

**Winbond Electronics Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Winbond Electronics Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Winbond Electronics Corporation and its subsidiaries (collectively, the “Group”) as of September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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



Deloitte & Touche
Taipei, Taiwan
Republic of China

November 2, 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 review such consolidated financial statements are those generally applied in the Republic of China.

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 20,352,951	11	\$ 20,402,936	11	\$ 18,290,658	10
Current financial assets at fair value through profit or loss (Note 7)	194,033	-	223,532	-	221,904	-
Current financial assets at fair value through other comprehensive income (Note 8)	12,060,849	7	14,587,832	8	12,961,408	7
Accounts receivable, net (Note 9)	10,670,276	6	9,137,746	5	11,053,341	6
Accounts receivable due from related parties, net (Note 31)	50,346	-	735,659	-	518,814	-
Finance lease receivables - current (Notes 10 and 31)	91,242	-	96,731	-	91,189	-
Other receivables (Notes 11 and 31)	983,076	-	558,836	-	786,200	1
Inventories (Note 12)	23,220,187	13	21,448,078	12	20,479,002	12
Other current assets	1,544,342	1	1,346,173	1	1,311,912	1
Total current assets	<u>69,167,302</u>	<u>38</u>	<u>68,537,523</u>	<u>37</u>	<u>65,714,428</u>	<u>37</u>
NON-CURRENT ASSETS						
Non-current financial assets at fair value through profit or loss (Note 7)	80,675	-	121,775	-	124,375	-
Non-current financial assets at fair value through other comprehensive income (Note 8)	3,116,030	2	3,056,829	2	3,029,151	2
Investments accounted for using equity method (Note 13)	10,232,948	6	9,971,440	5	8,926,354	5
Property, plant and equipment (Note 14)	92,305,879	50	93,806,639	51	92,452,543	52
Right-of-use assets (Note 15)	2,103,326	1	2,224,481	1	2,191,278	1
Investment properties (Note 16)	1,576,021	1	1,798,160	1	1,738,740	1
Intangible assets (Note 17)	607,788	-	782,603	1	798,586	-
Deferred income tax assets (Note 4)	2,016,588	1	1,191,547	1	1,037,052	1
Finance lease receivables - non-current (Notes 10 and 31)	46,256	-	123,451	-	139,979	-
Other non-current assets (Notes 6 and 31)	2,215,814	1	2,550,545	1	2,647,791	1
Total non-current assets	<u>114,301,325</u>	<u>62</u>	<u>115,627,470</u>	<u>63</u>	<u>113,085,849</u>	<u>63</u>
TOTAL	<u>\$ 183,468,627</u>	<u>100</u>	<u>\$ 184,164,993</u>	<u>100</u>	<u>\$ 178,800,277</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 18)	\$ 2,313,397	1	\$ 1,069,040	-	\$ 220,100	-
Current financial liabilities at fair value through profit or loss (Note 7)	140,953	-	7,412	-	190,448	-
Notes and accounts payable	5,159,465	3	5,202,743	3	6,142,246	4
Accounts payable due to related parties (Note 31)	1,402,393	1	1,188,928	1	1,468,826	1
Payables on machinery and equipment	3,199,291	2	3,535,586	2	7,339,316	4
Other payables (Note 31)	11,747,597	6	9,735,007	5	9,959,739	6
Current tax liabilities (Note 4)	1,002,688	-	2,123,413	1	2,026,388	1
Provisions - current (Note 20)	-	-	132,473	-	186,339	-
Lease liabilities - current (Note 15)	254,219	-	276,015	-	270,564	-
Long-term borrowings - current portion (Note 18)	8,786,607	5	3,171,429	2	2,521,429	1
Other current liabilities (Note 31)	1,061,607	1	1,334,708	1	824,472	1
Total current liabilities	<u>35,068,217</u>	<u>19</u>	<u>27,776,754</u>	<u>15</u>	<u>31,149,867</u>	<u>18</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 19)	9,977,832	6	9,968,462	5	9,965,351	6
Long-term borrowings (Notes 18 and 27)	34,897,127	19	34,278,073	19	28,389,132	16
Provisions - non-current (Note 20)	2,500,088	1	2,733,351	2	2,636,423	1
Lease liabilities - non-current (Note 15)	1,950,167	1	2,052,762	1	2,021,991	1
Net defined benefit liabilities - non-current (Note 4)	1,823,192	1	1,892,594	1	2,428,225	1
Other non-current liabilities (Note 31)	2,631,289	1	2,729,281	1	3,054,611	2
Total non-current liabilities	<u>53,779,695</u>	<u>29</u>	<u>53,654,523</u>	<u>29</u>	<u>48,495,733</u>	<u>27</u>
Total liabilities	<u>88,847,912</u>	<u>48</u>	<u>81,431,277</u>	<u>44</u>	<u>79,645,600</u>	<u>45</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 22)						
Share capital	39,800,002	22	39,800,002	22	39,800,002	22
Capital surplus	7,677,898	4	7,785,918	4	7,785,918	4
Retained earnings						
Legal reserve	4,772,874	3	3,434,165	2	3,434,165	2
Unappropriated earnings	22,961,604	12	28,780,952	15	28,075,212	16
Exchange differences on translation of the financial statements of foreign operations	(841,652)	-	(654,652)	-	(768,372)	-
Unrealized gains on financial assets measured at fair value through other comprehensive income	12,412,763	7	15,016,611	8	12,804,395	7
Total equity attributable to owners of the parent	<u>86,783,489</u>	<u>48</u>	<u>94,162,996</u>	<u>51</u>	<u>91,131,320</u>	<u>51</u>
NON-CONTROLLING INTERESTS (Note 22)	<u>7,837,226</u>	<u>4</u>	<u>8,570,720</u>	<u>5</u>	<u>8,023,357</u>	<u>4</u>
Total equity	<u>94,620,715</u>	<u>52</u>	<u>102,733,716</u>	<u>56</u>	<u>99,154,677</u>	<u>55</u>
TOTAL	<u>\$ 183,468,627</u>	<u>100</u>	<u>\$ 184,164,993</u>	<u>100</u>	<u>\$ 178,800,277</u>	<u>100</u>

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	Three Months Ended September 30				Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 31)	\$ 19,505,815	100	\$ 22,145,430	100	\$ 55,832,409	100	\$ 75,305,977	100
OPERATING COSTS (Notes 12 and 31)	<u>13,321,243</u>	<u>68</u>	<u>12,059,937</u>	<u>54</u>	<u>38,894,461</u>	<u>70</u>	<u>39,455,293</u>	<u>52</u>
GROSS PROFIT	<u>6,184,572</u>	<u>32</u>	<u>10,085,493</u>	<u>46</u>	<u>16,937,948</u>	<u>30</u>	<u>35,850,684</u>	<u>48</u>
OPERATING EXPENSES (Note 31)								
Selling expenses	521,554	3	641,127	3	1,575,165	3	1,940,663	3
General and administrative expenses	1,222,063	6	2,030,341	9	3,684,261	6	6,423,345	8
Research and development expenses	4,221,533	22	4,066,474	18	12,847,323	23	12,034,161	16
Expected credit (gain) loss (Note 9)	<u>12,587</u>	<u>-</u>	<u>(125,244)</u>	<u>-</u>	<u>35,500</u>	<u>-</u>	<u>(124,625)</u>	<u>-</u>
Total operating expenses	<u>5,977,737</u>	<u>31</u>	<u>6,612,698</u>	<u>30</u>	<u>18,142,249</u>	<u>32</u>	<u>20,273,544</u>	<u>27</u>
INCOME (LOSS) FROM OPERATIONS	<u>206,835</u>	<u>1</u>	<u>3,472,795</u>	<u>16</u>	<u>(1,204,301)</u>	<u>(2)</u>	<u>15,577,140</u>	<u>21</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 31)	89,288	1	43,598	-	232,265	-	84,123	-
Dividend income (Note 31)	41,049	-	59,092	-	547,705	1	634,086	1
Other income (Notes 15, 27 and 31)	76,649	-	116,600	1	265,415	1	451,504	1
Share of profit (loss) of associates	81,257	-	10,738	-	569,262	1	380,390	-
Gains (losses) on disposal of property, plant and equipment (Note 31)	64,470	-	1,947	-	152,775	-	184,873	-
Gains (losses) on disposal of intangible assets (Note 31)	-	-	-	-	(591)	-	91	-
Gains (losses) on foreign exchange (Note 34)	334,975	2	568,361	3	548,971	1	1,362,829	2
Gains (losses) on financial instruments at fair value through profit or loss	(314,522)	(2)	(444,237)	(2)	(599,956)	(1)	(1,012,891)	(1)
Interest expense (Notes 15, 27 and 31)	(280,953)	(1)	(24,299)	-	(698,469)	(1)	(57,284)	-
Other expenses (Note 31)	<u>(92,976)</u>	<u>-</u>	<u>(111,179)</u>	<u>(1)</u>	<u>(305,017)</u>	<u>(1)</u>	<u>(445,672)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(763)</u>	<u>-</u>	<u>220,621</u>	<u>1</u>	<u>712,360</u>	<u>1</u>	<u>1,582,049</u>	<u>2</u>
INCOME (LOSS) BEFORE INCOME TAX	206,072	1	3,693,416	17	(491,941)	(1)	17,159,189	23
INCOME TAX (BENEFIT) EXPENSE (Notes 4 and 25)	<u>27,845</u>	<u>-</u>	<u>563,196</u>	<u>3</u>	<u>(556,368)</u>	<u>(1)</u>	<u>3,066,839</u>	<u>4</u>
NET INCOME (LOSS)	<u>178,227</u>	<u>1</u>	<u>3,130,220</u>	<u>14</u>	<u>64,427</u>	<u>-</u>	<u>14,092,350</u>	<u>19</u>

(Continued)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	Three Months Ended September 30				Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:								
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	\$ (1,316,681)	(7)	\$ 1,294,394	6	\$ (2,264,562)	(4)	\$ 1,232,675	2
Share of other comprehensive income (loss) of associates accounted for using equity method	(677,137)	(3)	367,322	1	(43,166)	-	(1,156,605)	(2)
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	249,242	1	383,331	2	(406,763)	(1)	(43,004)	-
Other comprehensive income (loss)	(1,744,576)	(9)	2,045,047	9	(2,714,491)	(5)	33,066	-
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ (1,566,349)</u>	<u>(8)</u>	<u>\$ 5,175,267</u>	<u>23</u>	<u>\$ (2,650,064)</u>	<u>(5)</u>	<u>\$ 14,125,416</u>	<u>19</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the parent	\$ (114,113)	(1)	\$ 2,669,036	12	\$ (771,636)	(1)	\$ 12,380,833	17
Non-controlling interests	292,340	2	461,184	2	836,063	1	1,711,517	2
	<u>\$ 178,227</u>	<u>1</u>	<u>\$ 3,130,220</u>	<u>14</u>	<u>\$ 64,427</u>	<u>-</u>	<u>\$ 14,092,350</u>	<u>19</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the parent	\$ (1,932,806)	(10)	\$ 4,606,026	21	\$ (3,291,487)	(6)	\$ 12,667,413	17
Non-controlling interests	366,457	2	569,241	2	641,423	1	1,458,003	2
	<u>\$ (1,566,349)</u>	<u>(8)</u>	<u>\$ 5,175,267</u>	<u>23</u>	<u>\$ (2,650,064)</u>	<u>(5)</u>	<u>\$ 14,125,416</u>	<u>19</u>
EARNINGS (LOSSES) PER SHARE (Note 26)								
Basic	<u>\$ (0.03)</u>		<u>\$ 0.67</u>		<u>\$ (0.19)</u>		<u>\$ 3.11</u>	
Diluted	<u>\$ (0.03)</u>		<u>\$ 0.67</u>		<u>\$ (0.19)</u>		<u>\$ 3.10</u>	

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

(Concluded)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Parent						Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings		Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity			
			Legal Reserve	Unappropriated Earnings		Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income			
BALANCE, JANUARY 1, 2022	\$ 39,800,002	\$ 7,786,124	\$ 2,074,570	\$ 20,733,450	\$ (861,389)	\$ 12,911,356	\$ 82,444,113	\$ 7,589,399	\$ 90,033,512
Appropriation of 2021 earnings (Note 22)									
Legal reserve appropriated	-	-	1,359,595	(1,359,595)	-	-	-	-	-
Cash dividends	-	-	-	(3,980,000)	-	-	(3,980,000)	-	(3,980,000)
Total appropriations	-	-	1,359,595	(5,339,595)	-	-	(3,980,000)	-	(3,980,000)
Net income for the nine months ended September 30, 2022	-	-	-	12,380,833	-	-	12,380,833	1,711,517	14,092,350
Other comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	93,017	193,563	286,580	(253,514)	33,066
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	12,380,833	93,017	193,563	12,667,413	1,458,003	14,125,416
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, SEPTEMBER 30, 2022	\$ 39,800,002	\$ 7,785,918	\$ 3,434,165	\$ 28,075,212	\$ (768,372)	\$ 12,804,395	\$ 91,131,320	\$ 8,023,357	\$ 99,154,677
BALANCE, JANUARY 1, 2023	\$ 39,800,002	\$ 7,785,918	\$ 3,434,165	\$ 28,780,952	\$ (654,652)	\$ 15,016,611	\$ 94,162,996	\$ 8,570,720	\$ 102,733,716
Appropriation of 2022 earnings (Note 22)									
Legal reserve appropriated	-	-	1,338,709	(1,338,709)	-	-	-	-	-
Cash dividends	-	-	-	(3,980,000)	-	-	(3,980,000)	-	(3,980,000)
Total appropriations	-	-	1,338,709	(5,318,709)	-	-	(3,980,000)	-	(3,980,000)
Net income (loss) for the nine months ended September 30, 2023	-	-	-	(771,636)	-	-	(771,636)	836,063	64,427
Other comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	(187,000)	(2,332,851)	(2,519,851)	(194,640)	(2,714,491)
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	(771,636)	(187,000)	(2,332,851)	(3,291,487)	641,423	(2,650,064)
Changes in ownership interests in subsidiaries	-	(95,943)	-	-	-	-	(95,943)	58,757	(37,186)
Changes in equity of associates accounted for using equity method	-	(12,077)	-	-	-	-	(12,077)	-	(12,077)
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Notes 8 and 22)	-	-	-	270,997	-	(270,997)	-	-	-
Cash dividends distributed by subsidiaries (Note 22)	-	-	-	-	-	-	-	(1,433,674)	(1,433,674)
BALANCE, SEPTEMBER 30, 2023	\$ 39,800,002	\$ 7,677,898	\$ 4,772,874	\$ 22,961,604	\$ (841,652)	\$ 12,412,763	\$ 86,783,489	\$ 7,837,226	\$ 94,620,715

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ (491,941)	\$ 17,159,189
Adjustments for:		
Depreciation expense	8,571,856	7,149,997
Amortization expense	288,689	252,838
Expected credit (gain) loss recognized on accounts receivable	35,500	(124,625)
(Gains) losses on financial assets and liabilities at fair value through profit or loss	743	8,062
Interest expense	698,469	57,284
Interest income	(232,265)	(84,123)
Dividend income	(547,705)	(634,086)
Share of (profit) loss of associates	(569,262)	(380,390)
(Gains) losses on disposal of property, plant and equipment	(152,775)	(184,873)
(Gains) losses on disposal of intangible assets	591	(91)
Impairment loss on property, plant and equipment	-	112,266
(Gain) on lease modification	(20,268)	(103,946)
Other income under government grants	(42,289)	(37,756)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets and liabilities at fair value through profit or loss	140,714	242,137
(Increase) decrease in accounts receivable	(1,569,765)	592,964
(Increase) decrease in accounts receivable due from related parties	685,313	120,448
(Increase) decrease in other receivables	(228,416)	344,617
(Increase) decrease in inventories	(2,316,340)	(4,538,314)
(Increase) decrease in other current assets	(17,905)	(206,569)
(Increase) decrease in other non-current assets	(262,407)	(1,902,609)
Increase (decrease) in notes and accounts payable	435,902	(102,091)
Increase (decrease) in accounts payable due to related parties	213,465	124,631
Increase (decrease) in other payables	(1,851,280)	349,882
Increase (decrease) in other current liabilities	(610,591)	(23,517)
Increase (decrease) in other non-current liabilities	(157,216)	(501,815)
Cash flows generated by (used in) operations	2,000,817	17,689,510
Interest received	223,522	85,642
Dividends received	547,705	634,086
Interest paid	(804,554)	(380,266)
Income taxes paid	(1,325,847)	(3,898,339)
Net cash flows generated by (used in) operating activities	<u>641,643</u>	<u>14,130,633</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investments accounted for using equity method	(89,586)	(374,933)
Acquisitions of financial assets at fair value through profit or loss	-	(96,958)

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WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	Nine Months Ended September 30	
	2023	2022
Proceeds from disposal of financial assets at fair value through profit or loss	\$ 26,418	\$ -
Acquisitions of financial assets at fair value through other comprehensive income	-	(1,425,600)
Proceeds from disposal of financial assets at fair value through other comprehensive income	287,024	18,535
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,000	1,000
Acquisitions of property, plant and equipment	(7,297,370)	(35,501,493)
Proceeds from disposal of property, plant and equipment	185,605	196,199
Increase in unearned receipts - disposal of assets	540,500	-
Acquisitions of right-of-use assets	-	(2,167)
(Increase) decrease in refundable deposits	(19,753)	(39,594)
(Increase) decrease in other receivables - time deposits	3,528	104,754
Acquisitions of intangible assets	(205,165)	(258,343)
Proceeds from disposal of intangible assets	-	356
Increase (decrease) in investment payable	-	(362,643)
(Increase) decrease in finance lease receivables	<u>71,094</u>	<u>47,342</u>
Net cash flows generated by (used in) investing activities	<u>(6,495,705)</u>	<u>(37,693,545)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	1,349,192	(1,210,317)
Proceeds from long-term borrowings	10,939,430	16,650,000
Repayments of long-term borrowings	(4,700,000)	-
Cash dividends paid	-	(3,980,000)
Change in non-controlling interests	(1,433,674)	(1,024,053)
Repayments of lease liabilities	(225,262)	(259,657)
Increase (decrease) in guarantee deposits	<u>64,943</u>	<u>366,985</u>
Net cash flows generated by (used in) financing activities	<u>5,994,629</u>	<u>10,542,958</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(190,552)</u>	<u>396,185</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(49,985)	(12,623,769)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	<u>20,402,936</u>	<u>30,914,427</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	<u>\$ 20,352,951</u>	<u>\$ 18,290,658</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 NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on November 2, 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 material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2024

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

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

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

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

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2022.

Statement of Compliance

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

Basis of Preparation

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

Basis of Consolidation

a. Principles for preparing consolidated financial statements

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

Attribution of total comprehensive income to non-controlling interests

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

Changes in the Group's ownership interests in existing subsidiaries

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

b. Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership		
			September 30, 2023	December 31, 2022	September 30, 2022
The Company	Winbond International Corporation ("WIC")	Investment holding	100.00	100.00	100.00
The Company	Landmark Group Holdings Ltd. ("Landmark") (Note 1)	Investment holding	-	100.00	100.00
The Company	Winbond Electronics Corporation Japan ("WECJ") (Note 2)	Research, development, sales and after-sales service of semiconductor	100.00	100.00	-
The Company	Winbond Electronics (HK) Limited ("WEHK")	Sales of semiconductor and investment holding	100.00	100.00	100.00
The Company	Pine Capital Investment Limited ("PCI") (Note 3)	Investment holding	-	100.00	100.00
The Company	Winbond Technology Ltd. ("WTL")	Design and service of semiconductor	100.00	100.00	100.00
The Company	Callisto Holding Limited ("Callisto")	Electronic commerce and investment holding	100.00	100.00	100.00
The Company	Winbond Electronics Germany GmbH ("WEG")	Marketing service of semiconductor	100.00	100.00	100.00
The Company	Great Target Development Ltd. ("GTD") (Note 4)	Investment holding	-	100.00	100.00
The Company	Winbond Electronics India Private Limited ("WEIL") (Note 4)	Sales and service of semiconductor	99.99	-	-
The Company	Atfields Manufacturing Technology Corporation ("AMTC") (Note 5)	Manufacture of semiconductor and smart factory solutions	100.00	-	-
The Company	Miraxia Edge Technology Corporation ("METC")	Software and hardware integration design of semiconductor	100.00	100.00	100.00
The Company	Nuvoton Technology Corporation ("NTC")	Research, design, development, manufacture and marketing of Logic IC, 6 inch wafer product, test, and OEM	51.21	51.21	51.21
WIC	Winbond Electronics Corporation America ("WECA")	Design, sales and service of semiconductor	100.00	100.00	100.00
Landmark	Winbond Electronics Corporation Japan ("WECJ") (Note 2)	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	100.00
Callisto	Callisto Technology Limited ("CTL")	Electronic commerce and investment holding	100.00	100.00	100.00

(Continued)

Investor	Investee	Main Business	% of Ownership		
			September 30, 2023	December 31, 2022	September 30, 2022
GTD	Winbond Electronics India Private Limited (“WEIL”), formerly known as GLMTD Technology Private Limited (“GLMTD”) before August 2023) (Note 4)	Sales and service of semiconductor	-	99.99	99.99
METC	Miraxia Technology Taiwan Corporation (“MTTC”) (Note 6)	Development of software and services for automotive and industrial control	100.00	100.00	-
NTC	Marketplace Management Limited (“MML”)	Investment holding	100.00	100.00	100.00
NTC	Nuvoton Technology Corporation America (“NTCA”)	Design, sales and service of semiconductor	100.00	100.00	100.00
NTC	Nuvoton Investment Holding Ltd. (“NIH”)	Investment holding	100.00	100.00	100.00
NTC	Nuvoton Electronics Technology (H.K.) Limited (“NTHK”)	Sales of semiconductor	100.00	100.00	100.00
NTC	Song Yong Investment Corporation (“SYI”)	Investment holding	100.00	100.00	100.00
NTC	Nuvoton Technology India Private Limited (“NTIPL”)	Design, sales and service of semiconductor	100.00	100.00	100.00
NTC	Nuvoton Technology Singapore Pte. Ltd. (“NTSG”)	Design, sales and service of semiconductor	100.00	100.00	100.00
NTC	Nuvoton Technology Korea Limited (“NTKL”)	Design, sales and service of semiconductor	100.00	100.00	100.00
NTC	Nuvoton Technology Holdings Japan (“NTHJ”)	Investment holding	100.00	100.00	100.00
MML GLLC	Goldbond LLC (“GLLC”) Nuvoton Electronics Technology (Shanghai) Limited (“NTSH”)	Investment holding Provide project of sale in China and repairing, testing, consulting of software and equipment leasing business	100.00 100.00	100.00 100.00	100.00 100.00
GLLC	Winbond Electronics (Nanjing) Ltd. (“WENJ”) (Note 7)	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	100.00
NIH	Nuvoton Technology Israel Ltd. (“NTIL”)	Design and service of semiconductor	100.00	100.00	100.00
NTHK	Nuvoton Electronics Technology (Shenzhen) Limited (“NTSZ”)	Computer software service (except I.C. design), wholesale business for computer, supplement and software	100.00	100.00	100.00
NTHJ	Nuvoton Technology Corporation Japan (“NTCJ”)	Design, sales and service of semiconductor	100.00	100.00	100.00
NTCJ	Atfields Manufacturing Technology Corporation (“AMTC”) (Note 5)	Manufacture of semiconductor and smart factory solutions	-	100.00	100.00

(Concluded)

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

Note 2: The company acquired 100% of ownership interest of WECJ from its subsidiary, Landmark, in November 2022. The transaction was a reorganization under common control. Refer to Note 28 to the consolidated financial statements.

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

Note 4: GTD filed for liquidation in September 2023, and the date of dissolution was September 28, 2023. The liquidation procedures have not been completed as of September 30, 2023. Due to the dissolution of GTD, the company changed its 99.99% ownership interest in WEIL (former GLMTD) from indirect to direct. The transaction was a reorganization under common control. Refer to Note 28 to the consolidated financial statements.

Note 5: The Company acquired 100% of ownership interest of AMTC from its sub-subsidiary, NTCJ, in January 2023. The transaction was a reorganization under common control. Refer to Note 28 to the consolidated financial statements.

Note 6: MTTC was established in November 2022.

Note 7: WENJ completed the liquidation and legal procedures in May 2023.

Other Material Accounting Policies

a. Retirement benefits

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

b. Income tax expense

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

c. 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. If a temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary differences arising from the initial recognition of goodwill.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. The Group's material accounting judgments and key sources of estimation uncertainty are the same as the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash and deposits in banks	\$ 15,164,951	\$ 18,642,936	\$ 17,469,858
Repurchase agreements collateralized by bonds	<u>5,188,000</u>	<u>1,760,000</u>	<u>820,800</u>
	<u>\$ 20,352,951</u>	<u>\$ 20,402,936</u>	<u>\$ 18,290,658</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits	<u>\$ 250,144</u>	<u>\$ 236,938</u>	<u>\$ 236,938</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):

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits	<u>\$ 52,686</u>	<u>\$ 56,214</u>	<u>\$ 79,727</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets at FVTPL - current</u>			
Derivative financial assets			
Forward exchange contracts	\$ -	\$ 7,173	\$ -
Non-derivative financial assets			
Domestic listed and emerging shares	15,038	44,433	46,435
Overseas unlisted shares	64,540	61,420	63,500
Mutual funds	<u>114,455</u>	<u>110,506</u>	<u>111,969</u>
	<u>\$ 194,033</u>	<u>\$ 223,532</u>	<u>\$ 221,904</u>
<u>Financial assets at FVTPL - non-current</u>			
Mandatorily measured at FVTPL			
Foreign currency warrants	<u>\$ 80,675</u>	<u>\$ 121,775</u>	<u>\$ 124,375</u>
<u>Financial liabilities at FVTPL - current</u>			
Derivative financial liabilities			
Forward exchange contracts	<u>\$ 140,953</u>	<u>\$ 7,412</u>	<u>\$ 190,448</u>

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

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>September 30, 2023</u>			
Sell forward exchange contracts	USD to NTD	2023.10.03-2023.12.15	USD176,000/NTD5,554,123
Sell forward exchange contracts	USD to JPY	2023.10.13-2023.11.14	USD30,300/JPY4,401,572
<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>September 30, 2022</u>			
Sell forward exchange contracts	USD to NTD	2022.10.07-2022.11.11	USD122,000/NTD3,682,604

- b. The Group entered into derivative financial instruments contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The derivative financial instruments contracts entered into by the Group did not meet the criteria of hedge accounting; therefore, the Group did not apply hedge accounting treatment.
- c. NTC acquired 5,625 thousand preference shares of Allxon Inc. through the conversion of share warrants in June 2023. The investment in equity instruments is held for long-term strategic purposes and expected profitability. Accordingly, these preference shares were recorded in financial assets at FVTOCI.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity Instruments at FVTOCI

	September 30, 2023	December 31, 2022	September 30, 2022
Domestic listed and emerging shares	\$ 12,164,891	\$ 14,705,736	\$ 13,062,576
Domestic unlisted shares	1,162,594	1,081,708	1,090,500
Overseas unlisted shares	657,044	625,340	646,740
Beneficiary certificates	<u>1,192,350</u>	<u>1,231,877</u>	<u>1,190,743</u>
	<u>\$ 15,176,879</u>	<u>\$ 17,644,661</u>	<u>\$ 15,990,559</u>
Current	\$ 12,060,849	\$ 14,587,832	\$ 12,961,408
Non-current	<u>3,116,030</u>	<u>3,056,829</u>	<u>3,029,151</u>
	<u>\$ 15,176,879</u>	<u>\$ 17,644,661</u>	<u>\$ 15,990,559</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 nine months ended September 30, 2023 and 2022, the Group disposed partial shares for the investment position adjustment. The unrealized gain and loss on financial assets at fair value through other comprehensive income of NT\$188,513 thousand and NT\$300,524 thousand were transferred to retained earnings, respectively, refer to Note 22 to consolidated financial statements for related information.

9. ACCOUNTS RECEIVABLE

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 10,853,541	\$ 9,283,776	\$ 11,226,421
Less: Allowance for impairment loss	<u>(183,265)</u>	<u>(146,030)</u>	<u>(173,080)</u>
	<u>\$ 10,670,276</u>	<u>\$ 9,137,746</u>	<u>\$ 11,053,341</u>

The average credit period of sales of goods is 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.

September 30, 2023

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Overdue Over 180 Days	Total
Expected credit loss rate	0.1%-2%	2%	10%	20%	50%-100%	
Gross carrying amount	\$ 10,746,302	\$ 100,823	\$ 5,431	\$ 985	\$ -	\$ 10,853,541
Loss allowance (lifetime ECL)	(171,033)	(2,016)	(543)	(197)	-	(173,789)
Loss allowance (individual customer ECL)	<u>(3,575)</u>	<u>(5,230)</u>	<u>(671)</u>	<u>-</u>	<u>-</u>	<u>(9,476)</u>
Amortized cost	<u>\$ 10,571,694</u>	<u>\$ 93,577</u>	<u>\$ 4,217</u>	<u>\$ 788</u>	<u>\$ -</u>	<u>\$ 10,670,276</u>

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%-100%	
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>

September 30, 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%-100%	
Gross carrying amount	\$ 11,098,142	\$ 118,590	\$ 6,584	\$ 3,105	\$ -	\$ 11,226,421
Loss allowance (lifetime ECL)	<u>(169,429)</u>	<u>(2,372)</u>	<u>(658)</u>	<u>(621)</u>	<u>-</u>	<u>(173,080)</u>
Amortized cost	<u>\$ 10,928,713</u>	<u>\$ 116,218</u>	<u>\$ 5,926</u>	<u>\$ 2,484</u>	<u>\$ -</u>	<u>\$ 11,053,341</u>

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

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 146,030	\$ 303,792
Recognized (reversal of) impairment loss	35,500	(124,625)
Effect of exchange rate changes	<u>1,735</u>	<u>(6,087)</u>
Balance at September 30	<u>\$ 183,265</u>	<u>\$ 173,080</u>

10. FINANCE LEASE RECEIVABLES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Undiscounted lease payments</u>			
Year 1	\$ 93,155	\$ 100,135	\$ 94,836
Year 2	46,578	100,135	94,836
Year 3	<u>-</u>	<u>25,034</u>	<u>47,418</u>
	139,733	225,304	237,090
Less: Unearned finance income	<u>(2,235)</u>	<u>(5,122)</u>	<u>(5,922)</u>
Finance lease receivables	<u>\$ 137,498</u>	<u>\$ 220,182</u>	<u>\$ 231,168</u>
Current	\$ 91,242	\$ 96,731	\$ 91,189
Non-current	<u>46,256</u>	<u>123,451</u>	<u>139,979</u>
	<u>\$ 137,498</u>	<u>\$ 220,182</u>	<u>\$ 231,168</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 2023 and 2022, the average implied interest rates were both 1.85% per annum. Refer to Note 31 to the consolidated financial statements for details of finance lease contracts.

11. OTHER RECEIVABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Business tax refund receivable	\$ 543,060	\$ 229,680	\$ 393,759
Dividend receivable	219,409	-	91,421
Time deposits (Note 6)	52,686	56,214	79,727
Income tax refund receivable	11,834	38,037	2,428
Others	<u>156,087</u>	<u>234,905</u>	<u>218,865</u>
	<u>\$ 983,076</u>	<u>\$ 558,836</u>	<u>\$ 786,200</u>

12. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Finished goods	\$ 3,435,232	\$ 3,095,173	\$ 3,804,470
Work-in-process	17,925,092	16,393,699	14,623,203
Raw materials and supplies	1,845,009	1,958,690	2,031,853
Inventories in transit	<u>14,854</u>	<u>516</u>	<u>19,476</u>
	<u>\$ 23,220,187</u>	<u>\$ 21,448,078</u>	<u>\$ 20,479,002</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
The operating cost of goods sold	\$ 11,467,542	\$ 11,347,745	\$ 32,001,896	\$ 38,218,682
Recognition of inventory write-downs (reversed) and scrap of inventories, etc.	771,092	23,570	2,710,861	277,530
Unallocated production overhead	<u>1,082,609</u>	<u>688,622</u>	<u>4,181,704</u>	<u>959,081</u>
Operating costs	<u>\$ 13,321,243</u>	<u>\$ 12,059,937</u>	<u>\$ 38,894,461</u>	<u>\$ 39,455,293</u>

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	September 30, 2023	December 31, 2022	September 30, 2022
Associates that are not individually material			
Chin Xin Investment Co., Ltd. (“Chin Xin”)	\$ 8,039,055	\$ 7,996,268	\$ 7,390,667
Tower Partners Semiconductor Co., LTD. (“TPSCo.”)	1,917,649	1,710,869	1,284,075
Theaceae Conservation Corporation (“ThCC”)	<u>276,244</u>	<u>264,303</u>	<u>251,612</u>
	<u>\$ 10,232,948</u>	<u>\$ 9,971,440</u>	<u>\$ 8,926,354</u>

On December 15 and May 27, 2022, the board of directors of ThCC resolved to issue 100,000 thousand and 60,000 thousand ordinary shares. The Company subscribed for 3,000 thousand and 21,000 thousand ordinary shares in total with a par value of NT\$10. As of September 30, 2023, the Company held 27,000 thousand shares of ThCC, which equals to 15% ownership interest, and adopted the equity method.

As of September 30, 2023, the Company held 182,841 thousand shares of Chin Xin with a 38% ownership interest.

Under the business acquisition agreement, if TPSCo. turns a net profit for the period from the acquisition date (September 1, 2020) to March 31, 2022, NTCJ is required to return Panasonic Corporation's share of profit based on its ownership interest. Thus, NTCJ had no significant influence over TPSCo. during the period, and the investment in TPSCo. was recognized as non-current financial assets at fair value through other comprehensive income. Starting in April 2022, the restriction is no longer effective, and hence NTCJ has significant influence over TPSCo. Therefore, TPSCo. has been accounted for using equity method. On December 31, 2022, NTCJ owned 45,619 shares of TPSCo. During the first quarter of 2023, NTCJ subscribed for 3,920 shares issued in the cash capital increase by TPSCo. As of September 30, 2023, NTCJ owned 49,539 shares of TPSCo. with an ownership percentage of 49%.

In June 2022, NTCJ transferred the right-of-use assets contract to TPSCo. The related deferred benefit will be recognized in accordance with the remaining lease term of the contract, refer to Note 31 to the consolidated financial statements.

For the nine months ended September 30, 2023, the associates disposed partial shares for the investment position adjustment. The unrealized gain and loss on financial assets at fair value through other comprehensive income of NT\$82,484 thousand was transferred to retained earnings, refer to Note 22 to consolidated financial statements for related information.

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 nine months ended September 30, 2023 and 2022 were based on the associates' financial statements reviewed by independent auditors.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
<u>Cost</u>						
Balance at January 1, 2023	\$ 3,086,647	\$ 47,711,881	\$ 177,689,968	\$ 8,354,654	\$ 53,686,085	\$ 290,529,235
Additions	-	530,773	4,385,912	255,090	1,936,167	7,107,942
Disposals	-	(24,848)	(2,624,656)	(180,079)	-	(2,829,583)
Reclassified	-	18,728,557	33,334,529	805,225	(52,866,938)	1,373
Effect of exchange rate changes	(127,980)	(1,154,984)	(2,950,433)	(204,047)	(4,167)	(4,441,611)
Balance at September 30, 2023	<u>\$ 2,958,667</u>	<u>\$ 65,791,379</u>	<u>\$ 209,835,320</u>	<u>\$ 9,030,843</u>	<u>\$ 2,751,147</u>	<u>\$ 290,367,356</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2023	\$ -	\$ 37,412,680	\$ 152,515,222	\$ 6,794,694	\$ -	\$ 196,722,596
Depreciation expense	-	1,705,613	6,060,662	477,205	-	8,243,480
Disposals	-	(23,876)	(2,596,421)	(176,456)	-	(2,796,753)
Reclassified	-	(4,536)	-	4,536	-	-
Effect of exchange rate changes	-	(1,040,347)	(2,874,215)	(193,284)	-	(4,107,846)
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 38,049,534</u>	<u>\$ 153,105,248</u>	<u>\$ 6,906,695</u>	<u>\$ -</u>	<u>\$ 198,061,477</u>
Carrying amount at January 1, 2023 and December 31, 2022	<u>\$ 3,086,647</u>	<u>\$ 10,299,201</u>	<u>\$ 25,174,746</u>	<u>\$ 1,559,960</u>	<u>\$ 53,686,085</u>	<u>\$ 93,806,639</u>
Carrying amount at September 30, 2023	<u>\$ 2,958,667</u>	<u>\$ 27,741,845</u>	<u>\$ 56,730,072</u>	<u>\$ 2,124,148</u>	<u>\$ 2,751,147</u>	<u>\$ 92,305,879</u>

(Continued)

	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	36,740	173,214	8,650,472	535,930	29,329,895	38,726,251
Disposals	-	(16,896)	(1,516,950)	(140,567)	-	(1,674,413)
Reclassified	12,248	175,430	(6,053,414)	142,755	5,722,981	-
Effect of exchange rate changes	(153,870)	(1,425,887)	(3,710,572)	(229,855)	(20,592)	(5,540,776)
Balance at September 30, 2022	<u>\$ 2,964,776</u>	<u>\$ 46,845,728</u>	<u>\$ 175,279,012</u>	<u>\$ 7,894,681</u>	<u>\$ 51,831,496</u>	<u>\$ 284,815,693</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	-	1,478,746	5,008,469	308,863	-	6,796,078
Disposals	-	(15,384)	(1,508,249)	(66,921)	-	(1,590,554)
Impairment loss	-	-	112,266	-	-	112,266
Reclassified	-	-	(3)	3	-	-
Effect of exchange rate changes	-	(1,285,334)	(3,669,717)	(224,615)	-	(5,179,666)
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 36,334,770</u>	<u>\$ 149,454,668</u>	<u>\$ 6,573,712</u>	<u>\$ -</u>	<u>\$ 192,363,150</u>
Carrying amount at September 30, 2022	<u>\$ 2,964,776</u>	<u>\$ 10,510,958</u>	<u>\$ 25,824,344</u>	<u>\$ 1,320,969</u>	<u>\$ 51,831,496</u>	<u>\$ 92,452,543</u>

(Concluded)

a. As of September 30, 2023, December 31, 2022 and September 30, 2022, the carrying amounts of NT\$53,086,711 thousand, NT\$52,365,644 thousand and NT\$19,551,127 thousand of property, plant and equipment were pledged to secure long-term borrowings and corporate bonds.

b. Information about capitalized interest

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Capitalized interest amounts	\$ 35,965	\$ 156,434	\$ 146,867	\$ 347,768
Interest rates under capitalization	2.57%	1.91%	2.43%-2.57%	1.89%-1.91%

c. In the second quarter of 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 nine months ended September 30, 2022, the Group recognized an impairment loss of NT\$112,266 thousand for certain machinery and equipment which will not be used in the future after evaluation.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022	
<u>Carrying amount</u>				
Land	\$ 1,584,358	\$ 1,667,604	\$ 1,693,708	
Buildings	359,143	383,165	328,464	
Machinery and equipment	120,966	139,758	135,432	
Other equipment	<u>38,859</u>	<u>33,954</u>	<u>33,674</u>	
	<u>\$ 2,103,326</u>	<u>\$ 2,224,481</u>	<u>\$ 2,191,278</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Additions to right-of-use assets	<u>\$ 52,272</u>	<u>\$ 43,645</u>	<u>\$ 164,137</u>	<u>\$ 251,045</u>
Depreciation charge for right-of-use assets				
Land	\$ 27,749	\$ 27,715	\$ 83,246	\$ 83,144
Buildings	37,226	38,086	113,094	112,152
Machinery and equipment	3,061	3,068	9,392	29,902
Other equipment	<u>6,456</u>	<u>6,953</u>	<u>18,554</u>	<u>22,384</u>
	<u>\$ 74,492</u>	<u>\$ 75,822</u>	<u>\$ 224,286</u>	<u>\$ 247,582</u>
Income from the subleasing of right-of-use assets (recorded in "other income")	<u>\$ 540</u>	<u>\$ 526</u>	<u>\$ 1,584</u>	<u>\$ 1,503</u>

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Current	<u>\$ 254,219</u>	<u>\$ 276,015</u>	<u>\$ 270,564</u>
Non-current	<u>\$ 1,950,167</u>	<u>\$ 2,052,762</u>	<u>\$ 2,021,991</u>

Ranges of discount rates for lease liabilities are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Land	1.76%-2.47%	1.76%-2.47%	1.76%-2.47%
Buildings	0.14%-5.21%	0.14%-3.55%	0.14%-3.60%
Machinery and equipment	0.48%-0.80%	0.48%-0.80%	0.48%-0.80%
Other equipment	0.14%-5.10%	0.14%-3.62%	0.14%-2.44%

For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the interest expense under lease liabilities amounted to NT\$12,431 thousand, NT\$12,121 thousand, NT\$37,214 thousand and NT\$38,936 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 and part in Taiwan, and the lease terms will expire between 2023 and 2028.

d. Subleases

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

	September 30, 2023	December 31, 2022	September 30, 2022
Year 1	\$ 524	\$ 1,988	\$ 2,009
Year 2	<u>-</u>	<u>1,326</u>	<u>1,506</u>
	<u>\$ 524</u>	<u>\$ 3,314</u>	<u>\$ 3,515</u>

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

e. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	<u>\$ 79,482</u>	<u>\$ 42,767</u>	<u>\$ 226,828</u>	<u>\$ 145,652</u>
Expenses relating to low-value asset leases	<u>\$ 147</u>	<u>\$ 1,077</u>	<u>\$ 509</u>	<u>\$ 1,631</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,905</u>	<u>\$ 3,190</u>	<u>\$ 8,949</u>	<u>\$ 8,462</u>
Total cash outflow for leases	<u>\$ 168,162</u>	<u>\$ 133,436</u>	<u>\$ 496,716</u>	<u>\$ 456,414</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

	September 30, 2023	December 31, 2022	September 30, 2022
Investment properties, net	<u>\$ 1,576,021</u>	<u>\$ 1,798,160</u>	<u>\$ 1,738,740</u>

As of December 31, 2022 and 2021, the fair values of investment properties held by NTC were NT\$2,443,494 thousand and NT\$2,171,524 thousand, respectively, and the fair values of NT\$2,243,494 thousand and NT\$1,971,524 thousand were evaluated by independent appraisal agencies, others were evaluated based on Level 3, a commonly used evaluation model, by NTC's management. As of September 30, 2023 and 2022, NTC's management team evaluated the fair value of investment properties and determined that the fair value of the investment properties had not changed significantly.

	<u>For the Nine Months Ended September 30</u>	
	2023	2022
<u>Cost</u>		
Balance at January 1	\$ 7,662,122	\$ 7,924,196
Effect of exchange rate changes	<u>(526,915)</u>	<u>(660,772)</u>
Balance at September 30	<u>7,135,207</u>	<u>7,263,424</u>
<u>Accumulated depreciation and impairment</u>		
Balance at January 1	5,863,962	5,918,598
Depreciation expense	102,657	104,904
Effect of exchange rate changes	<u>(407,433)</u>	<u>(498,818)</u>
Balance at September 30	<u>5,559,186</u>	<u>5,524,684</u>
Investment properties, net	<u>\$ 1,576,021</u>	<u>\$ 1,738,740</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Year 1	\$ 154,758	\$ 171,129	\$ 162,396
Year 2	145,426	152,691	146,014
Year 3	139,449	149,898	141,965
Year 4	139,449	149,898	141,965
Year 5	139,449	149,898	141,965
More than 5 years	<u>488,072</u>	<u>637,067</u>	<u>603,347</u>
	<u>\$ 1,206,603</u>	<u>\$ 1,410,581</u>	<u>\$ 1,337,652</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 September 30, 2023, December 31, 2022 and September 30, 2022, the carrying amounts of NT\$333,676 thousand, NT\$381,219 thousand and NT\$368,158 thousand of investment properties of NTC were pledged to secure long-term borrowings, respectively.

17. INTANGIBLE ASSETS

	Deferred Technical Assets	Other Intangible Assets	Carbon Credits	Total
<u>Cost</u>				
Balance at January 1, 2023	\$ 19,977,381	\$ 1,327,601	\$ 763	\$ 21,305,745
Additions	1,388	95,931	4,660	101,979
Disposals	-	(7,460)	-	(7,460)
Reclassified	22,693	(24,066)	-	(1,373)
Effect of exchange rate changes	<u>(4,401)</u>	<u>(74,153)</u>	<u>-</u>	<u>(78,554)</u>
Balance at September 30, 2023	<u>\$ 19,997,061</u>	<u>\$ 1,317,853</u>	<u>\$ 5,423</u>	<u>\$ 21,320,337</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2023	\$ 19,418,642	\$ 1,104,500	\$ -	\$ 20,523,142
Amortization expenses	200,847	67,592	-	268,439
Disposals	-	(6,869)	-	(6,869)
Effect of exchange rate changes	<u>(1,949)</u>	<u>(70,214)</u>	<u>-</u>	<u>(72,163)</u>
Balance at September 30, 2023	<u>\$ 19,617,540</u>	<u>\$ 1,095,009</u>	<u>\$ -</u>	<u>\$ 20,712,549</u>
Carrying amount at January 1, 2023 and December 31, 2022	<u>\$ 558,739</u>	<u>\$ 223,101</u>	<u>\$ 763</u>	<u>\$ 782,603</u>
Carrying amount at September 30, 2023	<u>\$ 379,521</u>	<u>\$ 222,844</u>	<u>\$ 5,423</u>	<u>\$ 607,788</u>
<u>Cost</u>				
Balance at January 1, 2022	\$ 19,801,638	\$ 1,495,795	\$ -	\$ 21,297,433
Additions	78,172	109,770	-	187,942
Disposals	-	(205,690)	-	(205,690)
Reclassified	-	(763)	-	(763)
Effect of exchange rate changes	<u>10,461</u>	<u>(108,172)</u>	<u>-</u>	<u>(97,711)</u>
Balance at September 30, 2022	<u>\$ 19,890,271</u>	<u>\$ 1,290,940</u>	<u>\$ -</u>	<u>\$ 21,181,211</u> (Continued)

	Deferred Technical Assets	Other Intangible Assets	Carbon Credits	Total
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2022	\$ 19,184,777	\$ 1,039,671	\$ -	\$ 20,224,448
Amortization expenses	161,514	71,074	-	232,588
Disposals	-	(568)	-	(568)
Effect of exchange rate changes	<u>11,083</u>	<u>(84,926)</u>	<u>-</u>	<u>(73,843)</u>
Balance at September 30, 2022	<u>\$ 19,357,374</u>	<u>\$ 1,025,251</u>	<u>\$ -</u>	<u>\$ 20,382,625</u>
Carrying amount at September 30, 2022	<u>\$ 532,897</u>	<u>\$ 265,689</u>	<u>\$ -</u>	<u>\$ 798,586</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, etc. The carbon credits will be used to offset carbon emission from fabs and employee transportation, etc.

In the second quarter of 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

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	Interest Rate %	Amount	Interest Rate %	Amount	Interest Rate %	Amount
<u>Secured borrowings</u>						
Bank loans	1.17%	\$ 1,275,580	1.15%	\$ 952,840	1.17%	\$ 220,100
<u>Unsecured borrowings</u>						
Bank lines of credit	4.45%-4.75%	<u>1,037,817</u>	1.02%	<u>116,200</u>	-	<u>-</u>
		<u>\$ 2,313,397</u>		<u>\$ 1,069,040</u>		<u>\$ 220,100</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	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings</u>					
Bank of Taiwan syndicated loan (V)	2019.09.19-2026.09.19	2.78%	\$ 37,800,000	\$ 31,000,000	24,500,000
<u>Unsecured borrowings</u>					
The Export - Import Bank of ROC	2019.09.20-2026.09.21	-	-	500,000	500,000
The Export - Import Bank of ROC	2020.08.25-2027.08.25	1.94%	1,000,000	1,000,000	1,000,000
Government grants (Note 27)	2020.12.28-2028.11.15	1.25%-1.45%	<u>5,131,600</u>	<u>5,131,600</u>	<u>5,131,600</u>
			43,931,600	37,631,600	31,131,600
Less: Current portion			(8,786,607)	(3,171,429)	(2,521,429)
Less: Syndication agreement management fee			(87,570)	(47,250)	(54,000)
Less: Government loan discount (Note 27)			<u>(160,296)</u>	<u>(134,848)</u>	<u>(167,039)</u>
			<u>\$ 34,897,127</u>	<u>\$ 34,278,073</u>	<u>\$ 28,389,132</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 its fab. The credit line amounted to NT\$42 billion. The principal will be repaid every six months from September 19, 2023 until maturity.
- b) The amounts of 12-inch building, fab facilities, machinery and equipment and related ancillary equipment pledged as collateral for bank borrowings are disclosed in Note 14 to the consolidated financial statements.
- c) The Company is required to maintain certain financial covenants, including current ratio, debt ratio 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) Bank of Taiwan Syndicated Loan (VI)

On April 12, 2023, the Company entered into a syndicated loan with a group of financial institutions to procure equipment for its fab. The credit line amounted to NT\$20 billion. As of September 30, 2023, the loan has not yet been used.

- 3) The proceeds of the unsecured borrowings from the Export-Import Bank of ROC were provided NTC for investing in Autotalks Ltd. and acquiring Panasonic Semiconductor Solutions., Co., Ltd. One of the loan was early repaid in the third quarter of 2023.

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

19. BONDS PAYABLE

	September 30, 2023	December 31, 2022	September 30, 2022
Domestic secured bonds	<u>\$ 9,977,832</u>	<u>\$ 9,968,462</u>	<u>\$ 9,965,351</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:

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

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

20. PROVISIONS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Decommissioning liabilities	<u>\$ -</u>	<u>\$ 132,473</u>	<u>\$ 186,339</u>
<u>Non-current</u>			
Employee benefits	\$ 1,381,733	\$ 1,485,268	\$ 1,406,659
Warranties	643,147	737,268	745,984
Decommissioning liabilities	<u>475,208</u>	<u>510,815</u>	<u>483,780</u>
	<u>\$ 2,500,088</u>	<u>\$ 2,733,351</u>	<u>\$ 2,636,423</u>

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

21. RETIREMENT BENEFIT PLANS

The employee benefit expense in respect of the Group's defined benefit retirement plans was calculated using the actuarially determined pension cost discount rate as of December 31, 2022 and 2021, and recognized NT\$24,309 thousand, NT\$23,716 thousand, NT\$72,309 thousand and NT\$74,558 thousand for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, respectively.

22. EQUITY

a. Share capital

	September 30, 2023	December 31, 2022	September 30, 2022
Number of shares authorized (in thousands)	<u>6,700,000</u>	<u>6,700,000</u>	<u>6,700,000</u>
Shares authorized	<u>\$ 67,000,000</u>	<u>\$ 67,000,000</u>	<u>\$ 67,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>3,980,000</u>	<u>3,980,000</u>	<u>3,980,000</u>
Shares issued	<u>\$ 39,800,002</u>	<u>\$ 39,800,002</u>	<u>\$ 39,800,002</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the balance of the Company's capital account amounted to NT\$39,800,002 thousand, divided into 3,980,000 thousand ordinary shares with a par value of NT\$10.

On August 18, 2023, the Company's board of directors resolved to issue 200,000 thousand shares with a par value of NT\$10 for cash capital increase. The issuance of shares was approved by the Financial Supervisory Commission, Taiwan, R.O.C. on September 25, 2023. The record date of cash capital increase, which was determined by chairmen as authorized by the Board, was set for October 22, 2023 and the price of issue at premium was set at NT\$22.

b. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to <u>share capital</u>			
Arising from issuance of share capital	\$ 4,787,673	\$ 4,787,673	\$ 4,787,673
Arising from treasury share transactions	2,342,036	2,342,036	2,342,036
Arising from conversion of bonds	136,352	136,352	136,352
Arising from exercised employee share options	208,451	208,451	208,451
Overdue employee share options	30,749	30,749	30,749
<u>May only be used to offset a deficit</u>			
Arising from changes in percentage of ownership interest in subsidiaries	155,791	251,734	251,734
Arising from share of changes in capital surplus of associates	<u>16,846</u>	<u>28,923</u>	<u>28,923</u>
	<u>\$ 7,677,898</u>	<u>\$ 7,785,918</u>	<u>\$ 7,785,918</u>

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

c. Retained earnings and dividends 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 shares or cash upon resolution of the board of directors and may be distributed to the employees of subsidiaries of the Company meeting certain criteria.

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

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

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

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

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

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

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

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Pursuant to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of shareholders' equity, such as the accumulated balance of foreign currency translation reserve, unrealized valuation gain (loss) from available-for-sale financial assets, net amount of fair value below the cost of the Company's ordinary shares held by subsidiaries, etc. For the subsequent decrease in the deduction amount to shareholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriations of earnings and cash dividends per share for 2022 and 2021 were as follows:

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

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

d. Other equity items

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

	For the Nine Months Ended	
	September 30	
	2023	2022
Balance at January 1	\$ (654,652)	\$ (861,389)
Exchange differences arising on translating the financial statements of foreign operations	<u>(187,000)</u>	<u>93,017</u>
Balance at September 30	<u>\$ (841,652)</u>	<u>\$ (768,372)</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

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 15,016,611	\$ 12,911,356
Unrealized gains (losses) on revaluation of financial assets at FVTOCI	(2,289,685)	1,350,168
Share of unrealized gains (losses) on revaluation of financial assets at FVTOCI of associates accounted for using equity method	(43,166)	(1,156,605)
Disposal of investments in equity instruments designated at FVTOCI	<u>(270,997)</u>	<u>(300,524)</u>
Balance at September 30	<u>\$ 12,412,763</u>	<u>\$ 12,804,395</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

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 8,570,720	\$ 7,589,399
Share attributable to non-controlling interests		
Profit for the period	836,063	1,711,517
Exchange differences on translation of the financial statements of foreign operations	(219,763)	(136,021)
Unrealized gains (losses) on financial assets measured at FVTOCI	25,123	(117,493)
Cash dividends issued by subsidiaries to non-controlling interests	(1,433,674)	(1,024,053)
Changes in ownership interests in subsidiaries	<u>58,757</u>	<u>8</u>
Balance at September 30	<u>\$ 7,837,226</u>	<u>\$ 8,023,357</u>

23. REVENUE

Refer to Note 37 to the consolidated financial statements for the Group's revenue.

24. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION, AND AMORTIZATION

For the Three Months Ended September 30, 2023				
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	<u>\$ 1,095,822</u>	<u>\$ 2,868,731</u>	<u>\$ -</u>	<u>\$ 3,964,553</u>
Post-employment benefits	<u>\$ 50,751</u>	<u>\$ 179,243</u>	<u>\$ -</u>	<u>\$ 229,994</u>
Depreciation	<u>\$ 2,598,551</u>	<u>\$ 250,289</u>	<u>\$ 36,031</u>	<u>\$ 2,884,871</u>
Amortization	<u>\$ 1,498</u>	<u>\$ 87,550</u>	<u>\$ 6,750</u>	<u>\$ 95,798</u>

For the Three Months Ended September 30, 2022				
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	<u>\$ 1,062,807</u>	<u>\$ 3,501,070</u>	<u>\$ -</u>	<u>\$ 4,563,877</u>
Post-employment benefits	<u>\$ 40,449</u>	<u>\$ 168,301</u>	<u>\$ -</u>	<u>\$ 208,750</u>
Depreciation	<u>\$ 1,733,975</u>	<u>\$ 287,116</u>	<u>\$ 35,346</u>	<u>\$ 2,056,437</u>
Amortization	<u>\$ 1,698</u>	<u>\$ 78,483</u>	<u>\$ 6,750</u>	<u>\$ 86,931</u>

For the Nine Months Ended September 30, 2023				
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	<u>\$ 3,310,718</u>	<u>\$ 8,618,245</u>	<u>\$ -</u>	<u>\$ 11,928,963</u>
Post-employment benefits	<u>\$ 151,950</u>	<u>\$ 523,007</u>	<u>\$ -</u>	<u>\$ 674,957</u>
Depreciation	<u>\$ 7,703,909</u>	<u>\$ 758,451</u>	<u>\$ 109,496</u>	<u>\$ 8,571,856</u>
Amortization	<u>\$ 5,657</u>	<u>\$ 262,782</u>	<u>\$ 20,250</u>	<u>\$ 288,689</u>

For the Nine Months Ended September 30, 2022				
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	<u>\$ 3,641,861</u>	<u>\$ 11,230,604</u>	<u>\$ -</u>	<u>\$ 14,872,465</u>
Post-employment benefits	<u>\$ 119,753</u>	<u>\$ 546,124</u>	<u>\$ -</u>	<u>\$ 665,877</u>
Depreciation	<u>\$ 6,193,103</u>	<u>\$ 847,391</u>	<u>\$ 109,503</u>	<u>\$ 7,149,997</u>
Amortization	<u>\$ 4,195</u>	<u>\$ 228,393</u>	<u>\$ 20,250</u>	<u>\$ 252,838</u>

The remuneration policies of the Company were as follows:

a. Directors:

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

b. Managers:

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

c. Employees:

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

For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the employees' compensation and remuneration of directors were as follows:

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amounts	Accrual Rate	Amounts	Accrual Rate	Amounts	Accrual Rate	Amounts	Accrual Rate
Employees' compensation	\$ -	2%	\$ 61,774	2%	\$ -	2%	\$ 299,440	2%
Remuneration of directors	\$ -	1%	\$ 30,887	1%	\$ -	1%	\$ 149,720	1%

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

The compensation to employees and remuneration to the directors of 2022 and 2021 were approved by the Company's board of directors on March 14, 2023 and March 15, 2022, respectively, were as below:

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current income tax expense				
Current tax expense	\$ 156,082	\$ 644,121	\$ 467,629	\$ 3,339,292
Adjustments for prior years	(241)	6,298	(285,359)	10,829
Deferred income tax				
Current tax expense	<u>(127,996)</u>	<u>(87,223)</u>	<u>(738,638)</u>	<u>(283,282)</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ 27,845</u>	<u>\$ 563,196</u>	<u>\$ (556,368)</u>	<u>\$ 3,066,839</u>

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

26. EARNINGS (LOSSES) PER SHARE

	For the Three Months Ended September 30					
	2023			2022		
	Amounts (Numerator)	Shares (Denominator) (In Thousands)	Losses Per Share (NT\$)	Amounts (Numerator)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$)
	Net Loss After Income Tax (Attributable to Owners of the Parent)		Net Loss After Income Tax (Attributable to Owners of the Parent)	Net Income After Income Tax (Attributable to Owners of the Parent)		Net Income After Income Tax (Attributable to Owners of the Parent)
Basic earnings (losses) per share						
Net income (loss) attributed to ordinary shareholders	\$ (114,113)	3,980,000	<u>\$ (0.03)</u>	\$ 2,669,036	3,980,000	<u>\$ 0.67</u>
Effect of dilutive potential ordinary shares						
Employees' compensation	-	-		-	15,162	
Diluted earnings (losses) per share						
Net income (loss) attributed to ordinary shareholders	<u>\$ (114,113)</u>	<u>3,980,000</u>	<u>\$ (0.03)</u>	<u>\$ 2,669,036</u>	<u>3,995,162</u>	<u>\$ 0.67</u>

	For the Nine Months Ended September 30					
	2023			2022		
	Amounts (Numerator)	Shares (Denominator) (In Thousands)	Losses Per Share (NT\$)	Amounts (Numerator)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$)
	Net Loss After Income Tax (Attributable to Owners of the Parent)		Net Loss After Income Tax (Attributable to Owners of the Parent)	Net Income After Income Tax (Attributable to Owners of the Parent)		Net Income After Income Tax (Attributable to Owners of the Parent)
Basic earnings (losses) per share						
Net income (loss) attributed to ordinary shareholders	\$ (771,636)	3,980,000	<u>\$ (0.19)</u>	\$ 12,380,833	3,980,000	<u>\$ 3.11</u>
Effect of dilutive potential ordinary shares						
Employees' compensation	-	-		-	17,747	
Diluted earnings (losses) per share						
Net income (loss) attributed to ordinary shareholders	<u>\$ (771,636)</u>	<u>3,980,000</u>	<u>\$ (0.19)</u>	<u>\$ 12,380,833</u>	<u>3,997,747</u>	<u>\$ 3.10</u>

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

For the nine months ended September 30, 2023, the Company had a net loss. If the effects of the compensation or bonuses paid to employees were included in the computation of diluted EPS, there will be an anti-dilutive effect; therefore, the compensation or bonuses paid to employees were excluded from the computation of diluted losses per share.

27. GOVERNMENT GRANTS

As of September 30, 2023, the Company received a government loan of NT\$5,131,600 thousand at a below-market interest rate. It will be used in purchase of machinery and equipment and for supporting working capital. The first installment will be made in the 36th-37th month of the principal, and each month thereafter, the principal will be repaid in 48-49 equal installments. Using the prevailing market interest rates of 1.79%-1.89% for an equivalent loan, the fair value of the loan was estimated at NT\$4,837,630 thousand on initial recognition. The difference of NT\$293,970 thousand between the proceeds and the fair value of the loan is the benefit derived from the below-market rate of interest which has been recognized as deferred revenue. The deferred revenue will be recognized as other income over time. For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the other income under government grants were amounts of NT\$14,138 thousand, NT\$11,058 thousand, NT\$42,289 thousand and NT\$37,756 thousand, respectively, and the interest expense under loans were amounts of NT\$31,751 thousand, NT\$23,753 thousand, NT\$93,318 thousand and NT\$70,151 thousand, respectively.

28. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
WECJ	Research, development, sales and after-sales service of semiconductor	November 2022	100	<u>\$ 190,070</u>
AMTC	Manufacture of semiconductor and smart factory solutions	January 2023	100	<u>\$ 237,052</u>
WEIL	Sales and service of semiconductor	September 2023	100	<u>\$ 106,939</u>

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

b. Assets acquired and liabilities assumed

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

c. Equity transaction difference under common control

	WECJ	AMTC	WEIL
Fair value of identifiable net assets acquired	\$ 190,070	\$ 237,052	\$ 106,939
Less: Consideration transferred	<u>(190,070)</u>	<u>(394,661)</u>	<u>(106,939)</u>
Equity transaction difference	<u>\$ -</u>	<u>\$ (157,609)</u>	<u>\$ -</u>
<u>Equity transaction difference adjustment account</u>			
Investments accounted for using equity method - NTC	\$ -	\$ 80,709	\$ -
Capital surplus - changes in ownership interests in subsidiaries	<u>-</u>	<u>76,900</u>	<u>-</u>
Equity transaction difference	<u>\$ -</u>	<u>\$ 157,609</u>	<u>\$ -</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 shares and mutual funds).
- The fair values of derivative foreign exchange contracts are measured using quoted middle and discount rates of foreign exchange contracts matching the foreign exchange rate on the maturity date of the contracts.
- Domestic and overseas unlisted equity instrument at FVTPL and FVTOCI were all measured based on Level 3. Fair values of the above equity instruments were determined using discounted cash flow of income approach and comparable listed company approach, refer to strike price of similar business at active market, implied value multiple of the price and relevant information. Significant unobservable inputs included PE ratio, value multiple and market liquidity discount.

2) Fair value measurements recognized in the consolidated balance sheets

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

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

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

Fair value hierarchy as of September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Financial liabilities at amortized cost				
Bonds payable (secured)	\$ _____ -	\$ <u>9,977,832</u>	\$ _____ -	\$ <u>9,977,832</u>

Fair value hierarchy as of December 31, 2022

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

Fair value hierarchy as of September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Financial liabilities at amortized cost				
Bonds payable (secured)	\$ _____ -	\$ <u>9,965,351</u>	\$ _____ -	\$ <u>9,965,351</u>

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

Fair value hierarchy as of September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ -	\$ 80,675	\$ 80,675
Non-derivative financial assets				
Domestic listed and emerging securities	15,038	-	-	15,038
Overseas unlisted securities	-	-	64,540	64,540
Mutual funds	<u>114,455</u>	<u>-</u>	<u>-</u>	<u>114,455</u>
	<u>\$ 129,493</u>	<u>\$ -</u>	<u>\$ 145,215</u>	<u>\$ 274,708</u>

Financial assets at FVTOCI

Equity securities				
Domestic listed and emerging securities	\$ 12,164,891	\$ -	\$ -	\$ 12,164,891
Domestic and overseas unlisted securities	-	23,330	1,796,308	1,819,638
Beneficiary certificates	<u>-</u>	<u>-</u>	<u>1,192,350</u>	<u>1,192,350</u>
	<u>\$ 12,164,891</u>	<u>\$ 23,330</u>	<u>\$ 2,988,658</u>	<u>\$ 15,176,879</u>

Financial liabilities

Financial liabilities at FVTPL

Derivative financial liabilities	<u>\$ -</u>	<u>\$ 140,953</u>	<u>\$ -</u>	<u>\$ 140,953</u>
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Fair value hierarchy as of 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	<u>110,506</u>	<u>-</u>	<u>-</u>	<u>110,506</u>
	<u>\$ 154,939</u>	<u>\$ 7,173</u>	<u>\$ 183,195</u>	<u>\$ 345,307</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<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
Beneficiary certificates	<u>-</u>	<u>-</u>	<u>1,231,877</u>	<u>1,231,877</u>
	<u>\$ 14,705,736</u>	<u>\$ 22,560</u>	<u>\$ 2,916,365</u>	<u>\$ 17,644,661</u>

Financial liabilities

Financial liabilities at FVTPL

Derivative financial liabilities	<u>\$ -</u>	<u>\$ 7,412</u>	<u>\$ -</u>	<u>\$ 7,412</u> (Concluded)
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Fair value hierarchy as of September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ -	\$ 124,375	\$ 124,375
Non-derivative financial assets				
Domestic listed and emerging securities	46,435	-	-	46,435
Overseas unlisted securities	-	-	63,500	63,500
Mutual funds	<u>111,969</u>	<u>-</u>	<u>-</u>	<u>111,969</u>
	<u>\$ 158,404</u>	<u>\$ -</u>	<u>\$ 187,875</u>	<u>\$ 346,279</u>
<u>Financial assets at FVTOCI</u>				
Equity securities				
Domestic listed and emerging securities	\$ 13,062,576	\$ -	\$ -	\$ 13,062,576
Domestic and overseas unlisted securities	-	22,220	1,715,020	1,737,240
Beneficiary certificates	<u>-</u>	<u>-</u>	<u>1,190,743</u>	<u>1,190,743</u>
	<u>\$ 13,062,576</u>	<u>\$ 22,220</u>	<u>\$ 2,905,763</u>	<u>\$ 15,990,559</u>
<u>Financial liabilities</u>				
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 190,448</u>	<u>\$ -</u>	<u>\$ 190,448</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 nine months ended September 30, 2023 and 2022 were as follows:

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 3,099,560	\$ 3,327,302
Additions	-	704,775
Recognized in other comprehensive income	(11,510)	254,764
Recognized in profit or loss	3,900	10,175
Reclassified to investments accounted for using equity method	-	(1,289,679)
Proceeds from capital reduction of investment	(2,000)	(1,000)
Effect of exchange rate changes	<u>43,923</u>	<u>87,301</u>
Balance at September 30	<u>\$ 3,133,873</u>	<u>\$ 3,093,638</u>

b. Categories of financial instruments

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

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>						
Measured at amortized cost						
Cash and cash equivalents	\$ 20,352,951	\$ 20,352,951	\$ 20,402,936	\$ 20,402,936	\$ 18,290,658	\$ 18,290,658
Accounts receivable (included related parties)	10,720,622	10,720,622	9,873,405	9,873,405	11,572,155	11,572,155
Finance lease receivables (current and non-current)	137,498	137,498	220,182	220,182	231,168	231,168
Other receivables	983,076	983,076	558,836	558,836	786,200	786,200
Refundable deposits (recorded in other non-current assets)	605,040	605,040	573,743	573,743	568,884	568,884
Financial assets at FVTPL (current and non-current)	274,708	274,708	345,307	345,307	346,279	346,279
Financial assets at FVTOCI (current and non-current)	15,176,879	15,176,879	17,644,661	17,644,661	15,990,559	15,990,559
<u>Financial liabilities</u>						
Measured at amortized cost						
Short-term borrowings	2,313,397	2,313,397	1,069,040	1,069,040	220,100	220,100
Notes and accounts payable (included related parties)	6,561,858	6,561,858	6,391,671	6,391,671	7,611,072	7,611,072
Payable on equipment and other payables	14,946,888	14,946,888	13,270,593	13,270,593	17,299,055	17,299,055
Bonds payable	9,977,832	9,977,832	9,968,462	9,968,462	9,965,351	9,965,351
Long-term borrowings (included current portion)	43,683,734	43,683,734	37,449,502	37,449,502	30,910,561	30,910,561
Guarantee deposits (recorded in other non-current liabilities)	2,256,939	2,256,939	2,473,353	2,473,353	2,758,274	2,758,274
Financial liabilities at FVTPL	140,953	140,953	7,412	7,412	190,448	190,448

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 has 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 a decrease of NT\$6,581 thousand, an increase of NT\$1,438 thousand, NT\$64,433 thousand and NT\$72,437 thousand for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, respectively, in net income.

b) Interest rate risk

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash flow interest rate risk			
Financial assets	\$ 8,413	\$ 8,413	\$ 8,413
Financial liabilities	46,244,997	38,700,640	31,351,700

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\$142,101 thousand, NT\$112,709 thousand, NT\$346,774 thousand and NT\$235,075 thousand for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, respectively.

2) Credit risk

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

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

3) Liquidity risk

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

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

	September 30, 2023			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-interest bearing	\$ 21,508,746	\$ 2,256,939	\$ -	\$ 23,765,685
Lease liabilities	302,968	255,918	1,989,364	2,548,250
Variable interest rate liabilities	11,100,004	9,840,030	25,304,963	46,244,997
Fixed interest rate liabilities	-	-	10,000,000	10,000,000
	<u>\$ 32,911,718</u>	<u>\$ 12,352,887</u>	<u>\$ 37,294,327</u>	<u>\$ 82,558,932</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>			
Lease liabilities	<u>\$ 558,886</u>	<u>\$ 543,929</u>	<u>\$ 1,445,435</u>

	December 31, 2022			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-interest bearing	\$ 19,662,264	\$ 2,473,353	\$ -	\$ 22,135,617
Lease liabilities	313,517	258,010	2,129,430	2,700,957
Variable interest rate liabilities	4,240,468	6,923,041	27,537,131	38,700,640
Fixed interest rate liabilities	-	-	10,000,000	10,000,000
	<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:

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

	September 30, 2022			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-interest bearing	\$ 24,910,127	\$ 2,758,274	\$ -	\$ 27,668,401
Lease liabilities	317,936	260,945	2,112,348	2,691,229
Variable interest rate liabilities	2,741,529	5,429,464	23,180,707	31,351,700
Fixed interest rate liabilities	<u>-</u>	<u>-</u>	<u>10,000,000</u>	<u>10,000,000</u>
	<u>\$ 27,969,592</u>	<u>\$ 8,448,683</u>	<u>\$ 35,293,055</u>	<u>\$ 71,711,330</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	2-5 Years	Over 5 Years
Lease liabilities	<u>\$ 578,881</u>	<u>\$ 564,493</u>	<u>\$ 1,547,855</u>

31. RELATED PARTY TRANSACTIONS

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

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

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

b. Operating activities

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
1) Operating revenue				
Associate	\$ 62,277	\$ 78,072	\$ 212,609	\$ 169,313
Related party in substance	<u>43,340</u>	<u>856,250</u>	<u>116,200</u>	<u>2,858,191</u>
	<u>\$ 105,617</u>	<u>\$ 934,322</u>	<u>\$ 328,809</u>	<u>\$ 3,027,504</u>

Price and terms were determined in accordance with mutual agreements.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
2) Purchases of goods				
Associate TPSCo.	\$ 960,308	\$ 1,034,528	\$ 2,937,601	\$ 2,178,165
Related party in substance TPSCo.	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,498,020</u>
	<u>\$ 960,308</u>	<u>\$ 1,034,528</u>	<u>\$ 2,937,601</u>	<u>\$ 3,676,185</u>

Price and terms were determined in accordance with mutual agreements.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
3) Manufacturing expenses				
Related party in substance Walton	\$ 628,625	\$ 747,981	\$ 1,965,153	\$ 2,360,141
Waltech (Suzhou)	467,893	428,438	1,514,794	792,530
Others	100,559	88,670	319,976	849,805
Associate TPSCo.	<u>457,893</u>	<u>473,054</u>	<u>1,414,071</u>	<u>925,412</u>
	<u>\$ 1,654,970</u>	<u>\$ 1,738,143</u>	<u>\$ 5,213,994</u>	<u>\$ 4,927,888</u>

4) Operating expenses

Associate	\$ 69,987	\$ 74,493	\$ 210,362	\$ 157,786
Related party in substance	10,408	18,458	24,247	115,052
Investor that exercises significant influence over the Group	<u>2,546</u>	<u>3,357</u>	<u>8,150</u>	<u>10,281</u>
	<u>\$ 82,941</u>	<u>\$ 96,308</u>	<u>\$ 242,759</u>	<u>\$ 283,119</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
5) Dividend income				
Investor that exercises significant influence over the Group				
Walsin Lihwa	\$ -	\$ -	\$ 445,550	\$ 355,200
Related party in substance				
United Industrial Gases.	-	-	59,840	67,118
Others	<u>38,436</u>	<u>57,818</u>	<u>38,436</u>	<u>207,818</u>
	<u>\$ 38,436</u>	<u>\$ 57,818</u>	<u>\$ 543,826</u>	<u>\$ 630,136</u>
6) Other income and expenses				
Associate	\$ 30	\$ (13,075)	\$ (2,509)	\$ 12,119
Related party in substance	<u>809</u>	<u>-</u>	<u>1,299</u>	<u>977</u>
	<u>\$ 839</u>	<u>\$ (13,075)</u>	<u>\$ (1,210)</u>	<u>\$ 13,096</u>
	September 30, 2023	December 31, 2022	September 30, 2022	
7) Accounts receivable				
Related party in substance	\$ 28,289	\$ 700,437	\$ 490,068	
Associate	<u>22,057</u>	<u>35,222</u>	<u>28,746</u>	
	<u>\$ 50,346</u>	<u>\$ 735,659</u>	<u>\$ 518,814</u>	
8) Accounts payable				
Related party in substance	\$ 995,959	\$ 936,286	\$ 961,032	
Associate				
TPSCo.	<u>406,434</u>	<u>252,642</u>	<u>507,794</u>	
	<u>\$ 1,402,393</u>	<u>\$ 1,188,928</u>	<u>\$ 1,468,826</u>	
9) Other receivables and other current assets				
Associate				
Chin Xin	\$ 219,409	\$ -	\$ 91,421	
Others	38,106	54,318	62,895	
Investor that exercises significant influence over the Group	1,694	-	28	
Related party in substance	<u>1,331</u>	<u>340</u>	<u>57</u>	
	<u>\$ 260,540</u>	<u>\$ 54,658</u>	<u>\$ 154,401</u>	

	September 30, 2023	December 31, 2022	September 30, 2022
10) Other payables and other current liability			
Related party in substance	\$ 319,095	\$ 155,132	\$ 101,455
Associate	116,824	188,807	202,906
Investor that exercises significant influence over the Group	<u>1,847</u>	<u>-</u>	<u>1,906</u>
	<u>\$ 437,766</u>	<u>\$ 343,939</u>	<u>\$ 306,267</u>
11) Refundable deposits (recorded in “other non-current assets”)			
Related party in substance	\$ 1,722	\$ 1,722	\$ 1,722
Investor that exercises significant influence over the Group	<u>203</u>	<u>203</u>	<u>203</u>
	<u>\$ 1,925</u>	<u>\$ 1,925</u>	<u>\$ 1,925</u>
12) Guarantee deposits (recorded in “other non-current liabilities”)			
Related party in substance	<u>\$ 244,800</u>	<u>\$ 250,594</u>	<u>\$ 259,080</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

	<u>Purchase Price</u> <u>For the Nine Months Ended</u> <u>September 30</u>	
	2023	2022
Related party in substance	<u>\$ -</u>	<u>\$ 31,725</u>

d. Disposal of property, plant and equipment

	<u>Disposal Price</u> <u>For the Three Months Ended</u> <u>September 30</u>		<u>Gain (Loss) on Disposal</u> <u>For the Three Months Ended</u> <u>September 30</u>	
	2023	2022	2023	2022
Related party in substance	\$ -	\$ -	\$ -	\$ -
Associate	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Disposal Price		Gain (Loss) on Disposal	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Related party in substance Associate	\$ 5	\$ 68	\$ 5	\$ 68
	<u>-</u>	<u>72,749</u>	<u>-</u>	<u>155</u>
	<u>\$ 5</u>	<u>\$ 72,817</u>	<u>\$ 5</u>	<u>\$ 223</u>

The price of above transactions was 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

	Disposal Price		Gain (Loss) on Disposal	
	For the Three Months Ended		For the Three Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Associate TPSCo.	\$ -	\$ -	\$ -	\$ -

	Disposal Price		Gain (Loss) on Disposal	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Associate TPSCo.	\$ -	\$ 204,873	\$ -	\$ 16

The price of above transactions was 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

	For the Nine Months Ended	
	2023	2022
1) Acquisition of right of use assets		
Investor that exercises significant influence over the Group	\$ -	\$ 8,672

	Disposal of Right-of-use Assets		Gain (Loss) on Disposal of	
	For the Three Months Ended		Right-of-use Assets	
	September 30		For the Three Months Ended	
	2023	2022	2023	2022
Investor that exercises significant influence over the Group	\$ -	\$ -	\$ -	\$ -
	Disposal of Right-of-use Assets		Gain (Loss) on Disposal of	
	For the Nine Months Ended		Right-of-use Assets	
	September 30		For the Nine Months Ended	
	2023	2022	2023	2022
Investor that exercises significant influence over the Group	\$ 5,845	\$ -	\$ 36	\$ -
		September 30, 2023	December 31, 2022	September 30, 2022
2) Lease liabilities				
Related party in substance	\$ -	\$ -	\$ -	\$ 3,016
Investor that exercises significant influence over the Group	-	5,845	6,555	
	\$ -	\$ 5,845	\$ 9,571	
	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
3) Interest expense				
Related party in substance	\$ -	\$ 15	\$ -	\$ 82
Investor that exercises significant influence over the Group	-	21	-	70
	\$ -	\$ 36	\$ -	\$ 152

- 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.

	September 30, 2023	December 31, 2022	September 30, 2022
1) Operating lease receivables			
Associate			
TPSCo.	<u>\$ 12,783</u>	<u>\$ 19,770</u>	<u>\$ 18,723</u>
2) Future lease payment receivables			
Associate			
TPSCo.	<u>\$ 1,185,317</u>	<u>\$ 1,402,999</u>	<u>\$ 1,328,744</u>
	For the Three Months Ended September 30	For the Nine Months Ended September 30	
	2023	2022	2023
	2022	2023	2022
3) Lease income			
Associate			
TPSCo.	\$ 35,378	\$ 51,118	\$ 140,652
Related party in substance			
TPSCo.	<u>-</u>	<u>-</u>	<u>55,912</u>
	<u>\$ 35,378</u>	<u>\$ 51,118</u>	<u>\$ 140,652</u>
	<u>\$ 159,694</u>		

Lease arrangements under finance leases

NTCJ leased out equipment and intangible assets to its associate company, TPSCo., under finance leases with 3-year lease term from the second quarter of 2022. The net investment in leases was NT\$277,390 thousand at the inception of the lease and the contract has average implicit interest rate of approximately 1.85% per year. The rental is based on similar asset's market rental rates and the fixed lease payment of JPY107,719 thousand is received quarterly.

As of September 30, 2023, December 31, 2022 and September 30, 2022, the balance of finance lease receivables were NT\$137,498 thousand, NT\$220,182 thousand and NT\$231,168 thousand, respectively. No impairment loss was recognized for the nine months ended September 30, 2023. The amount of interest income under finance leases for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, were NT\$743 thousand, NT\$1,164 thousand, NT\$2,597 thousand and NT\$2,447 thousand, respectively.

- h. Transfer of right-of-use assets contract

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

i. Acquisition of financial assets

For the nine months ended September 30, 2023:

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Associate TPSCo.	Investments accounted for using equity method	3,920	Ordinary shares of TPSCo.	\$ 59,586
ThCC	Investments accounted for using equity method	3,000,000	Ordinary shares of ThCC	<u>30,000</u>
				<u>\$ 89,586</u>

For the nine months ended September 30, 2022

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Investor that exercises significant influence over the Group Walsin Lihwa	Current financial assets at FVTOCI	25,527,493	Ordinary shares of Walsin Lihwa	\$ 765,825
Related party in substance CHIA-HO	Non-current financial assets at FVTOCI	55,500,000	Ordinary shares of CHIA-HO	<u>555,000</u>
				<u>\$ 1,320,825</u>

j. Guarantee

Acquisition of guarantee

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

k. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employment benefits	\$ 203,769	\$ 236,134	\$ 526,107	\$ 623,979
Post-employment benefits	<u>2,569</u>	<u>2,319</u>	<u>7,363</u>	<u>6,374</u>
	<u>\$ 206,338</u>	<u>\$ 238,453</u>	<u>\$ 533,470</u>	<u>\$ 630,353</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 September 30, 2023 and 2022 were approximately US\$1,938 thousand and US\$25,934 thousand, JPY595,950 thousand and JPY3,091,644 thousand, respectively.

b. Unrecognized commitments were as follows:

**September 30,
2023**

Acquisition of property, plant and equipment \$ 19,474,037

c. The board of directors of NTC agreed to sell 4,500,553 preference shares (including the shares that were transferred from SAFE) of Autotalks. The transaction price of US\$23,925 thousand would be adjusted by the function of the contract mentioned on the effective date. Settlement of this transaction will take effect within 5 working days or at a mutually agreed upon date by the parties and is subject to the fulfillment of the preconditions stipulated in the contract.

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:

	September 30, 2023			December 31, 2022			September 30, 2022		
	Foreign Currency (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollar (In Thousands)	Foreign Currency (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollar (In Thousands)	Foreign Currency (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollar (In Thousands)
<i>Financial assets</i>									
<i>Monetary items</i>									
USD	\$ 391,904	32.27	\$ 12,646,728	\$ 417,963	30.71	\$ 12,835,638	\$ 478,159	31.75	\$ 15,181,550
USD	82,267	149.26	2,654,741	57,785	132.14	1,774,585	59,232	144.25	1,880,610
		(Note 2)			(Note 2)			(Note 2)	
EUR	33,384	33.91	1,132,048	1,546	32.72	50,594	1,023	31.26	31,992
JPY	8,586,704	0.2162	1,856,445	3,612,672	0.2324	839,585	6,910,471	0.2201	1,520,995
RMB	31,385	4.415	138,564	13,695	4.408	60,366	12,011	4.473	53,723
<i>Financial liabilities</i>									
<i>Monetary items</i>									
USD	231,089	32.27	7,457,245	195,653	30.71	6,008,507	277,670	31.75	8,816,026
USD	44,000	149.26	1,419,874	31,253	132.14	959,778	32,119	144.25	1,019,768
		(Note 2)			(Note 2)			(Note 2)	
EUR	33,225	33.91	1,126,654	3,530	32.72	115,492	3,797	31.26	118,685
JPY	4,066,335	0.2162	879,142	3,615,868	0.2324	840,328	8,487,191	0.2201	1,868,031
ILS	13,563	8.3908	113,803	14,046	8.7301	122,624	32,740	8.9422	292,772

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

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

For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, refer to the consolidated statements of comprehensive income for details on realized and unrealized net foreign exchange profit (loss). It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE.

36. ADDITIONAL DISCLOSURE

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

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

- b. Information on investments: Refer to Table 6 attached.

c. Information on investment in mainland China

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

d. Information on major shareholders: Refer to Table 9 attached.

37. SEGMENT INFORMATION

a. Basic information about operating segment

1) Classification of operating segments

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

a) Segment of DRAM IC product

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

b) Segment of Flash Memory product

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

c) Segment of Logic IC product

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

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

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

b. Segment revenues and operating results

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

	Segment Revenue		Segment Profit and Loss	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
DRAM IC product	\$ 9,744,870	\$ 18,594,067	\$ (2,689,747)	\$ 6,628,995
Flash Memory product	17,991,024	23,806,735	5,743,699	10,880,138
Logic IC product	<u>26,567,156</u>	<u>32,098,892</u>	<u>4,332,063</u>	<u>7,058,588</u>
Total of segment revenue	54,303,050	74,499,694	7,386,015	24,567,721
Other revenue	<u>1,529,359</u>	<u>806,283</u>	1,529,359	806,283
Operating revenue	<u>\$ 55,832,409</u>	<u>\$ 75,305,977</u>		
Unallocated expenditure				
Administrative and supporting expenses			(3,684,261)	(6,423,345)
Sales and other common expenses			<u>(6,435,414)</u>	<u>(3,373,519)</u>
Income (loss) from operations			<u>(1,204,301)</u>	<u>15,577,140</u>
Non-operating income and expenses				
Interest income			232,265	84,123
Dividend income			547,705	634,086
Other income			265,415	451,504
Share of profit (loss) of associates			569,262	380,390
Gains (losses) on disposal of property, plant and equipment			152,775	184,873
Gains (losses) on disposal of intangible assets			(591)	91
Gains (losses) on foreign exchange			548,971	1,362,829
Gains (losses) on financial instruments at fair value through profit or loss			(599,956)	(1,012,891)
Interest expense			(698,469)	(57,284)
Other expenses			<u>(305,017)</u>	<u>(445,672)</u>
Income (loss) before income tax			<u>\$ (491,941)</u>	<u>\$ 17,159,189</u>

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	WEC	NTCJ	NTC's indirect subsidiary with 100% ownership	\$ 16,681,272 (Note 1)	\$ 6,486,000 (JPY 30,000,000) (Note 3)	\$ 6,486,000 (JPY 30,000,000) (Note 3)	\$ 1,275,580 (JPY 5,900,000)	\$ -	7.47	\$ 43,391,745 (Note 5)	Y	N	N	
1	NTC	NTCJ	Subsidiary	16,062,620 (Note 2)	2,028,280 (JPY 5,650,000) and (USD 25,000) (Note 4)	1,606,690 (JPY 3,700,000) and (USD 25,000) (Note 4)	494,923 (JPY 97,760) and (USD 14,682)	-	10.00	16,062,620 (Note 6)	Y	N	N	

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

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

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

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

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

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2023

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
WEC	<u>Shares</u> Walsin Lihwa Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman. As WEC's corporate director, the investee held 22.20% ownership interest in WEC	Current financial assets at FVTOCI	247,527,493	\$ 9,109,012	7	\$ 9,109,012	
	Hannstar Display Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	"	150,000,210	1,740,003	5	1,740,003	
	Walsin Technology Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	"	5,300,117	543,262	1	543,262	
	Walton Advanced Engineering Inc.	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	"	50,062,641	668,336	10	668,336	
	Cathay Financial Holdings Co., Ltd.	None	"	5,305	236	-	236	
	<u>Shares</u> Hisn Chu Golf Country Club	None	Non-current financial assets at FVTOCI	3	12,630	-	12,630	
	Linkou Golf Course	None	"	1	10,700	-	10,700	
	Intellectual Property Innovation Corporation	WEC as the investee's director	"	1,000,000	7,933	10	7,933	
	Harbinger III Venture Capital Corp.	WEC as the investee's supervisor	"	5,440	139	5	139	
	Smart Catch International Co., Ltd.	None	"	4,000,000	-	16	-	
	CHIA-HO Green Energy Corporation	WEC's chairman as an independent director of the investee's parent company	"	55,500,000	551,393	15	551,393	
	<u>Preference shares</u> Fubon Financial Holding Co., Ltd. Preference Shares B (2881A)	None	Current financial assets at FVTPL	182,000	11,138	-	11,138	
	Cathay Financial Holding Co., Ltd. Preference Shares B (2882A)	None	"	65,000	3,900	-	3,900	
	WECA	<u>Shares</u> Kneron Holding Company	None	Current financial assets at FVTPL	377,808	USD 2,000	1	USD 2,000
<u>Funds</u> Vanguard Short-Term Corporate Bond ETF (VCSH)		None	Current financial assets at FVTPL	24,000	USD 1,804	-	USD 1,804	

(Continued)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
WECA	<u>Funds</u> iShares National Muni Bond ETF (MUB)	None	Current financial assets at FVTPL	17,000	USD 1,743	-	USD 1,743	
	<u>Beneficiary certificates</u> JVP VIII, L.P.	None	Non-current financial assets at FVTOCI	-	USD 23,722	7	USD 23,722	
	JVP X Funds	None	"	-	USD 13,227	4	USD 13,227	
WECJ	<u>Shares</u> Nihon Computer Co., Ltd.	None	Non-current financial assets at FVTOCI	10	JPY -	1	JPY -	
WEIL	<u>Shares</u> TEGNA Electronics Private Limited	The held company as the investee's director	Non-current financial assets at FVTOCI	3,001,000	INR 30,010	10	INR 30,010	
NTC	<u>Shares</u> Yu-Ji Venture Capital Co., Ltd.	The held company as the investee's director	Non-current financial assets at FVTOCI	375,000	6,799	5	6,799	
	Brightek Optoelectronic Co., Ltd.	None	"	34,680	1,082	-	1,082	
	United Industrial Gases Co., Ltd.	The held company as the investee's director	"	8,800,000	528,000	4	528,000	
	Autotalks Ltd. - Preference E. Share	None	"	3,932,816	645,400	9	645,400	
	Allxon Inc.	None	"	5,625,000	45,000	15	45,000	
	<u>Warrants</u> Autotalks Ltd.	None	Non-current financial assets at FVTPL	-	80,675	-	80,675	
SYI	<u>Shares</u> Nyquest Technology Co., Ltd.	The held company as the investee's director	Non-current financial assets at FVTOCI	1,650,000	102,960	5	102,960	
NTCJ	<u>Shares</u> Symetrix Corporation	None	Non-current financial assets at FVTOCI	50,268	-	1	-	

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

(Concluded)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Cost Amount	Number of Shares	Cost Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Cost Amount
WEC	AMTC	Investments accounted for using equity method	NTCJ	Sub-subsidiary	-	\$ -	4,000	\$ 394,661 (Note 1)	-	\$ -	\$ -	\$ -	4,000	\$ 244,787
								Investments accounted for using equity method - NTC (80,709)						
								Capital surplus - changes in ownership interests in subsidiaries (76,900)						
								Share of profit 15,060						
								Cumulative translation adjustment (7,325)						
NTCJ	AMTC	Investments accounted for using equity method	WEC	Parent company	4,000	233,534	-	-	4,000	394,661 (JPY 1,673,000)	237,052	(Note 2)	-	-

Note 1: The acquisition of 100% ownership of AMTC from NTCJ was approved by WEC's board meeting in November 2022. The acquisition date was set in January 2023.

Note 2: In January 2023, NTCJ sold 100% of its shares in AMTC to WEC for JPY1,673,000 thousand. The transaction was a reorganization under common control. Therefore, NTC increased the capital surplus of \$120,401 thousand for the difference between consideration (purchase price less related income tax expense of \$37,208 thousand) and carrying amount of TPSCo, and the cumulative translation adjustment of NT\$3,518 thousand.

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 NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
WEC	WEHK	Direct subsidiary with 100% ownership	Sales	\$ 5,127,701	19	Net 90 days from invoice date	N/A	N/A	\$ 676,916	13	
	WECJ	Direct subsidiary with 100% ownership	Sales	2,977,983	11	Net 90 days from invoice date	N/A	N/A	209,165	4	
	WECN	Indirect subsidiary with 100% ownership	Sales	1,408,251	5	Net 90 days from invoice date	N/A	N/A	-	-	
	WECA	Indirect subsidiary with 100% ownership	Sales	887,204	3	Net 90 days from invoice date	N/A	N/A	101,308	2	
AMTC	TPSCo.	Associate	Sales	JPY 909,623	35	Net 15 days end of the month	N/A	N/A	JPY 99,361	20	
	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	JPY 838,760	32	Net 30 days end of the month	N/A	N/A	JPY 253,079	51	
NTC	NTHK	NTC's direct subsidiary with 100% ownership	Sales	5,992,172	41	Net 50 days from invoice date	N/A	N/A	1,439,697	52	
	NTSG	NTC's direct subsidiary with 100% ownership	Sales	465,004	3	Net 10 days end of the month	N/A	N/A	81,096	3	
	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	769,016	5	Net 10 days end of the month	N/A	N/A	229,921	8	
	NTSZ	NTC's indirect subsidiary with 100% ownership	Sales	147,849	1	Net 50 days from invoice date	N/A	N/A	35,046	1	
	Nyquest Technology Co., Ltd.	Related party in substance	Sales	101,043	1	Net 45 days from invoice date	N/A	N/A	25,121	1	
	NTSG	NTC's direct subsidiary with 100% ownership	Purchases	435,261	5	Net 8 days end of the month	N/A	N/A	(52,307)	(3)	
	NTCJ	NTC's indirect subsidiary with 100% ownership	Purchases	4,741,560	59	Net 8 days end of the month	N/A	N/A	(489,036)	(27)	
NTSG	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	USD 141,838	67	Net 10 days end of the month	N/A	N/A	USD 17,754	58	
	NTHK	NTC's direct subsidiary with 100% ownership	Sales	USD 10,947	5	Net 10 days end of the month	N/A	N/A	USD 1,947	6	
NTCJ	NTSG	NTC's direct subsidiary with 100% ownership	Sales	JPY 18,957,222	27	Net 10 days end of the month	N/A	N/A	JPY 2,273,441	16	
	NTHK	NTC's direct subsidiary with 100% ownership	Sales	JPY 9,081,621	13	Net 10 days end of the month	N/A	N/A	JPY 929,942	6	
	TPSCo.	Associate	Purchases	JPY 13,130,622	40	Net 10 days end of the month	N/A	N/A	JPY (1,879,897)	(23)	

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

SEPTEMBER 30, 2023

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
WEC	WEHK	Direct subsidiary with 100% ownership	\$ 676,916	11.12	\$ -	-	\$ 452,420	\$ -
	WECJ	Direct subsidiary with 100% ownership	209,165	11.84	-	-	-	-
	WECA	Indirect subsidiary with 100% ownership	101,308	9.77	-	-	-	-
WECA	WEC	Parent company	USD 5,177	(Note)	-	-	USD 1,650	-
NTC	NTHK	NTC's direct subsidiary with 100% ownership	1,439,697	10.11	-	-	-	-
	NTCJ	NTC's indirect subsidiary with 100% ownership	229,921	8.92	-	-	205,429	-
NTSG	NTCJ	NTC's indirect subsidiary with 100% ownership	USD 17,754	10.91	-	-	USD 17,754	-
NTCJ	NTSG	NTC's direct subsidiary with 100% ownership	JPY 2,273,441	12.20	-	-	JPY 2,273,441	-
	NTHK	NTC's direct subsidiary with 100% ownership	JPY 929,942	26.04	-	-	JPY 929,942	-
	NTC	Parent company	JPY 2,266,187	19.27	-	-	JPY 2,266,187	-

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
WEC	NTC	Taiwan	Research, design, development, manufacture and marketing of Logic IC, 6-inch wafer product, test, and OEM	\$ 4,436,920	\$ 4,436,920	214,954,635	51.21	\$ 8,205,809	\$ 1,713,535	\$ 877,490	
	WIC	British Virgin Islands	Investment holding	2,758,517	2,758,517	87,960,000	100.00	2,081,276	20,909	20,909	
	WEHK	Hong Kong	Sales of semiconductor and investment holding	278,158	278,158	71,150,000	100.00	655,629	62,958	62,964	
	METC	Japan	Software and hardware integration design of semiconductor	167,660	167,660	4,000	100.00	270,057	48,961	48,961	
	AMTC	Japan	Manufacture of semiconductor and smart factory solutions	237,052	-	4,000	100.00	266,586	51,230	51,230	Note 1
	Landmark	British Virgin Islands	Investment holding	-	168,755	-	-	-	(21,983)	(21,983)	Note 2
	WECJ	Japan	Research, development, sales and after-sales service of semiconductor	190,070	190,070	2,970	100.00	342,917	53,656	53,656	
	GTD	Seychelles	Investment holding	-	155,663	-	-	-	(82)	(82)	Note 3
	WEIL	India	Sales and service of semiconductor	133,617	-	27,998,400	99.99	136,590	(34)	5	Note 3
	Callisto	Hong Kong	Electronic commerce and investment holding	156,292	156,292	40,000,000	100.00	85,205	(13,971)	(13,971)	
	WTL	Israel	Design and service of semiconductor	21,242	21,242	100,000	100.00	93,773	9,864	9,864	
	WEG	Germany	Marketing service of semiconductor	28,679	28,679	850,000	100.00	27,713	1,046	1,046	
	PCI	Hong Kong	Investment holding	-	2,967	-	-	-	19	19	Note 4
	Chin Xin	Taiwan	Investment holding	1,874,825	1,874,825	182,840,999	38.00	8,039,055	794,084	299,297	
	ThCC	Taiwan	Agriculture and forestry botanic conservation	270,000	240,000	27,000,000	15.00	276,244	3,515	83	
WIC	WECA	United States of America	Design, sales and service of semiconductor	1,683,207	1,683,207	3,067	100.00	2,123,905	20,879	20,879	
Callisto	CTL	Hong Kong	Electronic commerce and investment holding	30,895	30,895	1,000,000	100.00	32,037	135	135	
				USD 1,000	USD 1,000			USD 993	USD 4	USD 4	
GTD	WEIL	India	Sales and service of semiconductor	-	135,415	-	-	-	(34)	(39)	Note 3
METC	MTTC	Taiwan	Development of software and services for automotive and industrial control	3,000	3,000	300,000	100.00	2,863	(137)	(137)	
NTC	NTHK	Hong Kong	Sales of semiconductor	427,092	427,092	107,400,000	100.00	687,613	56,477	56,477	
	MML	British Virgin Islands	Investment holding	274,987	274,987	8,897,789	100.00	288,182	4,196	4,196	
	NIH	British Virgin Islands	Investment holding	515,251	590,953	15,633,161	100.00	324,511	43,517	43,517	Note 5
	SYI	Taiwan	Investment holding	38,500	38,500	3,850,000	100.00	132,203	11,471	11,471	
	NTIPL	India	Design, sales and service of semiconductor	30,211	30,211	600,000	100.00	22,617	(16)	(16)	
	NTCA	United States of America	Design, sales and service of semiconductor	190,862	190,862	60,500	100.00	226,362	4,772	4,772	
	NTSG	Singapore	Design, sales and service of semiconductor	1,319,054	1,319,054	45,100,000	100.00	2,102,120	37,180	37,180	
	NTKL	Korea	Design, sales and service of semiconductor	30,828	30,828	125,000	100.00	13,688	1,289	1,289	
	NTHJ	Japan	Investment holding	5,927,849	5,927,849	100	100.00	7,842,255	728,720	728,720	
MML	GLLC	United States of America	Investment holding	1,473,559	1,473,559	-	100.00	288,178	4,466	4,466	
NIH	NTIL	Israel	Design and service of semiconductor	46,905	46,905	1,000	100.00	323,477	41,420	41,420	
NTHJ	NTCJ	Japan	Design, sales and service of semiconductor	111,520	111,520	9,480	100.00	11,120,848	728,541	728,541	
NTCJ	AMTC	Japan	Manufacture of semiconductor and smart factory solutions	-	55,760	-	-	-	-	-	Note 1
	TPSCo.	Japan	Foundry and sales of semiconductor	1,708,037	1,648,451	49,539	49.00	1,917,649	590,248	269,882	Note 6

Note 1: The acquisition of 100% ownership of AMTC from NTCJ was approved by WEC's board meeting in November 2022. The acquisition date was set in January 2023.

Note 2: Landmark completed the liquidation and legal procedures in June 2023.

Note 3: GTD filed for liquidation in September 2023, and the date of dissolution was September 28, 2023. The liquidation procedures have not been completed as of September 30, 2023. Due to the dissolution of GTD, the Company changed its 99.99% of ownership interest in GLMTD from indirect to direct.

Note 4: PCI completed the liquidation and legal procedures in September 2023.

Note 5: The board of directors of NIH resolved to reduce capital by 2,327 thousand shares in an amount of NT\$75,702 thousand in May 2023.

Note 6: Share of profit (loss) includes downstream and upstream transactions.

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars and Foreign Dollars)

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2023	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 1)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023
					Outward	Inward						
WECN	Design, development and marketing of VLSI integrated ICs	\$ 276,435 (USD 9,000)	Through investing in WEHK in the third area, which then invested in the investee in mainland China indirectly	\$ 276,435 (USD 9,000)	\$ -	\$ -	\$ 276,435 (USD 9,000)	\$ 18,040	100.00	\$ 18,040	\$ 296,186	\$ 35,880
NTSH	Provide project of sale in China and repairing, testing, consulting of software and equipment leasing business	68,036 (USD 2,000)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	68,036 (USD 2,000)	-	-	68,036 (USD 2,000)	(82)	51.21	(42)	147,641	-
WENJ	Computer software service (except I.C. design)	- (Note 2)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	16,429 (USD 500)	-	-	16,429 (USD 500)	(47)	51.21	(24)	-	-
NTSZ	Computer software service (except I.C. design), wholesale business for computer, supplement and software	197,670 (USD 6,000)	Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly	197,670 (USD 6,000)	-	-	197,670 (USD 6,000)	4,420	51.21	2,263	119,172	-
Song Zhi Suzhou	Provide development of semiconductor and technology, consult service and equipment leasing business	8,688 (CNY 2,000) (Note 3)	Through investing in NTSH in the third area, which then invested in the investee in mainland China indirectly	- (Note 3)	-	-	- (Note 3)	(7)	51.21	(4)	4,206	-

Note 1: The gain or loss on investment for the nine months ended September 30, 2022 was recognized on the basis of the financial statements reviewed by the auditor.

Note 2: WENJ completed the liquidation and legal procedures in May 2023.

Note 3: NTSH directly injected the capital in Song Zhi Suzhou.

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

Company	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
WEC	\$ 276,435 (USD9,000)	\$ 276,435 (USD9,000)	\$ 52,070,093
NTC	282,135 (USD8,500)	282,135 (USD8,500)	9,637,572

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

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

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

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

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(In Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			Percentage of Consolidated Total Gross Sales or Total Assets (%)
				Financial Statement Account	Amount	Terms (Note 1)	
0	WEC	WEHK	Transactions between parent company and subsidiaries	Operating revenue	\$ 5,127,701	-	9
		WEHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	676,916	-	-
		WECA	Transactions between parent company and subsidiaries	Operating revenue	887,204	-	2
		WECA	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	101,308	-	-
		WECA	Transactions between parent company and subsidiaries	Operating expenses	464,122	-	1
		WECA	Transactions between parent company and subsidiaries	Other payables	167,061	-	-
		WECJ	Transactions between parent company and subsidiaries	Operating revenue	2,977,983	-	5
		WECJ	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	209,165	-	-
		WECJ	Transactions between parent company and subsidiaries	Operating expenses	215,859	-	-
		WTL	Transactions between parent company and subsidiaries	Operating expenses	275,319	-	-
		WECN	Transactions between parent company and subsidiaries	Operating revenue	1,408,251	-	3
		NTC	Transactions between parent company and subsidiaries	Other revenue	103,530	-	-
1	AMTC	NTCJ	Transactions between subsidiaries	Operating revenue	188,218	-	-
2	NTC	NTHK	Transactions between parent company and subsidiaries	Operating revenue	5,992,172	-	11
		NTHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	1,439,697	-	1
		NTSG	Transactions between parent company and subsidiaries	Operating revenue	465,004	-	1
		NTCJ	Transactions between parent company and subsidiaries	Operating revenue	769,016	-	1
		NTCJ	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	229,921	-	-
		NTSZ	Transactions between parent company and subsidiaries	Operating revenue	147,849	-	-
		NTSG	Transactions between parent company and subsidiaries	Operating costs	435,261	-	1
		NTCJ	Transactions between parent company and subsidiaries	Operating costs	4,741,560	-	8
		NTCJ	Transactions between parent company and subsidiaries	Accounts payable due to related parties	489,036	-	-
		NTIL	Transactions between parent company and subsidiaries	Operating expenses	880,212	-	2
		NTCA	Transactions between parent company and subsidiaries	Operating expenses	328,363	-	1
3	NTCJ	NTSG	Transactions between subsidiaries	Operating revenue	4,251,122	-	8
		NTSG	Transactions between subsidiaries	Accounts receivable due from related parties	491,518	-	-
		NTHK	Transactions between subsidiaries	Operating revenue	2,024,991	-	4
		NTHK	Transactions between subsidiaries	Accounts receivable due from related parties	201,054	-	-
4	NTSG	NTCJ	Transactions between subsidiaries	Operating revenue	4,380,845	-	8
		NTCJ	Transactions between subsidiaries	Accounts receivable due from related parties	572,908	-	-
		NTHK	Transactions between subsidiaries	Operating revenue	338,952	-	1

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

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

TABLE 9**WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2023**

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 preference shares held by shareholders who retain more than 5% of the Company's share (including treasury shares) that have delivered without physical registration. The number of shares in the Company's consolidated financial report and the actual number of shares delivered without physical registration may differ due to the different calculation basis.

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