Japan	Research, development, sales and after-sales service of semiconductor	190,070	-	2,970	312,463	147,128	101,815	(Note 1)
	Great Target Development Ltd.	Seychelles	Investment holding	155,663	155,663	4,470,000	132,048	(404)	(404)	
	Callisto Holding Limited	Hong Kong	Electronic commerce and investment holding	156,292	156,292	40,000,000	95,763	(17,185)	(17,185)	
	Winbond Technology Ltd.	Israel	Design and service of semiconductor	21,242	21,242	100,000	87,383	12,301	12,301	
	Winbond Electronics Germany GmbH	Germany	Marketing service of semiconductor	28,679	28,679	850,000	25,717	673	673	
	Pine Capital Investment Limited	Hong Kong	Investment holding	2,967	2,967	780,000	2,929	26	26	
	Chin Xin Investment Co., Ltd.	Taiwan	Investment holding	1,874,825	1,874,825	182,840,999	7,996,268	1,026,111	386,750	
	Hwa Bao Botanic Conservation Corp.	Taiwan	Agriculture and forestry botanic conservation	240,000	30,000	24,000,000	264,303	(5,630)	(1,316)	
Winbond International Corporation	Winbond Electronics Corporation America	United States of America	Design, sales and service of semiconductor	1,683,207	1,683,207	3,067	2,097,702	30,487	30,487	(Note 1)
Landmark Group Holdings Ltd.	Winbond Electronics Corporation Japan	Japan	Research, development, sales and after-sales service of semiconductor	-	112,644	-	-	147,128	45,313	
Callisto Holding Limited	Callisto Technology Limited	Hong Kong	Electronic commerce and investment holding	30,895	30,895	1,000,000	30,362	(192)	(192)	
Great Target Development Ltd.	GLIMTD Technology Private Limited	India	Sales and service of semiconductor	135,415	135,415	27,998,400	102,348	(6)	(6)	
Miraxia Edge Technology Corporation	Miraxia Technology Taiwan Corporation	Taiwan	Development of software and services for automotive and industrial control	3,000	-	300,000	3,000	(524)	(524)	(Note 2)
Navoton Technology Corporation	Navoton Electronics Technology (H.K.) Limited	Hong Kong	Sales of semiconductor	427,092	427,092	107,400,000	611,146	66,834	66,834	
	Marketplace Management Limited	British Virgin Islands	Investment holding	271,987	271,987	15,807,790	285,197	(17,224)	(17,224)	
	Navonon Investment Holding Ltd.	British Virgin Islands	Investment holding	590,953	590,953	17,960,000	368,452	(17,278)	(17,278)	
	Song Yang Technology Corporation	Taiwan	Investment holding	38,500	38,500	3,850,000	147,758	14,445	14,445	
	Navonon Technology India Private Limited	India	Investment holding	30,211	30,211	600,000	21,647	1,186	1,186	
	Navonon Technology Corporation America	United States of America	Design, sales and service of semiconductor	190,862	190,862	60,500	210,631	10,280	10,280	
	Navonon Technology Singapore Pte. Ltd.	Singapore	Design, sales and service of semiconductor	1,319,054	1,319,054	45,100,000	1,959,771	168,131	168,131	
	Navonon Technology Korea Limited	Korea	Design, sales and service of semiconductor	30,828	30,828	125,000	12,708	907	907	
	Navonon Technology Holdings Japan	Japan	Investment holding	5,927,849	5,927,849	100	7,567,843	1,352,222	1,352,222	
Marketplace Management Limited	Goldbond LLC	United States of America	Investment holding	1,473,559	1,473,559	-	285,197	(16,951)	(16,951)	
Navonon Investment Holding Ltd.	Navonon Technology Israel Ltd.	Israel	Design and service of semiconductor	46,905	46,905	1,000	294,012	(3,737)	(3,737)	
Navonon Technology Holdings Japan	Navonon Technology Corporation Japan	Japan	Design, sales and service of semiconductor	111,520	111,520	9,480	11,402,133	1,352,086	1,352,086	
Navonon Technology Corporation	Aifields Manufacturing Technology Corporation	Japan	Design and service of semiconductor	55,760	55,760	4,000	233,534	91,737	91,737	
Japan	Tower Partners Semiconductor Co., Ltd.	Japan	Foundry and sales of semiconductor	1,648,451	-	45,619	1,710,869	493,050	126,861	(Notes 3 and 4)

Note 1: The acquisition of 100% ownership of WECJ from Landmark was approved by WEC's board meeting on August 4, 2022. The acquisition date was set on November 30, 2022.

Note 2: Miraxia Technology Taiwan Corporation was established in November 2022.

Note 3: Share of profit (loss) includes downstream and upstream transactions.

Note 4: Under the business acquisition agreement, if TPSCO turns a net profit during the period of the effective date of the acquisition (September 1, 2020) to March 31, 2022, NTC is required to pay Panasonic Corporation the net profit based on its ownership proportion. Thus, NTC has no significant influence over TPSCO during the period aforementioned. TPSCO was recognized as non-current financial assets at fair value through other comprehensive income. Starting from April 2022, the restriction has been waived for NTC, and NTC has significant influence over TPSCO, accordingly, TPSCO has been accounted for using the equity method. Share of profit (loss) was recognized as from April 2022 for the period.

Note 5: Refer to Table 8 for information on investment in mainland China.

TABLE 8

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Remittance of Funds		Accumulated Outward Remittance for Investment from January 1, 2022	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 1)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
WEC	Winbond Electronics (Suzhou) Limited	Design, development and marketing of VLSI integrated ICs	\$ 276,435 (USD 9,000)	Through investing in WEHK in the third area, which then invested in the investee in Mainland China indirectly	\$ -	\$ -	\$ 276,435 (USD 9,000)	\$ 38,278	100	\$ 38,278	\$ 419,622	\$ 35,880
NTC	Nuvoton Electronics Technology (Shanghai) Limited	Provide projects for sale in China and repairing, testing, consulting of software and equipment lease of semiconductor	68,036 (USD 2,000)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in Mainland China indirectly	-	-	68,036 (USD 2,000)	(16,630)	51	(8,516)	147,465	-
	Winbond Electronics (Nanjing) Ltd.	Computer software service (except I.C. design)	16,429 (USD 500)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in Mainland China indirectly	-	-	16,429 (USD 500)	-	51	-	(1,556) (Note 2)	-
	Nuvoton Electronics Technology (Shenzhen) Limited	Computer software service (except I.C. design), wholesale business for computer, supplement and software	197,670 (USD 6,000)	Through investing in NTHK in the third area, which then invested in the investee in Mainland China indirectly	-	-	197,670 (USD 6,000)	4,749	51	2,432	117,041	-
NTSH	Song Zhi Electronics Technology (Suzhou)	Provide development of semiconductor and technology, consult service and equipment leasing business	8,688 (CNY 2,000) (Note 3)	Through investing in NTSH in the third area, which then invested in the investee in Mainland China indirectly	-	-	- (Note 3)	(16)	51	(8)	4,203	-

Note 1: Investment profit or loss for the year ended December 31, 2022, was recognized under the basis of the financial statements audited by the Company's auditor.

Note 2: WENJ has a negative net book value as of December 31, 2022, which is reclassified to other non-current liabilities.

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

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

Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
WEC	\$ 276,435 (USD9,000)	\$ 276,435 (USD9,000)	\$ 56,497,798
NTC	282,135 (USD8,500)	282,135 (USD8,500)	10,539,562

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

3. Refer to Table 5 for significant transactions with the investee in mainland China directly and indirectly through investing in companies in the third area.

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

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

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

**WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

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

Note 1: Table 9 is based on the information on the last business day of the quarter provided by the Taiwan Depository & Clearing Corporation (TDCC). The TDCC calculate the total number of ordinary shares and preferred shares held by shareholders who retain more than 5% of the Company's share (including treasury shares) that have delivered without physical registration. The number of shares in the Company's consolidated financial report and the actual number of shares delivered without physical registration may differ due to the different calculation basis.

Note 2: As per information above, if the shareholder delivers the shares to the trust, shares will be disclosed based on the trustee's account. Additionally, according to the Securities and Exchange Act, internal stakeholder whom holds more than 10% of the Company's share, which includes shares held by the stakeholder and parts delivered to the trust that have decision making rights, should be declared. For information regarding internal stakeholder declaration, please refer to the Market Observation Post System website of the Taiwan Stock Exchange Corporation.

## Analysis of Financial Status and Financial Performance and Risk Issues

### I. Financial status

Unit: NT\$ in thousands

Item\Fiscal Year	Consolidated Financial Statements for Fiscal Year 2022	Consolidated Financial Statements for Fiscal Year 2021	Increase (Decrease) Amount	Increase (Decrease) Ratio %
Total Assets	184,164,993	152,740,284	31,424,709	21
Current Assets	68,537,523	72,506,733	(3,969,210)	(5)
Property, Plant, and Equipment	93,806,639	61,079,605	32,727,034	54
Intangible Assets	782,603	1,072,985	(290,382)	(27)
Other Assets	21,038,228	18,080,961	2,957,267	16
Total Liabilities	81,431,277	62,706,772	18,724,505	30
Current Liabilities	27,776,754	28,644,931	(868,177)	(3)
Non-Current Liabilities	53,654,523	34,061,841	19,592,682	58
Total Equity	102,733,716	90,033,512	12,700,204	14
Equity Attributable to Owners of the Parent Company	94,162,996	82,444,113	11,718,883	14
Share Capital	39,800,002	39,800,002	-	-
Capital Reserve	7,785,918	7,786,124	(206)	-
Retained Earnings	32,215,117	22,808,020	9,407,097	41
Other Equity	14,361,959	12,049,967	2,311,992	19
Non-Controlling Interests	8,570,720	7,589,399	981,321	13
The main reasons for items with increase or decrease ratio over 20% are as follows:				
1. Increase in property, plant, and equipment: mainly due to the establishment of new plants in Kaohsiung and the purchase of equipment.				
2. Decrease in intangible assets: mainly due to amortization of computer software.				
3. Increase in non-current liabilities: mainly due to an increase in long-term borrowings.				
4. Increase in retained earnings: mainly due to the profit in Fiscal Year 2022.				

### II. Financial performance

Unit: NT\$ in thousands

Item\Fiscal Year	Consolidated Financial Statements for Fiscal Year 2022	Consolidated Financial Statements for Fiscal Year 2021	Increase (Decrease) Amount	Increase (Decrease) Ratio %
Net Operating Income	94,529,790	99,569,924	(5,040,134)	(5)
Operating Costs	51,478,707	57,088,857	(5,610,150)	(10)
Gross Profit	43,051,083	42,481,067	570,016	1
Operating Expenses	26,516,502	24,053,145	2,463,357	10
Operating Profit	16,534,581	18,427,922	(1,893,341)	(10)
Non-Operating Income and Expenses	1,511,591	(204,832)	1,716,423	(838)
Net Profit before Tax	18,046,172	18,223,090	(176,918)	(1)
Income Tax Expense	3,059,620	3,222,968	(163,348)	(5)
Net Profit for the Period	14,986,552	15,000,122	(13,570)	-
Other Comprehensive Income for the Period	2,717,903	4,186,931	(1,469,028)	(35)
Total Comprehensive Income for the Period	17,704,455	19,187,053	(1,482,598)	(8)

Item\Fiscal Year	Consolidated Financial Statements for Fiscal Year 2022	Consolidated Financial Statements for Fiscal Year 2021	Increase (Decrease) Amount	Increase (Decrease) Ratio %
The main reasons for items with an increase or decrease ratio over 20% are as follows:				
1. Increase in Non-Operating Income and Expenses: mainly due to a decrease in impairment loss on property, plant, and equipment and an increase in income from associated enterprises recognized using the equity method in Fiscal Year 2022.				
2. Decrease in Other Comprehensive Income for the Period: mainly due to a decrease in unrealized gains on valuation of financial assets measured at fair value through other comprehensive income held by the Company and associated enterprises recognized using the equity method.				
Main factors for an expected continuing increase in sales in the year ahead: the company's annual production capacity in 2023 will reach 800,000 pieces to meet the needs of clients according to industry trends and market conditions.				

### III. Cash flow

#### (1) Cash Flow Analysis of Consolidated Financial Statements for Fiscal Year 2022

Unit: NT\$ in millions

Beginning cash balance (December 31, 2021)	Net cash flow from operating activities (Fiscal Year 2022)	Net cash flow from investing and financing activities (Fiscal Year 2022)	Cash balance at the end of year (December 31, 2022)	Plan to improve insufficient liquidity	
				Investment plan	Financial planning
30,914	15,696	(26,207)	20,403	-	-
1. Analysis of changes in cash flow in Fiscal Year 2022 Consolidated Financial Statements:					
(1) Operating activities: mainly due to net cash inflow of NT\$15.7 billion from operating activities.					
(2) Investing activities: mainly due to net cash outflow of NT\$41.74 billion from acquisition and disposal of property, plant, and equipment, net cash outflow of NT\$2.53 billion from equity investments and other net cash outflow of NT\$0.21 billion.					
(3) Financing activities: mainly due to cash inflow of NT\$22.79 billion from an increase in borrowings, cash outflow of NT\$3.98 billion for cash dividends, and other net cash outflow of NT\$0.93 billion.					
2. Improvement plan and liquidity analysis for insufficient liquidity: no insufficient cash liquidity.					

#### (2) Analysis of consolidated cash liquidity for the coming year

In the coming year, the Company and its subsidiaries expect a total net cash inflow of NT\$12.6 billion from operating activities and total net cash outflow of 12.6 billion dollars from investing and financing activities, which will be mainly used for capital expenditures, financing, and cash dividends.

### IV. Impact of major capital expenditures in the most recent fiscal year on financial operations

#### (1) Utilization of major capital expenditures and sources of funds in the most recent fiscal year

Unit: NT\$ in millions

Project	Actual Source of Funds	Actual Completion Date	Total Funds	Actual Fund Utilization		
				2020	2021	2022
Plant and production capacity expansion, among other capital expenditures	Syndicated bank loans, corporate bond issuances, and reinvestment of earnings	Fiscal Year 2022	60,341	8,356	9,820	42,165

#### (2) Expected benefits

Expanded plants and production capacity, and accelerated development of process technologies to maintain market share.

V. Reinvestment policy for the most recent fiscal year, main reasons for profits/losses generated thereby, improvement plans, and investment plans for the coming year

1. Reinvestment policy: principle underlying reinvestment to improve performance.
2. Profit or loss from reinvestment in the most recent fiscal year: In Fiscal Year 2022, the Company recognized a profit of NT\$2,926 million from investments accounted for with the equity method (NT\$512 million in consolidated statements recognized using the equity method).
3. Investment plans for coming year: Investment plans will be formulated as needed for reinvestment.

VI. Risk analysis and assessment

(1) Impact of interest and exchange rate fluctuations, changes on profits and losses, and future response measures

1. Interest rate fluctuations

Our exposure to interest rate risk is primarily derived from long-term floating rate loans required for upgrading fabrication or expanding capacity. We have negotiated favorable rates based on market conditions during financing to reduce impacts of fluctuations. Our NTD-denominated corporate bonds have fixed interest rates and are measured at amortized cost for changes not to affect cash flow and fair value.

Consolidated interest income in Fiscal Year 2022 amounted to NT\$154,580,000 with a consolidated interest expense of NT\$94,874,000. The impact of interest rate fluctuations on operations was assessed as being within a controllable range. We will closely monitor interest rate movement and its impact on cash flow.

2. Exchange Rate Fluctuations

In 2022, the Company's risk from exchange rate fluctuations and foreign exchange gains or losses was within a controllable range. Our foreign exchange gains and losses mainly come from the foreign currency positions derived from import and export operations as well as the corresponding derivative financial products undertaken to avoid foreign exchange risk. The measures we take to manage this risk are as follows:

We engage in financial derivatives transactions for the purpose of hedging operational risks. Financial derivative products are selected to hedge risks associated with operations. In selecting trading counterparties, we give primary consideration to credit risk to avoid loss arising from a counterparty's failure to perform contractual obligations. Counterparties are selected from financial institutions with low credit risk, have a good relationship with us, and are capable of furnishing required professional information.

We keep abreast of financial market information, observes trends, maintains an in-depth understanding of financial products, applicable laws and regulations, and trading techniques, and provides adequate and timely information to management and relevant departments for reference.

We limit unrealized loss on all financial derivative contracts to 20% of its value or 3% of shareholder equity, whichever is lower. The finance division evaluates our derivative position

twice a month and prepares a report to be submitted to the head of finance and senior management authorized by the Board of Directors for review. Such evaluation is aimed at assessing the risk of every transaction and potential gains or losses resulting from it.

### 3. Inflation

Inflation in recent years has had a limited impact on our profit or loss.

#### (2) Policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, derivatives transactions, main reasons for profits/losses generated thereby; and future response measures

1. We do not engage in high-risk investments or highly leveraged investments. Our derivatives transaction policy minimizes the risk of changes in the fair value of assets and liabilities to achieve economic hedging. Under this principle, all derivatives transactions undertaken correspond to our real positions. Any gains or losses on derivatives transactions and hedged positions during the period are due to time difference in the recognition of disposal of position and gain or loss on the transaction, which are non-significant. We also do not engage in high-risk derivatives transactions and will adhere to the principle of hedging only owned positions.

#### 2. Loans to other parties, endorsements, guarantees:

We follow the Procedures for Lending Funds to Others and Procedures for Endorsements and Guarantees when lending funds and making endorsements and guarantees with careful consideration of risks.

#### (3) Future R&D work and estimated expenditures

The Company and its subsidiaries are expected to invest a total of approximately NT\$17.8 billion in research and development in 2023. Our future directions of development include the following:

##### 1. Dynamic Random-Access Memory (DRAM)

Specialty DRAM: We will continue to develop medium- to high-density products using the DRAM 25nm process, primarily for applications in the 3C, automotive, and industrial electronics industries. We will also continue our research and development work on next generation DRAM 20nm and 16nm process technologies. Mobile DRAM: We will continue to develop medium- to high-density products with low power consumption, high bandwidth, and better data transfer rates, mainly for applications in mobile phones, tablets, low-power mobile devices, wearable devices, the Internet of Things, automotive and industrial electronics products, etc.

##### 2. Code Storage Flash Memory

We will continue to develop the 32nm and 45nm process technologies to produce safe, high performance, energy-efficient, and value-added Code Storage Flash Memory product lines for applications in computing and peripheral products, mobile handheld devices and peripheral modules, network communications products, IoT, consumer electronics, automotive and industrial electronics, household appliance modules, and information security. We will also continue to develop advanced process technologies.

##### 3. Logic IC

Our R&D into logic products will continue to focus on energy efficiency, information security, high performance CPU core platforms, innovative IP technologies, strengthening compliance with international standards for quality and reliability, and introducing advanced production platforms to increase our expertise in IoT, energy-efficient consumer electronics, industrial control, and automotive electronics to expand customer base and scope of applications to prepare for future industry changes. We will also continue to invest in logic IC R&D for use in cloud computing, smart handheld devices, and PCs while developing in three directions—secure management, energy efficiency, and a better user experience—to expand the scope of our products and applications and build on our existing foundation.

#### (4) Effect of major policies adopted and changes in the legal environment at home and abroad on financial operations, and response measures

Our operational policies all comply with applicable laws and regulations. We closely monitors major policies that are adopted and changes in the legal environment at home and abroad and consult with relevant experts as necessary for recommendations and appropriate countermeasures. In the last year and up to the publication date of the annual report, our financial operations have not been affected by major changes in government policy and laws at home or abroad.

**(5) Effect on financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and response measures**

We keep abreast of technological and market changes and assigns staff or a project team to study and evaluate impact on development and financial operations as well as response measures. During the current fiscal year up to the publication date of the annual report, there were no significant technological changes that exert a material impact on our financial operations.

**(6) Effect on crisis management of changes in corporate image, and response measures**

We inherently uphold the principles of honesty and integrity in practice. We serve customers with integrity and rigorously require employees to practice self-discipline and observe internal rules. We abide by the principles of information disclosure and financial transparency with various communication channels for shareholders, institutional investors, and the general public to better understand, recognize, and support our strategies. We have also set up dedicated departments to take charge of corporate and employee relations, internal audits, risk management, quality assurance, and customer service. These departments work closely with various business units to consolidate resources and strength. In case of any contingency, our senior management will act as convenor and promptly set up a response team to quickly address and resolve the crisis. We prepare readiness plans to prevent and control latent risks that we might face in the future. As of the publication date of the annual report, there were no changes in corporate image that calls for prompt actions in crisis management.

**(7) Expected benefits and possible risks associated with acquisition, and mitigation measures.**

The Company did not make any acquisitions during 2022 up to the publication date of the annual report.

**(8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures**

We have a team of technicians to conduct feasibility evaluation on plant expansion and construction. The purpose of fab expansion is to improve advanced process technology and reduce production costs, which will increase our resilience to market competition and facilitate our expansion in the area of end-product applications. Given the high market volatility of the memory industry, we will closely monitor market trends and supply-demand situations, taking a robust approach to capacity allocation. We will optimize product mixes with diverse applications, and adopt a process-optimized cost structure to eliminate potential market risks. Financially, we will make prudent plans for our capital expenditures and funds, and draw up sound business plans to lower loan risks. We expect to have sufficient profit and cash flows to meet investment needs and fulfill repayment obligations. Our technical team consists of semiconductor wafer fabrication experts and IC design experts who have accumulated decades of experience in related fields. We will also introduce advanced processes from abroad and embark on R&D with our own technology. The switch to technology-based processes is expected to improve our cost control capability and augment the possibility of product application expansion. We will endeavor to tackle market volatility risks and maximize profitability by focusing on the aspects of product, finance, and technology.

**(9) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures**

Risks associated with consolidation of purchasing operations include failure to receive deliveries from suppliers on time due to factory, financial, or quality incidents. We purchase raw materials from multiple sources and qualified suppliers to ensure supply stability.

Risks associated with consolidation of distribution are due to optimized customer structure and long-term strategic cooperation. We have established distribution, credit, and quality management regulations as well as effective internal control and audit systems. We also promote product applications and manage distribution with information-based operations. Therefore, we have no risks associated with consolidation of distribution.

(10) Effect upon and risks in the event a major quantity of shares belonging to a director or shareholder with over 10% stake has been transferred or changed hands, and mitigation measures

During the current fiscal year up to the publication date of the annual report, our directors and Walsin Lihwa Corp., a shareholder with over 10% stake, did not transfer a major quantity of their shares.

(11) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures

None of the above situations occurred during the current fiscal year up to the publication date of the annual report.

(12) Major litigious and non-litigious matters

1. Concluded or ongoing major litigious, non-litigious or administrative disputes as of the date of publication of the annual report: None.
2. Concluded or ongoing major litigious, non-litigious or administrative disputes involving any director, general manager, person with actual responsibility, major shareholder with over 10% stake, and/or any company controlled by Winbond as of the date of publication of the annual report, with material affect on equity or prices of securities:

As of the publication date of the annual report, the lawsuit involving the Company's subsidiary Nuvoton Technology can be described as follows:

On November 24, 2021, Company N filed a lawsuit in the Federal Court in Delaware, USA, accusing Nuvoton Technology Corporation America of infringing one of its patents. Company N applied to withdraw this lawsuit in February 2022, and the case has been closed.

As of the publication date of the annual report, there have been no significant legal cases involving the directors, general manager, actual controller, major shareholders holding more than 10% of the shares, and subsidiary companies of our company other than the above-mentioned legal case.

(13) Organizational structure of risk management

Duties and responsibilities in our risk management are distributed across various units. We have established internal management guidelines and operating procedures with comprehensive plans and processes for risk avoidance, loss prevention, and crisis management. Our management team continuously monitors changes in the macroeconomic environment that may affect business and operations. We appoint dedicated staff to make plans and take actions in the event of contingencies and minimize any uncertainties.

(14) Other significant risks and mitigation measures

No such situations have occurred during the current fiscal year up to the publication date of the annual report.

VII. Other matters of importance:

Key performance indicators specific to the industry

Key performance indicator	Fiscal Year 2022
Number of 12-inch wafers produced	629,236 pieces
Online average yield rate	99.43 %



## 2. Profile of Individual Affiliates

December 31<sup>st</sup>, 2022; Unit NT\$1,000

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Main Business and Products
Winbond Electronics Corporation	1987.09.29	No. 8, Keya 1st Rd., Daya Dist., Taichung City 428, Taiwan, R.O.C.	TWD 39,800,002	Research, development, production, and sale of semiconductor parts and components used in integrated circuits and other system products
Landmark Group Holdings Ltd.	2005.07.25	Palm Grove House, P.O.Box 438, Road Town, Tortola, British Virgin Islands	USD 5,343	Investments
Winbond Electronics Corporation Japan	2001.01.05	Shin-Yokohama Square Bldg. 9F 2-3-12 Shin-Yokohama, Kouhoku-ku, Yokohama, Kanagawa, Japan 222-0033	JPY 148,500	Research, development, and sales of semiconductor parts and components, and after-sale service
Winbond International Corporation	1995.08.28	Flemming House, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	USD 87,960	Investments
Winbond Electronics Corporation America	1998.07.01 3	32 Lookerman Square, suite L-100, Dover, Delaware 19904	USD 58,917	Design, sale, and servicing of semiconductor parts and components
Great Target Development Ltd	2017.05.30	No. 4, Franky Building, Providence Industrial Estate, Mahe, Seychelles.	USD 4,470	Investments
GLMTD Technology Private Limited	2017.08.07	A-4, Phase-II, Noida, Gautam Buddha Nagar, Uttar Pradesh 201305, India	INR 280,000	Sales and servicing of semiconductor parts and components
Winbond Electronics (H.K.) Ltd.	2008.06.13	Unit 9-11, 22F, Millennium City 2, No 378 Kwun Tong Road, Kowloon, Hong Kong	HKD 71,150	Investment and sales of semiconductor parts and components, and after-sale service
Winbond Electronics (Suzhou) Ltd.	2011.06.21	Rm 1206, 12th Floor, No.505, Guang Ming Rd., Huaqiao Town, Kunshan City, Jiangsu Province, China	USD 9,000	Research, design, development, and sales of integrated circuits and equipment, and after-sale service
Pine Capital Investment Ltd.	2011.01.12	Unit 9-11, 22F, Millennium City 2, No 378 Kwun Tong Road, Kowloon, Hong Kong	HKD 780	Investments
Winbond Technology Ltd	2013.07.31	1 Abba Eban Ave, Building B, First Floor Herzliya: 4672519, Israel	ILS 1	Design and servicing of semiconductor components
Winbond Electronics Germany GmbH	2019.11.29	Pacellistrasse 8, 80333 Munich, Germany	EUR 850	Sale and servicing of semiconductor components
Callisto Holdings Limited	2018.05.04	Unit 9-11, 22F, Millennium City 2, No 378 Kwun Tong Road, Kowloon, Hong Kong	HKD 40,000	E-commerce and Investment
Callisto Technology Limited	2018.10.23	Unit 9-11, 22F, Millennium City 2, No 378 Kwun Tong Road, Kowloon, Hong Kong	USD 1,000	E-commerce and Investment
Miraxia Edge Technology Corporation	1997.01.10	1 Kotari-yakemachi, Nagaokakyo City, Kyoto 617-8520, Japan	JPY 200,000	Integrated design of semiconductor-related software and hardware systems
Miraxia Technology Taiwan Corporation	2022.11.17	17 F., No. 539, Sec. 2, Wenxing Rd., Zhubei City, Hsinchu County 302052, Taiwan R.O.C.	TWD 3,000	Development of software and services for automotive and industrial control systems
Nuvoton Technology Corp.	2008.04.09	No.4, Yan Hsin 3rd Rd., Hsinchu Science and Industrial Park	TWD 4,197,653	Research, design, development, manufacturing, and sales of logic IC; 6" fab production, testing, and OEM
Marketplace Management Limited	2000.07.28	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 8,898	Investments
Goldbond LLC	2000.09.22	1912 Capitol Ave, Cheyenne, WY 82001	USD 44,775	Investments
Nuvoton Electronics Technology (Shanghai) Ltd.	2001.03.30	Rm 2701, 27F, No. 2299, Yen An W. Rd., Shanghai, China	RMB 16,555	Solutions and repair and maintenance, testing, and technology consultation service for products sold in Mainland China and related software; leasing of semiconductor equipment
Winbond Technology (Nanjing) Ltd.	2005.09.21	Suite 413-40, Gao Xing Technology Industrial Development Zone Office Building, Nanjing, China	RMB 4,046	Computer software services (except for IC design)
Nuvoton Technology Corporation America	2008.05.01	251 Little Falls Drive, Wilmington, DE 19808	USD 6,050	Design, sale, and servicing of semiconductor parts and components
Nuvoton Electronics Technology (H.K.) Ltd.	1989.04.04	Unit 9-11, 22F, Millennium City 2, No 378 Kwun Tong Road, Kowloon, Hong Kong	HKD 107,400	Sales and servicing of semiconductor parts and components

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Main Business and Products
Nuvoton Electronics Technology (Shenzhen) Ltd.	2007.02.16	Rm 801, 8F Microprofit Building, Gaoxinnan 6 <sup>th</sup> Rd., High-Tech Industrial Park, Nanshan Dist., Shenzhen, China	RMB 46,434	Computer software services (excluding IC design); computer and peripheral equipment and software wholesale
Nuvoton Investment Holdings Ltd.	2005.03.21	3rd Floor, Omar Hodge Building, Wickhams Cay I, P.O. Box 362, Road Town, Tortola, British Virgin Islands	USD 17,960	Investments
Nuvoton Technology Israel Ltd.	2005.03.22	8 Hasadnaot Street, Herzliya B, 4672835 Israel	ILS 1	Design and servicing of semiconductor components
Song Yong Investment Corporation	2014.04.09	3F., No.192, Jingye 1st Rd., Zhongshan Dist., Taipei City 104, Taiwan	TWD 38,500	Investments
Nuvoton Technology India Private Limited	2014.09.26	PS22-23, Bridge+, Unit No. 02-02 to 15, 2nd Floor, Ascendas Park Square Mall, Whitefield Road, ITPB, Bengaluru, 560066	INR 60,000	Design, sales, and servicing of semiconductor parts and components
Nuvoton Technology Singapore Pte. Ltd.	2020.03.25	3 Bedok South Road, Singapore, 469269	USD 45,100	Design, sales, and service of semiconductor parts and components
Nuvoton Technology Korea Ltd.	2020.06.05	Room 2507, Trade Tower, Yeongdong-daero 511, Gangnam-Gu, Seoul, Korea, 06164	KRW 1,250,000	Design, sales, and service of semiconductor parts and components
Nuvoton Technology Holdings Japan	2020.04.01	1 Kotari-yakemachi, Nagaokakyo City, Kyoto 617-8520, Japan	JPY 5,000	Investments
Nuvoton Technology Corporation Japan	2014..03.10	1 Kotari-yakemachi, Nagaokakyo City, Kyoto 617-8520, Japan	JPY 400,000	Design, sale, and servicing of semiconductor parts and components
Atfields Manufacturing Technology Corporation	2000.03.01	800 Higashiyama, Uozu City, Toyama 937-8585, Japan	JPY 200,000	Design and servicing of semiconductor components
Pine Capital Electronics Technology (Suzhou) Ltd.	2020.12.04	4F, Building 1, #379, Tayuan Road, Gao Xin District, Suzhou	RMB 2,000	Semiconductor technology development and consulting services and equipment leasing

3. Information on shareholders deemed to have superior-subordinate relationships: None

4. Profiles of Directors, Supervisors, and Presidents of Affiliates and Subsidiaries

December 31<sup>st</sup>, 2022; Unit: Shares

Name of Enterprise	Title	Name of Representative	Shares Held	
			Shares	%
Winbond Electronics Corporation	Chair	Arthur Yu-Cheng Chiao	63,472,995	1.59%
	Vice Chair	Tung-Yi Chan	551,000	0.01%
	Director	Yung Chin	11,778,797	0.30%
	Independent Director	Allen Hsu	-	-
	Independent Director	Stephen T. Tso	-	-
	Independent Director	Francis Tsai	-	-
	Independent Director	Jerry Hsu	-	-
	Director	Fred Pan (Representative of Walsin Lihwa Corporation)	883,848,423 (Note 1)	22.20%
	Director	Yuan-Mou Su (Representative of Chin Xin Investment)	240,003,072 (Note 1)	6.03%
	Director	Chih-Chen Lin	-	-
	Director	Wei-Hsin Ma	-	-
	President	James Pei-Ming Chen	407,525	0.01%
Landmark Group Holdings Ltd.	Director	Winbond Electronics Corp. Representative - Arthur Yu-Cheng Chiao	5,343,000 (Note 1)	100%
	Director	Winbond Electronics Corp. Representative - Tung-Yi Chan		
	Director	Winbond Electronics Corp. Representative - Hsiang-Yun Fan		
Winbond Electronics Corporation Japan	Director	Winbond Electronics Corp. Representative - Tung-Yi Chan	2,970 (Note 1)	100%
	Director	Winbond Electronics Corp. Representative - Heiji Kobayashi		
	Director	Winbond Electronics Corp. Representative - Wen-Chang Hung		
	Director	Winbond Electronics Corp. Representative - James Pei-Ming Chen		
	Director	Winbond Electronics Corp. Representative - Hsiang-Yun Fan		
	Director	Winbond Electronics Corp. Representative - Chih-Chung Chou		
	Supervisor	Winbond Electronics Corp. Representative - Yung Chin		

Name of Enterprise	Title	Name of Representative	Shares Held	
			Shares	%
	President	Heiji Kobayashi	-	-
Winbond International Corporation	Director	Winbond Electronics Corp. Representative - Arthur Yu-Cheng Chiao	87,960,000 (Note 1)	100%
	Director	Winbond Electronics Corp. Representative - Tung-Yi Chan		
	Director	Winbond Electronics Corp. Representative - Hsiang-Yun Fan		
Winbond Electronics Corporation America	Chair	Winbond International Corporation Representative - Tung-Yi Chan	3,067 (Note 1)	100%
	Director	Winbond International Corporation Representative - James Pei-Ming Chen		
	Director	Winbond International Corporation Representative - Arthur Yu-Cheng Chiao		
	Director	Winbond International Corporation Representative - Yung Chin		
	Director	Winbond International Corporation Representative - Hsiang-Yun Fan		
	Director	Winbond International Corporation Representative - Chih-Chung Chou		
	Director	Winbond International Corporation Representative - Eung Joon Park		
	President	Eung Joon Park	-	-
Great Target Development Ltd	Director	Winbond Electronics Corp. Representative - Arthur Yu-Cheng Chiao (Note 1)	4,470,000 (Note 1)	100%
GLMTD Technology Private Limited	Chair	Great Target Development Ltd. Representative - Hsi-Jung Tsai	27,998,400 (Note 1)	99.99%
	Director	Great Target Development Ltd. Representative - Chih-Chung Chou		
	Director	Great Target Development Ltd. Representative - Mao-Hsiang Yen		
	Director	Great Target Development Ltd. Representative - Chin-Feng Yang		
	Director	Great Target Development Ltd. Representative - Varun Manwani		
Winbond Electronics (H.K.) Ltd.	Chair	Winbond Electronics Corp. Representative - Yung Chin	71,150,000 (Note 1)	100%
	Director	Winbond Electronics Corp. Representative - James Pei-Ming Chen		
	Director	Winbond Electronics Corp. Representative - Jessica Huang		
	Director	Winbond Electronics Corp. Representative - Hsiang-Yun Fan		
	President	Chih-Yung Chen		
Winbond Electronics (Suzhou) Ltd.	Chair	Winbond Electronics (H.K.) Ltd. Representative - Tung-Yi Chan	(Note 2)	100%
	Director	Winbond Electronics (H.K.) Ltd. Representative - James Pei-Ming Chen		
	Director	Winbond Electronics (H.K.) Ltd. Representative - Shu-Cheng Chang		
	Director	Winbond Electronics (H.K.) Ltd. Representative - Eddie Hung		
	Director	Winbond Electronics (H.K.) Ltd. Representative - Chin-Feng Yang		
	Supervisor	Winbond Electronics (H.K.) Ltd. Representative - Yung Chin		
	President	Chih-Chung Chou	-	-
Pine Capital Investment Ltd.	Chair	Winbond Electronics Corp. Representative - Yung Chin	780,000 (Note 1)	100%
	Director	Winbond Electronics Corp. Representative - Tung-Yi Chan		
	Director	Winbond Electronics Corp. Representative - Cheng-Kung Lin		
	President	Jessica Huang		
Winbond Technology Ltd	Chair	Winbond Electronics Ltd. Representative - James Pei-Ming Chen	100,000 (Note 1)	100%
	Director	Winbond Electronics Corp. Representative - Tung-Yi Chan		
	Director	Winbond Electronics Corp. Representative - Emma Tai		
	Director	Winbond Electronics Corp. Representative - Ilia Stolov		
	President	Ilia Stolov		
			-	-
Winbond Electronics Germany GmbH	Director	Winbond Electronics Corp. Representative - Hsiang-Yun Fan	850,000 (Note 1)	100%
	Director	Winbond Electronics Corp. Representative - Eddie Hung		
	Director	Winbond Electronics Corp. Representative - Chih-Chung Chou		
Callisto Holdings Limited	Chair	Winbond Electronics Corp. Representative - Jen-Lieh Lin	40,000,000 (Note 1)	100%
	Director	Winbond Electronics Corp. Representative - Cheng-Kung Lin		
	Director	Winbond Electronics Corp. Representative - Eddie Hung		
	Director	Winbond Electronics Corp. Representative - Hsin-Lung Yang		
	Director	Winbond Electronics Corp. Representative - Zi-Kai Chiao		
	President	En-Tzu Lin		
			-	-
Callisto Technology Limited	Director	Winbond Electronics Corp. Representative - Cheng-Kung Lin	1,000,000 (Note 1)	100%
	Director	Winbond Electronics Corp. Representative - Ruo-Wei Fu		
	Director	Winbond Electronics Corp. Representative - Zi-Kai Chiao		
	President	Zi-Kai Chiao		
			-	-
Miraxia Edge Technology Corporation	Chair	Winbond Electronics Corp. Institutional Appointee - Cheng-Kung Lin	4,000 (Note 1)	100%
	Director	Winbond Electronics Corp. Institutional Appointee - Shogo Nakazawa		
	Director	Winbond Electronics Corp. Institutional Appointee - Kazuhiro Koyama		
	Director	Winbond Electronics Corp. Institutional Appointee - Zi-Kai Chiao		
	Director	Winbond Electronics Corp. Institutional Appointee - J.D. Chiou		

Name of Enterprise	Title	Name of Representative	Shares Held	
			Shares	%
	Director	Winbond Electronics Corp. Institutional Appointee -Pei-Ming Che		
	Director	Winbond Electronics Corp. Institutional Appointee - Jen-Lieh Lin		
	Supervisor	Winbond Electronics Corp. Institutional Appointee - Akihiko Nishida		
	Supervisor	Winbond Electronics Corp. Institutional Appointee - Chin-Feng Yang		
	President	Shogo Nakazawa		
Miraxia Technology Taiwan Corporation	Chair	Miraxia Edge Technology Corporation Representative - Cheng-Kung Lin	300,000 (Note 1)	100%
	Director	Miraxia Edge Technology Corporation Representative – Jen-Lieh Lin		
	Director	Miraxia Edge Technology Corporation Representative - Hsin-Lung Yang		
Nuvoton Technology Israel Ltd.	Chair	Nuvoton Investment Holdings Ltd. Representative - Hsin-Lung Yang	1,000 (Note 1)	100%
	Director	Nuvoton Investment Holdings Ltd. Representative - Yue-Fang Chong		
	Director	Nuvoton Investment Holdings Ltd. Representative - Yuan-Mou Su		
	Director	Nuvoton Investment Holdings Ltd. Representative - Hui-Jun Lai		
	Director	Nuvoton Investment Holdings Ltd. Representative - Jiann-Liang Su		
	Director	Nuvoton Investment Holdings Ltd. Representative - Biranit Levany		
	Director	Nuvoton Investment Holdings Ltd. Representative - Erez Naory		
Nuvoton Technology Corp.	President	Biranit Levany	-	-
	Chair	Winbond Electronics Corp. Representative - Yuan-Mou Su	214,954,635	51.21%
	Vice Chair	Zi-Kai Chiao	-	-
	Director	Arthur Yu-Cheng Chiao	-	-
	Director	Chin Xin Investment Corp. Representative - Jen-Lieh Lin	5,440,219	1.30%
	Director	Chi-Lin Wea	-	-
	Director	Yu-Chun Hong	-	-
	Director	Chen Liang-Gee	-	-
	Independent Director	Mark Wei	-	-
	Independent Director	David Shu-Chyuan Tu	-	-
	Independent Director	Allen Hsu	-	-
	Independent Director	Kuang-Chung Chen	-	-
President	Hsin-Lung Yang	97,362	0.02%	
Marketplace Management Limited	Director	Nuvoton Technology Corp. Representative - Arthur Yu-Cheng Chiao	8,897,789 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Tung-Yi Chan		
	Director	Nuvoton Technology Corp. Ltd. Representative - Hung-Wen Huang		
Goldbond LLC	Manager (Note 3)	Marketplace Management Limited Representative - Arthur Yu-Cheng	(Note 2)	100%
	Manager (Note 3)	Marketplace Management Limited Representative - Jessica C. Huang		
	Manager (Note 3))	Marketplace Management Limited Representative - Hung-Wen Huang		
Nuvoton Electronics Technology (Shanghai) Ltd.	Chair	Goldbond LLC Representative – Hsi-Jung Tsai	(Note 2)	100%
	Director	Goldbond LLC Representative – Hsin-Lung Yang		
	Director	Goldbond LLC Representative – Meng-Chi Wu		
	Director	Goldbond LLC Representative – Yue-Fang Chong		
	Director	Goldbond LLC Representative – Hui-Jun Lai		
	Supervisor	Goldbond LLC Representative – Justin Chan		
	President	Ruo-Wei Fu		
Winbond Technology (Nanjing) Ltd.	Chair	Goldbond LLC Representative – Jen-Lieh Lin	(Note 2)	100%
	Director	Goldbond LLC Representative – Xiu-Fen Lai		
	Director	Goldbond LLC Representative – Hui-Jun Lai		
	President	Bosco Chi-Sing Law		
Nuvoton Technology Corporation America	Chair	Nuvoton Technology Corp. Representative - Yuan-Mou Su	60,500 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Aditya Raina		
	Director	Nuvoton Technology Corp. Representative - Vivian Yeh		
	Director	Nuvoton Technology Corp. Representative - Xiu-Fen Lai		
	Director	Nuvoton Technology Corp. Representative - Meng-Chi Wu		
	Director	Nuvoton Technology Corp. Representative - Hirofumi Taguchi		
	Director	Nuvoton Technology Corp. Representative - Keiji Ito		
	President	Aditya Raina		
Nuvoton Electronics Technology (H.K.) Ltd	Chair	Nuvoton Technology Corp. Representative - Zi-Kai Chiao	107,400,000 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Yung Chin		
	Director	Nuvoton Technology Corp. Representative - Xiu-Fen Lai		
	Director	Nuvoton Technology Corp. Representative - Hsin-Lung Yang		
	Director	Nuvoton Technology Corp. Representative - Yo-Song Cheng		
	President	Ruo-Wei Fu		

Name of Enterprise	Title	Name of Representative	Shares Held	
			Shares	%
Nuvoton Electronics Technology (Shenzhen) Ltd.	Chair	Nuvoton Electronics Tech. (H.K.) Ltd. Representative - Hsi-Jung Tsai	(Note 2)	100%
	Director	Nuvoton Electronics Tech. (H.K.) Ltd. Representative - Xiu-Fen Lai		
	Director	Nuvoton Electronics Tech. (H.K.) Ltd. Representative - Meng-Chi Wu		
	Director	Nuvoton Electronics Tech. (H.K.) Ltd. Representative - Hsin-Lung Yang		
	Director	Nuvoton Electronics Tech. (H.K.) Ltd. Representative - Yue-Fang Chong		
	Supervisor	Nuvoton Electronics Tech. (H.K.) Ltd. Representative - Justin Chan		
	President	Ruo-Wei Fu	-	-
Nuvoton Investment Holdings Ltd.	Director	Nuvoton Technology Corp. Representative - Arthur Yu-Cheng Chiao	17,960,000 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Jessica Huang		
	Director	Nuvoton Technology Corp. Representative - Hung-Wen Huang		
Nuvoton Technology Israel Ltd.	Chair	Nuvoton Investment Holdings Ltd. Representative - Hsin-Lung Yang	1,000 (Note 1)	100%
	Director	Nuvoton Investment Holdings Ltd. Representative - Yue-Fang Chong		
	Director	Nuvoton Investment Holdings Ltd. Representative - Yuan-Mou Su		
	Director	Nuvoton Investment Holdings Ltd. Representative - Hui-Jun Lai		
	Director	Nuvoton Investment Holdings Ltd. Representative - Jiann-Liang Su		
	Director	Nuvoton Investment Holdings Ltd. Representative - Biranit Levany		
	Director	Nuvoton Investment Holdings Ltd. Representative - Erez Naory		
	President	Biranit Levany	-	-
Song Yong Investment Corporation	Chair	Nuvoton Technology Corp. Representative - Hsiang-Yun Fan	3,850,000 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Arthur Yu-Cheng Chiao		
	Director	Nuvoton Technology Corp. Representative - Xiu-Fen Lai		
	Supervisor	Nuvoton Technology Corp. Representative - Jen-Lieh Lin		
Nuvoton Technology India Private Limited	Chair	Nuvoton Technology Corp. Representative - Hsi-Jung Tsai	600,000 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Jitendra Patil		
	Director	Nuvoton Technology Corp. Representative - Hsin-Lung Yang		
	Director	Nuvoton Technology Corp. Representative - Meng-Chi Wu		
	Director	Nuvoton Technology Corp. Representative - Hui-Jun Lai		
	President	Jitendra Patil		
Nuvoton Technology Singapore Pte. Ltd.	Director	Nuvoton Technology Corp. Institutional Appointee - Yo-Song Cheng	45,100,000 (Note 1)	100%
	Director	Nuvoton Technology Corp. Institutional Appointee - Yue-Fang Chong		
	Director	Nuvoton Technology Corp. Institutional Appointee - Yi-Tsai Hsu		
	Director	Nuvoton Technology Corp. Institutional Appointee - Meng-Chi Wu		
	Director	Nuvoton Technology Corp. Institutional Appointee - Yoshitaka Kinoshita		
	President	Yi-Tsai Hsu		
Nuvoton Technology Korea Ltd.	Representative	Nuvoton Technology Corp. Institutional Appointee - Hsin-Lung Yang	125,000 (Note 1)	100%
	Director	Nuvoton Technology Corp. Institutional Appointee - Xiu-Fen Lai		
	Director	Nuvoton Technology Corp. Institutional Appointee - Jen-Lieh Lin		
	Director	Nuvoton Technology Corp. Institutional Appointee - Susumu Sawai		
	President	Ahn Jung Mo		
Nuvoton Technology Holdings Japan	Representative	Nuvoton Technology Corp. Institutional Appointee - Arthur Yu-Cheng Chiao	100 (Note 1)	100%
	Director	Nuvoton Technology Corp. Institutional Appointee - Yuan-Mou Su		
	Director	Nuvoton Technology Corp. Institutional Appointee - Xiu-Fen Lai		
	President	Yoshitaka Kinoshita		
Nuvoton Technology Corporation Japan	Chair	Nuvoton Technology Holdings Japan Institutional Appointee - Yuan-Mou Su	9,480 (Note 1)	100%
	Director	Nuvoton Technology Holdings Japan Institutional Appointee - Kazuhiro Koyama		
	Director	Nuvoton Technology Holdings Japan Institutional Appointee - Susumu Sawai		
	Director	Nuvoton Technology Holdings Japan Institutional Appointee - Zi-Kai Chiao		
	Director	Nuvoton Technology Holdings Japan Institutional Appointee - Xiu-Fen Lai		
	Director	Nuvoton Technology Holdings Japan Institutional Appointee - Yoshitaka Kinoshita		
	Director	Nuvoton Technology Holdings Japan Institutional Appointee - Mamoru Yoshida		
	Director	Nuvoton Technology Holdings Japan Institutional Appointee - Hsin-Lung Yang		

Name of Enterprise	Title	Name of Representative	Shares Held	
			Shares	%
	Director	Nuvoton Technology Holdings Japan Institutional Appointee - Sakae Suzuki"		
	Supervisor	Nuvoton Technology Holdings Japan Institutional Appointee - Akihiko Nishida		
	Supervisor	Nuvoton Technology Holdings Japan Institutional Appointee -Hiroshi Yasuda"		
	President	Kazuhiro Koyama		
Atfields Manufacturing Technology Corporation	Director	Nuvoton Technology Corporation Japan Institutional Appointee - Daihei Kajiwara	4,000 (Note 1)	100%
	Director	Nuvoton Technology Corporation Japan Institutional Appointee - Kazuhiro Koyama		
	Director	Nuvoton Technology Corporation Japan Institutional Appointee - Arthur Yu-Cheng Chiao		
	Director	Nuvoton Technology Corporation Japan Institutional Appointee – Ming-Yi Tsai		
	Director	Nuvoton Technology Corporation Japan Institutional Appointee – Mao-Hsiang Yan		
	Director	Nuvoton Technology Corporation Japan Institutional Appointee - Hiroshi Matsushima		
	Director	Nuvoton Technology Corporation Japan Institutional Appointee - Hiromasa Kurokawa		
	Supervisor	Nuvoton Technology Corporation Japan Institutional Appointee - Akio Nakagawa		
	President	Hiroshi Matsushima		
Pine Capital Electronics Technology (Suzhou) Ltd.	Chair	Nuvoton Electronics Technology. (Shanghai) Ltd. Representative - Jessica Huang	(Note 2)	100%
	Director	Nuvoton Electronics Technology. (Shanghai) Ltd. Representative - Yo-Song Cheng		
	Director	Nuvoton Electronics Technology. (Shanghai) Ltd. Representative -Xiu-Fen Lai		
	Supervisor	Nuvoton Electronics Technology. (Shanghai) Ltd. Representative -Hung-Wen Huang		
	President	Ruo-Wei Fu		

Notes:

1. Shares held by Institutional shareholders.
2. Winbond Electronics (Suzhou) Ltd., Goldbond LLC, Nuvoton Technology (Shanghai) Ltd, Winbond Technology (Nanjing) Ltd., Nuvoton Technology (Shenzhen) Ltd., and Pine Electronics (Suzhou) Co., Ltd. are not joint stock companies.
3. Goldbond LLC is a company with a manager system

## 5. Industries covered by the business operated by affiliates overall

Industries covered by affiliates' operations primarily include those involved in the research, design, development, production, distribution, and service of integrated circuits, semiconductor parts and components, and other system products. A few of our affiliates operate investment businesses. In general, our affiliates support each other through technology, marketing, and services, enabling Winbond to become the most competitive company with its product lines.

## 6. Business overview of affiliates

December 31<sup>st</sup>, 2022; Unit: NT\$1,000; Earnings (loss) per share (NT\$)

Name of Enterprise	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Profit (Loss)	Net Income (Loss)	Net Earnings (Loss) per share (NTD)
Winbond Electronics Corporation	39,800,002	156,006,594	61,843,598	94,162,996	51,139,171	11,484,680	12,927,165	3.25
Landmark Group Holdings Ltd.	164,084	197,681	12,349	185,332	52,320	51,954	51,954	9.72
Winbond Electronics Corporation Japan	34,511	869,534	557,071	312,463	6,055,295	190,464	147,128	49,538.26
Winbond International Corporation	2,701,252	2,098,962	31,751	2,067,211	30,633	30,439	30,439	0.35
Winbond Electronics Corporation America	1,809,347	2,321,891	224,189	2,097,702	2,289,236	69,506	30,487	9,940.23
Great Target Development Ltd	137,274	102,401	0	102,401	7	(404)	(404)	(0.09)
GLMTD Technology Private Limited	103,936	102,490	142	102,348	0	(1,055)	(524)	(0.02)
Winbond Electronics (H.K.) Ltd.	280,189	1,270,223	689,072	581,151	7,578,767	107,255	129,345	1.82

Name of Enterprise	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Profit (Loss)	Net Income (Loss)	Net Earnings (Loss) per share (NTD)
Winbond Electronics (Suzhou) Ltd.	276,390	431,356	23,451	407,905	3,076,490	46,501	38,278	(Note 1)
Pine Capital Investment Ltd.	3,072	3,085	156	2,929	230	26	26	0.03
Winbond Technology Ltd	9	185,554	98,171	87,383	380,084	18,099	12,301	123.01
Winbond Electronics Germany GmbH	27,812	29,869	4,152	25,717	15,511	587	673	0.79
Callisto Holdings Limited	157,520	98,776	3,013	95,763	4,232	(10,553)	(17,185)	(0.43)
Callisto Technology Limited	30,710	30,549	187	30,362	0	(196)	(192)	(0.19)
Miraxia Edge Technology Corporation	46,480	491,159	256,426	234,733	1,087,569	101,491	69,921	17.48
Miraxia Technology Taiwan Corporation	3,000	3,000	0	3,000	0	0	0	0.00
Nuvoton Technology Corp	4,197,653	26,265,228	8,699,290	17,565,938	19,520,219	2,967,595	4,220,773	10.06
Marketplace Management Limited	273,251	285,681	484	285,197	88	(273)	(17,224)	(1.94)
Goldbond LLC	1,375,035	288,449	3,526	284,923	90	(305)	(16,951)	(Note 1)
Nuvoton Electronics Technology (Shanghai) Ltd.	72,973	102,778	19,582	83,196	103,966	179	(16,630)	(Note 1)
Winbond Technology (Nanjing) Ltd.	17,833	48	3,086	(3,038)	0	0	0	(Note 1)
Nuvoton Technology Corporation America	185,796	422,143	211,511	210,632	765,943	24,756	10,280	169.92
Nuvoton Electronics Technology (H.K.) Ltd	422,941	825,564	206,181	619,383	8,494,364	75,324	66,834	0.62
Nuvoton Electronics Technology (Shenzhen) Ltd.	204,681	267,123	30,332	236,791	201,575	2,937	4,749	(Note 1)
Nuvoton Investment Holdings Ltd.	551,552	368,692	40	368,652	151	(1,917)	(17,278)	(0.96)
Nuvoton Technology Israel Ltd.	9	651,596	357,584	294,012	1,138,930	28,142	(3,737)	(3,737.00)
Song Yong Investment Corporation	38,500	148,284	526	147,758	15,017	14,803	14,445	3.75
Nuvoton Technology India Private Limited	22,272	21,837	190	21,647	4,536	216	1,186	1.98
Nuvoton Technology Singapore Pte. Ltd.	1,385,021	2,876,647	916,876	1,959,771	9,301,590	215,055	168,131	3.73
Nuvoton Technology Korea Ltd.	30,500	13,185	477	12,708	35,397	1,686	907	7.26
Nuvoton Technology Holdings Japan	1,162	7,941,361	649	7,940,712	1,352,086	1,352,127	1,352,222	13,522,222.43
Nuvoton Technology Corporation Japan	92,960	18,514,207	7,112,074	11,402,133	24,560,316	1,040,111	1,352,086	142,625.09
Atfields Manufacturing Technology Corporation	46,480	315,976	82,442	233,534	843,847	122,943	91,737	22,934.18
Pine Electronics (Suzhou) Co., Ltd.	8,816	8,207	0	8,207	0	(36)	(16)	(Note 1)

Notes:

1. Winbond Electronics (Suzhou) Ltd., Goldbond LLC, Nuvoton Technology (Shanghai) Ltd., Winbond Technology (Nanjing) Ltd., and Nuvoton Technology (Shenzhen) Ltd. are not joint stock companies and are thus N/A.
2. Exchange rates used for asset and liability entries: 1 USD= 30.71 NTD; 1 JPY=0.2324 NTD; 1 RMB =4.408 NTD; 1 ILS= 8.7301 NTD; 1 EUR= 32.72 NTD; 1 INR= 0.3712 NTD
3. Exchange rates used for profit and loss entries: 1 USD= 29.81 NTD; 1 JPY= 0.2275 NTD; 1 RMB =4.4219 NTD; 1 ILS= 8.8689 NTD; 1 EUR= 31.36 NTD; 1 INR= 0.3793 NTD

(II) Consolidated financial statements for Affiliates: Please see p.68 ~ 235.

(III) Affiliation report: Not applicable (the Company is not a subsidiary of another company)

II. Private placements: None

III. Holding or disposal of Company stocks by subsidiaries in the past year and up to the date of report: None

IV. Other necessary supplemental information: None

V. Corporate events with material impact on shareholders' equity or stock prices in the past year and up to the date of report, as outlined in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None

# ***winbond***

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