



Winbond Electronics Corporation

(incorporated as a company limited by shares in Taiwan, the Republic of China)

US\$750,000,000 Currency-Linked Zero Coupon Convertible Bonds due 2027

Winbond Electronics Corporation (the “Company,” or the “Issuer,” and together with its subsidiaries, the “Group,” or, to the extent applicable, “we,” “us,” “our”) is offering US\$750,000,000 aggregate principal amount of currency-linked US dollar denominated zero coupon convertible bonds due 2027 (the “Bonds”), through Citigroup Global Markets Limited and UBS AG Hong Kong Branch (the “Initial Purchasers”).

The Bonds will be direct, unconditional, unsecured and unsubordinated obligations of the Company, and will rank *pari passu* without any preference or priority among themselves and with all other direct, unconditional, unsecured and unsubordinated obligations of the Company, except as otherwise provided herein. Unless the Bonds have been previously redeemed, repurchased and cancelled or converted, the Company will redeem the Bonds at the Settlement Equivalent (as defined herein) of 98.51% of the outstanding principal amount thereof at maturity. The Bonds will not bear any interest.

The Bonds will be convertible into common shares of the Company, par value NT\$10.00 per share (the “Common Shares” or “Shares”), during the period from and including July 1, 2026 to and including March 21, 2027 (subject to certain restrictions) at a conversion price which will initially be NT\$109.45 per Share (subject to adjustment as set forth in “Description of the Bonds — Conversion — Adjustments to the Conversion Price”) determined on the basis of a fixed exchange rate of NT\$32.027 = US\$1.00 applicable on conversion of the Bonds. The Common Shares are currently listed under the trading code “2344” on the Taiwan Stock Exchange (the “TWSE”) in the Republic of China (the “ROC”) and application will be made to list the Common Shares issued on conversion of the Bonds on the TWSE. The closing sale price per share on the TWSE on March 24, 2026 was NT\$99.50 (equivalent to US\$3.11 at the exchange rate of NT\$32.027 to US\$1.00 based on the Taipei Forex Inc. Taiwan Dollar 11:00 fixing rate on March 24, 2026). See “Risk Factors — Risks Relating to the Bonds and the Common Shares.”

At any time after June 30, 2026 by giving the requisite notice (which notice shall be irrevocable and, for the avoidance of doubt, may only be served by the Company after June 30, 2026), the Company may redeem the Bonds, in whole or in part, at the Settlement Equivalent (as defined herein) of the Early Redemption Amount (as defined herein), if the Closing Price (as defined herein) of the Common Shares for 20 out of 30 consecutive Trading Days (as defined herein) immediately prior to the date upon which notice of such redemption is given, is at least 120% of the quotient of the Early Redemption Amount divided by US\$200,000, and then multiplied by the Conversion Price (as defined herein). In addition, the Company may, at its option and by giving the requisite notice, redeem the Bonds then outstanding, in whole but not in part, at the Settlement Equivalent of the Early Redemption Amount if (i) more than 90% in principal amount of the Bonds originally issued has been redeemed, repurchased and canceled or converted or (ii) the Company becomes obligated to pay Additional Amounts (as defined herein) as a result of certain changes in the tax laws of the ROC (or such other jurisdiction in which the Company is then organized or resident for tax purposes) occurring on or after the Closing Date, which is expected to be on March 31, 2026.

You may require the Company to repurchase the Bonds, in whole or in part (being US\$200,000 in principal amount or any integral multiple of US\$100,000 in excess thereof) at the Settlement Equivalent of the Early Redemption Amount, if the Common Shares cease to be listed or admitted to trading on the TWSE or there is a Change of Control (as defined herein).

Approval in-principle has been received for the listing and quotation of the Bonds on the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this offering circular. Approval in-principle for the listing and quotation of the Bonds and admission of the Bonds to the Official List of the SGX-ST are not to be taken as an indication of the merits of this offering (the “Offering”), the Company, the Group, its subsidiaries, or any of their associated companies or the Bonds. Prior to this Offering, there has been no market anywhere for the Bonds, or any market outside Taiwan for the Common Shares.

Notification pursuant to Section 309B(1) of the Securities and Futures Act 2001 of Singapore — The Bonds are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Investing in and holding the Bonds involve a high degree of risk. See “Risk Factors” beginning on page 10 for a discussion of certain factors to be considered in connection with an investment in, and the holding of, the Bonds.

The Bonds and the Common Shares to be issued upon conversion of the Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or any state securities laws. The Bonds are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act (“Regulation S”). The Bonds are sold subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable securities laws of any state or other jurisdiction pursuant to registration thereunder or exemption from registration. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. The Bonds are not being directly or indirectly offered or sold in the ROC. See “Transfer Restrictions” and “Plan of Distribution.”

The Bonds will be represented by beneficial interests in one or more global bonds registered in the name of a nominee for the common depository for Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream”). Except as described herein, beneficial interests in the global bonds will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The Initial Purchasers expect to deliver the Bonds to purchasers accounts on or about March 31, 2026.

Bonds Issue Price: 100%

Sole Global Coordinator

Citigroup

Joint Bookrunners

Citigroup

UBS

Offering circular dated March 24, 2026

You should rely only on the information contained in this offering circular. None of the Company, the Initial Purchasers, the Trustee (as defined herein), the Agents (as defined herein), or any of its or their respective directors, officers, employees, representatives, agents, advisers or affiliates, or any person who controls any of them has authorized anyone to provide you with different information. None of the Company, the Initial Purchasers, the Trustee, the Agents, or any of its or their respective directors, officers, employees, representatives, agents, advisers or affiliates, or any person who controls any of them is making an offer of these securities in any state or jurisdiction where the offer is not permitted. This offering circular does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates or an offer to sell or the solicitation of an offer to buy such securities by any person in any circumstances in which such offer or solicitation is unlawful. You should not assume that the information contained in this offering circular is accurate as of any date other than the date of this offering circular. The Company's business, financial condition, results of operations and prospects may have changed since that date.

NO UNITED STATES FEDERAL, STATE OR FOREIGN SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS RECOMMENDED THE BONDS OR REVIEWED, PASSED ON, DETERMINED OR CONFIRMED THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

Except as described below, the Company accepts responsibility for the information contained in this offering circular. The Company, having made all reasonable enquiries, confirm that this offering circular contains all information with respect to the Company, its consolidated subsidiaries, the Bonds and the Common Shares to be delivered upon conversion of the Bonds that is material in the context of the issue and offering of the Bonds, that the information contained in this offering circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this offering circular are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions, that this offering circular does not contain an untrue statement of a material fact or omit to state a material fact required to be stated or necessary in order to make the statements, in the light of the circumstances under which they are made, not misleading and that all reasonable enquiries have been made by the Company to ascertain such material facts. The information contained in the sections entitled "Appendix A — The Securities Markets of the ROC" and "Appendix B — Foreign Investment and Exchange Controls in the ROC" has been extracted from publicly available resources. However, such information has not been verified by the Company, the Initial Purchasers, the Trustee, the Agents or any of the Company's, the Initial Purchasers', the Trustee's or the Agents' respective affiliates or advisors in connection with this offering.

None of the Company, the Initial Purchasers, the Trustee, the Agents, or any of its or their respective directors, officers, employees, representatives, agents, advisers or affiliates, or any person who controls any of them, makes any representation to any offeree or purchaser of the Bonds offered and sold hereby regarding the legality of an investment by such offeree or purchaser under applicable investment or similar laws. The contents of this offering circular should not be construed as legal, financial, business or tax advice. Each prospective investor should consult his or her own legal adviser, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of the Bonds.

To the fullest extent permitted by law, none of the Initial Purchasers, the Trustee, the Agents, or any of its or their respective directors, officers, employees, representatives, agents, advisers or affiliates, or any person who controls any of them, accepts responsibility whatsoever for the Bonds, the Common Shares to be delivered upon conversion of the Bonds, or the contents of this offering circular or for any other statement, made or purported to be made by itself or on its behalf in connection with the Company, the issue or the Offering. Each of the Initial Purchasers, the Trustee, the Agents, or any of its or their respective directors, officers, employees, representatives, agents, advisers or affiliates, or any person who controls any of them, accordingly disclaims all and any liability whether arising in tort or contract or otherwise that it might otherwise have in respect of the Bonds, the Common Shares to be delivered upon conversion of the Bonds,

this offering circular or any such statement. For the avoidance of doubt, none of the Initial Purchasers, the Trustee or the Agents assumes any responsibility for, or has any obligation in respect of, the delivery of the Common Shares upon conversion of the Bonds, which shall be the sole responsibility of the Company.

The distribution of this offering circular and the offering and sale of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this offering circular comes are required by us and the Initial Purchasers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on the offering and sale of the Bonds and distribution of this offering circular, see “Plan of Distribution” and “Transfer Restrictions.” This offering circular does not constitute an offer of, or an invitation by or on behalf of the Company, the Initial Purchasers, the Trustee, the Agents, or any of its or their respective directors, officers, employees, representatives, agents, advisers or affiliates, or any person who controls any of them, to subscribe for or purchase any of the Bonds in any jurisdiction in which such offer or invitation would be unlawful. This offering circular may be used only for the purposes for which it has been published.

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this Offering, including the Initial Purchasers, are “capital market intermediaries” (“CMIs”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “Code”). This notice to prospective investors is a summary of certain obligations the Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (“OCs”) for this Offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the Code as having an association (“Association”) with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with the Initial Purchasers, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Initial Purchasers or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a “proprietary order”. If a prospective investor is otherwise affiliated with the Initial Purchasers, such that its order may be considered to be a “proprietary order” (pursuant to the Code), such prospective investor should indicate to the Initial Purchasers when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this Offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private bank(s) which acts as a CMI in connection with this Offering (“Private Banks”)) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the

Initial Purchasers and/or any other third parties as may be required by the Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the Code, it being understood and agreed that such information shall only be used for the purpose of complying with the Code, during the bookbuilding process for this Offering. Failure to provide such information may result in that order being rejected.

PRIIPS REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPS REGULATION / PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the “EUWA”) (“UK MiFIR”). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In addition, prospective investors should be aware that this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at: (i) in the UK, persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”), and/or high net-worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order; and (ii) persons who are outside the UK (all such persons together being referred to as “relevant persons”). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to, and will be engaged in only with, relevant persons.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this offering circular. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “project,” “seek” and similar words identify forward-looking statements. In addition, all statements other than statements of historical fact included in this offering circular are forward-looking statements. Our forward-looking statements contain information regarding:

- our future revenue and profitability;
- our business strategies;
- expected growth in consumer demand;
- the expected industry trends; and
- our capital expenditure plans.

Other matters discussed in this offering circular regarding matters that are not historical facts, are only forecasts based on information currently available to us. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, these forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:

- the intensely competitive industries in which we operate;
- industry risks;
- general economic, political and social conditions and developments in the ROC, Japan, and other jurisdictions in which we operate our business, and development of geopolitical tensions that may have a significant impact on our business;
- market acceptance of our products;
- risks associated with our entry into new markets or businesses;
- changes in market prices for our products;
- our rate of growth and ability to meet the demands in relation to our growth;
- changes in the availability and prices of raw materials and machinery and equipment we need to manufacture our products;
- our ability to meet financial and other covenants provided under our loan agreements;
- our continued ability to secure funding to meet our liquidity needs and investment objectives;
- legal proceedings, if any; and
- other risks identified in the “Risk Factors” section of this offering circular.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give no assurance that such expectations will be proven correct. We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of the foregoing and the risks, uncertainties and assumptions in “Risk Factors” and elsewhere in this offering circular, the forward-looking events in this offering circular are not guarantees of future performance and might not occur and our actual results could differ materially from those anticipated in those forward-looking statements.

INDUSTRY AND MARKET DATA

This offering circular contains statistical data, estimates, and forecasts regarding our industry that are based on various sources, including independent industry publications and other publicly available information, as well as other information based on our internal sources. Some data and other information contained in this offering circular are also based on management's estimates and calculations, which are derived from our review and interpretation of internal and independent sources. Data regarding the industries in which we compete and our market position and market share within these industries are inherently imprecise and are subject to significant business, economic, and competitive uncertainties beyond our control, but we believe they generally indicate size, position, and market share within this industry. With respect to any information included herein sourced from a third party, this information has been accurately reproduced and, as far as we are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. While we believe such information is reliable, neither we, the Initial Purchasers, the Trustee, the Agents, nor any of its or their respective directors, officers, employees, representatives, agents, advisers or affiliates, or any person who controls any of them has independently verified any such information and accept no responsibility for the accuracy thereof. While we believe our internal company research and estimates are reliable, such research and estimates have not been verified by any independent source. In addition, assumptions and estimates of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled "Risk Factors." These and other factors could cause our future performance to differ materially from our assumptions and estimates, and you are cautioned not to give undue weight to these estimates. As a result, you should be aware that market, ranking, and other similar industry data included in this offering circular, and estimates and beliefs based on that data, may not be reliable. Neither we, the Initial Purchasers, the Trustee, the Agents, nor any of their respective affiliates, directors, officers, employees, representatives, agents or advisers nor any person who controls any of them guarantee the accuracy or completeness of any such information contained in this offering circular. The content of these sources, except to the extent specifically set forth in this offering circular, does not constitute a portion of this offering circular and is not incorporated herein.

ENFORCEABILITY OF FOREIGN JUDGMENTS

The following is a brief description of certain limitations on the enforceability of foreign judgments in the ROC, where the Company is incorporated, and Japan, where a material portion of our assets is located.

The ROC

The Company is a company limited by shares and incorporated under the ROC Company Act. Most of the Company's directors and executive officers named in this offering circular are residents of the ROC and a significant portion of its assets and the assets of such persons are located in the ROC. As a result, it may be difficult for investors to enforce judgments obtained outside the ROC against the Company or such persons in the ROC, including those predicated upon the civil liability provisions of the federal securities laws of the United States. Any final judgment obtained against the Company or such persons in any court other than the courts of the ROC in respect of any legal suit or proceeding arising out of or relating to the Bonds or the Common Shares to be issued upon conversion of the Bonds will be enforced by the courts of the ROC without further review of the merits only if the court of the ROC in which enforcement is sought is satisfied that:

- the court rendering the judgment has jurisdiction over the subject matter according to the laws of the ROC;
- neither the judgment nor the court proceedings resulting in the judgment are contrary to the public order or good morals of the ROC;
- if the judgment was rendered by default by the court rendering the judgment, (i) process was duly served on the Company or such persons within a reasonable period of time within the jurisdiction of such court in accordance with the laws and regulations of such jurisdiction or (ii) process was served on the Company or such persons with judicial assistance of the ROC; and
- judgments of the courts of the ROC are recognized and enforceable in the jurisdiction of the court rendering the judgment on a reciprocal basis.

A party seeking to enforce a foreign judgment in the ROC would, except under limited circumstances, be required to obtain foreign exchange approval from the Central Bank of the Republic of China (Taiwan) (the "CBC"), for the remittance out of the ROC of any amounts exceeding US\$100,000 or its equivalent recovered in respect of such judgment denominated in a currency other than NT dollars. See "Appendix B – Foreign Investment and Exchange Controls in the ROC."

Japan

Any final and conclusive civil judgment for monetary claims (which are limited to those of a purely civil nature and do not include monetary claims in the nature of criminal or administrative sanctions, such as punitive damages, even though they take the form of civil claims) obtained in a foreign court against the Company or such persons in any court other than the courts of the Japan in respect of any lawsuits or legal proceeding arising out of or relating to the Bonds or the Common Shares to be issued upon conversion of the Bonds will be recognized as a valid judgement by the courts of the Japan, provided that:

- the jurisdiction of such foreign court is permitted under Japanese laws or treaties;
- the Company or such persons have received service of process necessary for the commencement of the relevant proceedings, other than by public notice or any method comparable thereto, or has appeared before such court;
- such judgment and court proceedings are not repugnant to public policy as applied in Japan;

- there exists reciprocity as to recognition by such court of final judgments obtained in a Japanese court; and
- there is no conflicting Japanese judgment on the subject matter.

In original actions or in actions for enforcement of judgments of U.S. courts brought before Japanese courts, there is some doubt as to the enforceability in Japan of liabilities based solely on the federal and state securities laws or other laws of the United States or any state thereof.

CERTAIN CONVENTIONS AND OTHER DATA

Except where the context otherwise requires, all references in this offering circular to “we,” “us,” “our company” or the “Company” are to Winbond Electronics Corporation itself, or, as the context required, to Winbond Electronics Corporation and its subsidiaries. All references to “Group” are to Winbond Electronics Corporation and its subsidiaries. All references to “Taiwan” or the “ROC” are to Taiwan and other areas under the effective control of the Republic of China. All references to the “ROC Government” are references to the government of the Republic of China. All references to “China”, “Chinese Mainland” or the “PRC” are to the People’s Republic of China and excludes, for the avoidance of doubt, Taiwan, Hong Kong and Macau unless otherwise specified. All references to “the United States,” the “U.S.” or the “US” are to the United States of America. All references to “Taiwan IFRS” are to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (collectively, “Taiwan IFRS”). All references to “IFRS” are to International Financial Reporting Standards as issued by International Accounting Standard Board. All references to “United States dollars,” “US dollars” and “US\$” are to United States dollars, and references to “New Taiwan dollars,” “NT dollars” and “NT\$” are to New Taiwan dollars, and references to “Renminbi” and “RMB” to Renminbi.

As the Shares are listed on the TWSE, our financial statements are required to be presented in New Taiwan dollars, the lawful currency of the ROC. Except as otherwise specified, all translations from NT dollars to US dollars are made using the exchange rate of NT\$31.37 to US\$1.00 on December 31, 2025, as set forth in the statistical release published by the Federal Reserve Board of Governors of the United States (the “Federal Reserve Board”). No representation is made that the NT\$ or US\$ amounts referred to in this offering circular could have been or could be converted into US\$ or NT\$, as the case may be, at any particular rate, the above rates or at all.

Unless expressly stated otherwise, all financial information, description and other information regarding our financial condition and results of operations as of and for the years ended December 31, 2023, 2024 and 2025 included in this offering circular are presented on a consolidated basis.

In this offering circular, where information has been presented in thousands, millions or billions of units, amounts may have been rounded up or down. Accordingly, the total of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

Certain names with Chinese characters have been translated into English names. Such translations are provided solely for the convenience of investors and should not be construed as representations that the English names actually represent the Chinese characters.

Where the context so permits or requires, words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders and vice versa.

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| SUMMARY | 1 |
| THE OFFERING | 3 |
| SUMMARY FINANCIAL DATA..... | 8 |
| RISK FACTORS..... | 10 |
| USE OF PROCEEDS | 39 |
| DIVIDENDS AND DIVIDEND POLICY | 40 |
| CAPITALIZATION | 41 |
| SELECTED FINANCIAL DATA..... | 42 |
| BUSINESS..... | 44 |
| MANAGEMENT..... | 63 |
| PRINCIPAL SHAREHOLDERS..... | 69 |
| CHANGES IN ISSUED SHARE CAPITAL..... | 70 |
| TRANSACTIONS WITH RELATED PARTIES..... | 71 |
| DESCRIPTION OF SHARE CAPITAL..... | 73 |
| DESCRIPTION OF THE BONDS | 78 |
| TAXATION..... | 111 |
| TRANSFER RESTRICTIONS..... | 113 |
| PLAN OF DISTRIBUTION | 114 |
| SUMMARY OF CERTAIN MATERIAL DIFFERENCES BETWEEN TAIWAN IFRS AND IFRS | 119 |
| INDEPENDENT AUDITORS | 121 |
| GENERAL INFORMATION..... | 122 |
| INDEX TO FINANCIAL STATEMENTS | F-1 |
| APPENDIX A – THE SECURITIES MARKET OF THE ROC | A-1 |
| APPENDIX B – FOREIGN INVESTMENT AND EXCHANGE CONTROLS IN THE ROC | B-1 |

SUMMARY

The following is only a summary and it may not contain all the information you should consider before deciding to invest in the Bonds. You should read this entire offering circular carefully, including the “Risk Factors” section and the financial statements and related notes.

Overview

We are a global semiconductor company with a comprehensive product and solution portfolio spanning memory, logic ICs and software, underpinned by our integrated device manufacturer (“IDM”) model. Our vision is to be a hidden champion in providing sustainable semiconductors to enrich human life.

We operate a complementary business model, in which our memory products, including NOR-type flash (“NOR Flash”), Not-AND flash (“NAND Flash”), Double Data Rate Dynamic Random-Access Memory (“DDR”) and customized memory solutions (“CMS”), account for the majority of our revenue, together with diversified logic products covering microcontrollers (“MCUs”), hardware security and system solutions through our subsidiary Nuvoton Technology Corporation (“Nuvoton”). Furthermore, our software business units complement our hardware portfolio with integrated solutions. Our business model enables us to deliver differentiated solutions and deepen customer engagement across our target applications.

We maintain market leadership in NOR Flash and single-level cell NAND Flash (“SLC NAND Flash”). According to our internal assessment, we hold nearly one-third of the global serial flash market share in 2024, which provides meaningful economies of scale and strengthens our resilience to manage cyclicality. We are also one of the leaders in CMS, offering power-efficient products designed and optimized for specific applications, particularly in edge AI use cases where customers demand tailored performance, power and form-factor characteristics.

Since our establishment in 1987 and listing on the TWSE in 1995, we have been consistently pursuing excellence by continual product innovation. We maintain a robust global presence through extensive operations and strategic manufacturing facilities. Our operations and distributor network span major markets including Taiwan, the United States, Chinese Mainland, Japan, Germany, India, Korea, Hong Kong, Singapore and Israel.

We benefit from industry tailwinds driven by the strong need for memory specification upgrades due to rapid development of artificial intelligence (“AI”) and data growth. As processors continue to upgrade to support larger AI clusters and increasingly complex large language model (“LLM”) development involving substantial data volumes, memory technology is undergoing fundamental changes to ensure the overall system efficiency, which calls for ongoing upgrades in memory specifications, including higher bandwidth, lower latency and increased density. The rapid expansion of the global datasphere is creating increasing demand for high-density, high-speed and reliable memory solutions. With our strong R&D capabilities and manufacturing scale, we believe we are well positioned to capture such industry tailwinds.

Further, the proliferation of edge AI enabled devices, including smartphones, AI PCs, wearables, autonomous driving and smart home products, is increasing demand for CMS that meet stringent requirements relating to power consumption, bandwidth and form factor and supporting customers’ transition or product specification to a more advanced version. We believe we are well placed to harness these structural growth opportunities by leveraging our strong R&D capabilities on customized solutions to deliver application-optimized memory solutions and by utilizing our manufacturing scale to execute specification migrations efficiently.

Our Competitive Strengths

We believe the following competitive strengths differentiate us from our competitors and have contributed to our success:

- A key enabler of the expanding edge AI era through leadership in customized memory;
- Differentiated and comprehensive product portfolio providing one-stop solutions;
- Long-term commitment to innovation with substantial R&D investment;
- Well-recognized service quality and co-development ability by prominent customers and partners;
- Vertically integrated manufacturing footprint under an IDM model; and
- Visionary and experienced management team driving strategic transformation and sustainable long-term growth.

Our Growth Strategies

We expect to maintain and further improve our market share and leading market position by adopting the following strategies:

- Driving product innovation through continuous R&D efforts;
- Diversifying end-application exposure with a focus on edge AI;
- Deepening customer relationships and driving wallet share growth;
- Expanding our manufacturing capacity and capability;
- Committing to sustainable operations and corporate social responsibility;
- Continue to grow through mergers and acquisitions.

Recent Developments

Pursuant to the rules and regulations of the TWSE, the Company reports its consolidated operating revenue each month on the Market Observation Post System (“MOPS”).

- The Company announced that its consolidated operating revenue for January 2026 amounted to NT\$11,778 million, representing a 94.2% increase from NT\$6,066 million for January 2025.
- The Company announced that its consolidated operating revenue for February 2026 amounted to NT\$11,973 million, representing a 88.5% increase from NT\$6,354 million for February 2025.

These monthly results have not been audited or reviewed by our auditor and are subject to adjustments based upon, among other things, the completion of applicable reporting processes. Actual results could differ materially from the unaudited financial data above.

THE OFFERING

The following is only a summary and is qualified in its entirety by reference to the “Description of the Bonds” and more details contained elsewhere in this offering circular. Capitalized terms used in this summary and not defined have the respective meanings given to them in “Description of the Bonds.”

| | |
|---|---|
| Issuer | Winbond Electronics Corporation |
| The Offering | US\$750,000,000 aggregate principal amount of currency-linked US dollar denominated zero coupon convertible bonds due 2027, being offered and sold outside the United States in reliance on Regulation S. |
| Interest | The Bonds will not bear any interest. |
| Closing Date | March 31, 2026 |
| Maturity Date and Final Redemption | Unless previously redeemed, repurchased and canceled or converted, the Bonds will mature, and the Company will redeem the Bonds, on March 31, 2027 at the Settlement Equivalent (as defined herein) of 98.51% of the outstanding principal amount thereof. |
| Issue Price | 100.00% |
| Ranking | The Bonds will be the Company’s direct, unconditional, unsecured and unsubordinated obligations (but subject to a negative pledge, as described in “Negative Pledge” below), and will rank <i>pari passu</i> without any preference or priority among themselves and with all of its other direct, unconditional, unsecured and unsubordinated obligations. |
| Conversion | Subject to certain conditions, each holder of the Bonds (each, a “Holder” or a “Bondholder”) will have the right during the Conversion Period (as defined herein) to convert its Bonds (being US\$200,000 in principal amount or any integral multiple of US\$100,000 in excess thereof) into the Common Shares, provided, however, that the Conversion Right during any Closed Period (as defined herein) shall be suspended and the Conversion Period shall not include any such Closed Period. |

See “Description of the Bonds — Conversion” and “Risk Factors — Risks Relating to the Bonds and the Common Shares — There are limitations on the Bondholders’ ability to exercise Conversion Rights.”

Subject to changes to ROC laws and regulations, the Company shall as soon as practicable but in no event more than five Trading Days (as defined herein) from the Conversion Date (as defined herein) deliver Common Shares in book-entry form to the converting Holders for the purpose of trading the Common Shares on the TWSE.

Conversion Price The conversion price will initially be NT\$109.45 per share determined on the basis of a fixed exchange rate applicable on conversion of Bonds of NT\$32.027 = US\$1.00. The conversion price will be subject to adjustments for, among other things, subdivision or consolidation of shares, right issues, distributions, stock dividends, and other dilutive events. See “Description of the Bonds.”

Settlement Equivalent..... For the relevant Rate Calculation Date (as defined herein) in respect of any US Dollar-denominated amount payable in respect of the Bonds, means such US Dollar amount converted into NT Dollar amount using the Fixed Exchange Rate of NT\$32.027 = US\$1.00, and then converted back to US Dollar amount using the applicable Prevailing Rate (as defined herein) on such date.

Early Redemption Amount The Early Redemption Amount for each US\$200,000 in principal amount of the Bonds is determined so that it represents for the Holder a yield of -1.5% per annum, calculated on a semi-annual basis.

Redemption at the Option of the Issuer At any time after June 30, 2026 and prior to the Maturity Date, the Bonds may be redeemed at the option of the Company, in whole or in part, on not less than 30 nor more than 60 days’ written notice to the Holders (which notice shall be irrevocable and, for the avoidance of doubt, may only be served by the Issuer after June 30, 2026) and to the Trustee and the Agents, at the Settlement Equivalent of the applicable Early Redemption Amount, provided that: (1) the Closing Price of the Common Shares for 20 out of 30 consecutive Trading Days immediately prior to the date upon which notice of such redemption is given, is at least 120% of the quotient of the prevailing Conversion Price multiplied by the Early Redemption Amount and divided by US\$200,000; and (2) the applicable Redemption Date does not fall within a Closed Period.

Notwithstanding the foregoing, the Company may redeem the Bonds, in whole but not in part, at any time, on not less than 30 nor more than 60 days’ notice, at the Settlement Equivalent of the applicable Early Redemption Amount if more than 90% in principal amount of the Bonds originally issued has been redeemed, repurchased and canceled or converted; provided that the applicable Redemption Date does not fall within a Closed Period.

Additional Amounts Payment of principal of and other amounts on the Bonds will be made without withholding or deduction for or on account of taxes of the ROC or such other jurisdiction in which the Company is then organized or resident for tax purposes or from which any payment on the Bonds is made (or any political subdivision or authority or agency thereof), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company will, subject to certain exceptions, pay such Additional Amounts (as defined herein) on the Bonds as will result in receipt by the Holder of each Bond of such amounts as would

have been received by such Holder had no such withholding or deduction been required.

Tax Redemption

If, as a result of certain changes relating to the tax laws in the ROC or such other jurisdiction in which the Company is then organized or resident for tax purposes (or any political subdivision or authority or agency thereof), the Company becomes obligated to pay Additional Amounts, the Bonds may be redeemed at the option of the Company, in whole but not in part, at the Settlement Equivalent of the Early Redemption Amount; provided that such right cannot be exercised earlier than 45 days prior to the first date on which the Company would be obligated to make an Additional Amounts payment with respect to all or substantially all of the outstanding Bonds were a payment then due. Notwithstanding the foregoing, if the outstanding principal amount of the Bonds at the time when such redemption notice is given is greater than 10% of the aggregate principal amount of the Bonds as of the Closing Date, Holders may elect not to have their Bonds redeemed but with no entitlement to any Additional Amounts or reimbursement of additional tax. See “Description of the Bonds—Redemption of the Bonds—Redemption for Taxation Reasons.”

Repurchase in the Event of Change of Control.....

Unless the Bonds have been previously redeemed, repurchased and canceled or converted, each Holder shall have the right, at such Holder’s option, to require the Company to repurchase, in whole or in part (being US\$200,000 in principal amount or any integral multiple of US\$100,000 in excess thereof), such Holder’s Bonds at the Settlement Equivalent of the applicable Early Redemption Amount upon the occurrence of a Change of Control, as defined herein. See “Description of the Bonds—Repurchase of the Bonds—Repurchase in the Event of Change of Control.”

Repurchase in the Event of Delisting

Unless the Bonds have been previously redeemed, repurchased and canceled or converted, in the event that the Common Shares cease to be listed or admitted to trading on the TWSE, each Holder shall have the right, at such Holder’s option, to require the Company to repurchase, in whole or in part (being US\$200,000 in principal amount or any integral multiple of US\$100,000 in excess thereof), such Holder’s Bonds on the date set by the Issuer for such repurchase, which shall not be less than 30 nor more than 60 days after the Issuer provides a notice to the Holders, the Trustee and the Agents regarding such delisting, at the Settlement Equivalent of the applicable Early Redemption Amount with respect to such Holder’s Bonds to be repurchased. See “Description of the Bonds—Repurchase of the Bonds—Repurchase in the Event of Delisting.”

Negative Pledge

Subject to certain exceptions, the Company will not, and will ensure that none of its Principal Subsidiaries (as defined herein) will, create or permit to subsist any Lien (as defined herein) to secure for the benefit of the holders of any International Investment Securities (as defined herein) any sum owing in respect thereof or any guarantee or indemnity thereof without making effective provision to secure the Bonds (a) equally and ratably with such International Investment Securities with a similar Lien or (b) with such other security as shall be approved by registered Holders holding not less

than 50% of the principal amount of the outstanding Bonds. See “Description of the Bonds—Certain Covenants—Negative Pledge.”

Form and Denomination

The Bonds will be issuable only in book-entry form and only in denominations of US\$200,000 in principal amount or any integral multiples of US\$100,000 in excess thereof. Bonds will be represented by the Global Bond. On the closing date of the Offering, the Company will deliver the Global Bond to the common depository (the “Common Depository”) for Euroclear and Clearstream.

If (i) at any time, the Common Depository advises the Company in writing that it is unwilling or unable to continue as a depository for the Global Bond and a successor depository is not appointed within 90 days, (ii) either Euroclear or Clearstream or any alternative clearing system on behalf of which the Bonds evidenced by the Global Bond may be held is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, or (iii) an Event of Default has occurred and is continuing with respect to the Bonds and the Trustee notifies the Company in writing that any of the Bonds have become immediately due and payable pursuant to the Indenture, and, in the case of (iii) above, if the Holders so request, the Company shall issue individual certificated bonds in registered form in exchange for the Global Bond in any authorized denominations and in an aggregate principal amount equal to the principal amount of the Global Bond.

The Bonds are not issuable in bearer form.

Use of Proceeds.....

The gross proceeds to be received by the Company from this offering will be US\$750,000,000. The Company intends to use the net proceeds of the Offering for the procurement of machinery and equipment in foreign currencies for the purpose of expansion of production capacity and enhancement of process. See “Use of Proceeds”.

Listing.....

Approval in-principle has been received for the listing of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this offering circular. Approval-in-principle for the listing of the Bonds and admission of the Bonds to the Official List of the SGX-ST are not to be taken as an indication of the merits of the Offering, the Company, the Group, its subsidiaries or any of their associated companies or the Bonds. Prior to the Offering, there has been no market anywhere for the Bonds, or any market outside the ROC for the Common Shares.

For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Bond is exchanged for individual definitive Bonds, the Company will appoint and maintain a paying agent in Singapore upon the issue of debt securities in definitive form and where the Bonds may be presented or surrendered for payment or redemption. In addition, in the event that the Global Bond is exchanged for individual definitive

Bonds, announcement of such exchange will be made by the Company or on its behalf through the SGX-ST. Such announcement will include all material information with respect to the delivery of the individual definitive Bonds, including details of the paying agent in Singapore. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds will be traded on the SGX-ST in a minimum board lot size of US\$200,000.

| | |
|--|---|
| Lock-Ups | The Company has agreed that for a period of 60 days after the Closing Date, the Company will not, without the Initial Purchasers' prior written consent, offer, pledge, sell, contract to sell or otherwise transfer or dispose of any Common Shares or any securities convertible into or exercisable or exchangeable for Common Shares. See "Plan of Distribution." |
| Trading Market for the Common Shares | The only trading market for the Common Shares is the TWSE. The Common Shares have been listed on the TWSE under the trading code "2344". |
| Governing Law | The Indenture and the Bonds will be governed by, and construed in accordance with, the laws of the State of New York. |
| Trustee and Registrar | Citicorp International Limited |
| Paying Agent, Conversion Agent and Transfer Agent | Citibank, N.A., London Branch |
| Transfer Restrictions | None of the Bonds or the Common Shares issuable upon conversion of the Bonds has been registered under the Securities Act, and those securities are subject to restrictions on transfer. See "Transfer Restrictions." |
| Delivery of the Bonds | Delivery of the Bonds, against payment in same-day funds, will be on the Closing Date. |
| Legal Entity Identifier | 254900STBMBTLA91J410 |

SUMMARY FINANCIAL DATA

The selected financial information has been derived from our audited consolidated financial statements as of and for the years ended December 31, 2023 and 2024 and as of and for the years ended December 31, 2024 and 2025, which are presented in conformity with the Taiwan IFRS. You should read the following selected financial information together with our financial statements included elsewhere in this offering circular. Neither these data nor the format in which they are presented should be viewed as comparable to information prepared in accordance with IFRS or generally accepted accounting principles elsewhere. See “Summary of Certain Material Differences between Taiwan IFRS and IFRS.”

Consolidated Financial Information

Consolidated Statements of Comprehensive Income Data

| | For the year ended December 31, | | | |
|--|---------------------------------|-------------|-------------|---------------------|
| | 2023 | 2024 | 2025 | |
| | NT\$ | NT\$ | NT\$ | US\$ ⁽¹⁾ |
| (audited) | | | | |
| (in thousands, except for earnings per share information) | | | | |
| Operating revenue | 75,006,078 | 81,609,768 | 89,406,171 | 2,850,053 |
| Operating costs | 52,610,352 | 57,608,659 | 58,210,043 | 1,855,596 |
| Gross profit | 22,395,726 | 24,001,109 | 31,196,128 | 994,457 |
| Operating expenses | | | | |
| Selling expenses..... | 2,128,764 | 2,283,103 | 2,448,236 | 78,044 |
| General and administrative expenses | 4,915,171 | 4,792,444 | 4,903,701 | 156,318 |
| Research and development expenses | 16,957,826 | 16,406,503 | 18,186,458 | 579,740 |
| Expected credit (gain) loss | 24,197 | 11,576 | 123,277 | 3,930 |
| Total operating expenses | 24,025,958 | 23,493,626 | 25,661,672 | 818,032 |
| Income (loss) from operations | (1,630,232) | 507,483 | 5,534,456 | 176,425 |
| Non-operating income and expenses | | | | |
| Interest income..... | 334,058 | 334,399 | 356,544 | 11,366 |
| Dividend income..... | 548,920 | 363,064 | 216,299 | 6,895 |
| Other income | 341,761 | 377,018 | 474,463 | 15,125 |
| Share of profit (loss) of associates | 456,040 | 221,165 | 119,769 | 3,818 |
| Gains (losses) on disposal of property, plant and equipment | 716,701 | 1,019,587 | 467 | 15 |
| Gains (losses) on disposal of intangible assets | (591) | - | 1,073 | 34 |
| Gains (losses) on foreign exchange..... | 170,900 | 596,702 | (478,369) | (15,249) |
| Gains (losses) on financial instruments at fair value through profit or loss | (276,176) | (758,204) | 47,680 | 1,520 |
| Interest expense..... | (991,919) | (1,206,792) | (1,387,102) | (44,217) |
| Other expenses..... | (367,125) | (342,758) | (274,795) | (8,760) |
| Total non-operating income and expenses | 932,569 | 604,181 | (923,971) | (29,453) |
| Income (loss) before income tax..... | (697,663) | 1,111,664 | 4,610,485 | 146,972 |
| Income tax expense (benefit)..... | (732,112) | 402,043 | 1,433,037 | 45,682 |
| Net income | 34,449 | 709,621 | 3,177,448 | 101,290 |
| Other comprehensive income (loss)..... | (1,304,665) | (7,866,252) | 11,949,712 | 380,928 |
| Total comprehensive income (loss) | (1,270,216) | (7,156,631) | 15,127,160 | 482,218 |
| Net income (loss) attributable to: | | | | |
| Owners of parent..... | (1,146,522) | 601,001 | 3,961,929 | 126,297 |
| Non-controlling interests..... | 1,180,971 | 108,620 | (784,481) | (25,007) |
| Total comprehensive income (loss) attributable to: | | | | |
| Owners of parent..... | (2,236,126) | (7,252,894) | 16,295,891 | 519,474 |
| Non-controlling interests..... | 965,910 | 96,263 | (1,168,731) | (37,256) |
| Earnings (losses) per share | | | | |
| Basic earnings (losses) per share | (0.29) | 0.14 | 0.88 | 0.03 |
| Diluted earnings (losses) per share..... | (0.29) | 0.14 | 0.88 | 0.03 |

Consolidated Balance Sheet Data

| | As of December 31, | | | |
|---|-----------------------------|--------------------|--------------------|----------------------|
| | 2023 | 2024 | 2025 | |
| | NT\$ | NT\$ | NT\$ | US\$(¹) |
| | (audited) (in thousands) | | | |
| Total current assets | 66,505,389 | 59,515,489 | 73,191,129 | 2,333,157 |
| Total non-current assets | 124,282,555 | 118,268,659 | 119,000,938 | 3,793,463 |
| Total assets | 190,787,944 | 177,784,148 | 192,192,067 | 6,126,620 |
| Total current liabilities | 36,032,759 | 41,761,715 | 46,615,224 | 1,485,981 |
| Total non-current liabilities | 54,295,007 | 36,863,012 | 31,446,712 | 1,002,445 |
| Total equity | 100,460,178 | 99,159,421 | 114,130,131 | 3,638,194 |
| Total liabilities and equity | 190,787,944 | 177,784,148 | 192,192,067 | 6,126,620 |

Consolidated Statements of Cash Flow Data

| | For the year ended December 31, | | | |
|---|---------------------------------|--------------|-------------|----------------------|
| | 2023 | 2024 | 2025 | |
| | NT\$ | NT\$ | NT\$ | US\$(¹) |
| | (audited) (in thousands) | | | |
| Net cash flows generated by (used in) operating activities | 3,601,473 | 11,125,880 | 11,182,762 | 356,480 |
| Net cash flows generated by (used in) investing activities | (13,031,551) | (16,657,820) | (7,657,846) | (244,114) |
| Net cash flows generated by (used in) financing activities | 6,350,327 | 2,526,916 | (1,561,411) | (49,774) |
| Effects of exchange rate changes on cash and cash equivalents | (360,587) | 142,822 | (330,127) | (10,524) |
| Net increase (decrease) in cash and cash equivalents | (3,440,338) | (2,862,202) | 1,633,378 | 52,068 |

Other Financial Data

| | For the year ended December 31, | | |
|---------------------------------------|---------------------------------|-------|-------|
| | 2023 | 2024 | 2025 |
| Gross margin ⁽²⁾ | 29.9% | 29.4% | 34.9% |
| Operating margin ⁽³⁾ | -2.2% | 0.6% | 6.2% |
| Net margin ⁽⁴⁾ | 0.05% | 0.9% | 3.6% |

(1) Translation of amounts from NT dollars into US dollars has been made at the rate prevailing on December 31, 2025 of NT\$31.37 = US\$1.00. The exchange rate is not derived from the audited or unaudited financial statements.

(2) Gross margin is calculated by dividing gross profit by operating revenue, multiplied by 100%.

(3) Operating margin is calculated by dividing income from operations by operating revenue, multiplied by 100%.

(4) Net margin is calculated by dividing net income by operating revenue, multiplied by 100%.

RISK FACTORS

Investing in the Bonds involves risks, and you should carefully consider the risks described below before making an investment decision. In addition, you should also carefully consider all of the information contained in this offering circular, including our financial statements and related notes. You should note that we are governed in the ROC by a legal and regulatory environment that in some material respects may be different from that prevailing in other countries.

Risks Relating to Our Business and Industry

Geopolitical tensions and volatile global economic conditions may put downward pressure on demand for our products and services, as well as our business, financial condition, and results of operations.

The global economy has experienced significant volatility in recent years, including due to the global financial crisis and economic slowdown, rising interest rates, inflationary pressures, supply chain disruptions, trade tensions between the United States and other countries, the Russia-Ukraine and Israel-Hamas conflicts, and volatility in the global stock markets, which have led to less favorable financial and economic conditions. In March 2026, hostilities involving the United States, Israel and Iran escalated, including U.S. and Israeli military strikes on Iran and retaliatory attacks in the region, which further increased geopolitical uncertainty.

In recent years, trade and geopolitical tensions have intensified. There has been sustained friction between the United States and other countries regarding trade, technology, and industrial policies, including tariffs, export controls, and incentives to onshore or nearshore production and supply chains. On April 2, 2025, U.S. President Donald Trump issued an executive order imposing a baseline reciprocal tariff of 10% on imports into the United States from a broad range of foreign jurisdictions, including Taiwan. The United States has since revised and expanded tariffs on multiple occasions, including the imposition of reciprocal tariffs on numerous trading partners effective August 7, 2025. These measures include, among others, a 20% tariff on goods imported from Taiwan. On January 15, 2026, the U.S. Department of Commerce announced the signing of a new trade agreement establishing a strategic economic partnership between the United States and Taiwan. Among other matters, the announcement indicated that the U.S. reciprocal tariff rate applied to Taiwanese goods will not exceed 15%. In February 2026, the U.S. Supreme Court struck down certain tariffs imposed under the International Emergency Economic Powers Act, creating further uncertainty regarding the durability and implementation of the reciprocal tariff regime. In response, on February 20, 2026, U.S. President Donald Trump issued a proclamation under Section 122 of the Trade Act of 1974 to impose a 10% ad valorem import duty on articles imported into the United States, effective February 24, 2026, for a period of 150 days. Given ongoing discussions between the United States and its trading partners, there remains significant uncertainty about whether the United States may further change the scope and level of tariffs it imposes on its trading partners in the near future. Additional tariffs targeting specific sectors and products are also under consideration. These trade actions have triggered retaliatory measures and heightened global uncertainty surrounding trade policy, supply chain stability, and cross-border investment. Also, any increase in the use of export control restrictions and sanctions to target certain countries and entities, any expansion of the extraterritorial jurisdiction of such measures, or complete or partial ban on semiconductor products sales to certain entities could impact not only our ability to continue supplying products to those customers, but also our customers' demand for our products, and could even lead to changes in semiconductor supply chains. We cannot assure you that any trade-relevant regulations, rules, or measures will not have an adverse impact on our business, financial condition and results of operations. To the extent changes in the political environment have a negative impact on us or on the markets in which we operate our business, results of operations and financial condition could be materially and adversely impacted.

The uncertain nature, magnitude, and duration of hostilities stemming from the conflicts between Russia and Ukraine, the conflicts involving Hamas and Israel, and further escalation of tensions between Israel and various countries in the Middle East and North Africa, including the potential effects of sanctions limitations,

retaliatory cyber-attacks on the world economy and markets, and potential shipping delays, have contributed to increased market volatility and uncertainty, which could have an adverse impact on macroeconomic factors that affect our business and could amplify the existing supply chain challenges faced by the Company. As a result of Russia's invasion of Ukraine, the United States, the United Kingdom and the European Union governments, among others, have developed coordinated economic and financial sanctions packages. As the invasion of Ukraine continues, there can be no certainty regarding whether such governments or other governments will impose additional sanctions, or other economic or military measures against Russia. Although we have not been materially adversely affected by the Russia-Ukraine conflicts, the impact of the invasion of Ukraine, including economic sanctions or additional war or military conflict, as well as potential responses to them by Russia, is still uncertain and they could adversely affect our business, supply chain, suppliers, customers and potential demand for our products as the current geopolitical conflicts continue, new geopolitical conflicts occur, and consequential sanctions and countermeasures develop. It is not possible to predict the broader consequences of this conflict, which could include further sanctions, embargoes, regional instability, geopolitical shifts and adverse effects on macroeconomic conditions, the availability and cost of raw materials, supplies, freight and labor, currency exchange rates and financial markets, all of which could impact our business, financial condition and results of operations.

Any further escalation of trade barriers, tariffs, export restrictions, or sanctions could disrupt global supply chains and adversely affect our ability to source materials, manufacture, or distribute our products efficiently. Such measures could also reduce customer demand, increase costs, and lead to delays or cancellations of orders. Given our international operations and exposure across Asia, Europe, and the Americas, any deterioration in global trade relations or political stability could materially and adversely affect our business, financial condition, and results of operations.

In addition, our business may be affected by global economic conditions. There are ongoing concerns relating to the political gridlock in the United States over government spending and debt levels and the consequences for economic growth and investor confidence in the United States. Central banks of some countries, including the Federal Reserve Board, have maintained interest rates at elevated levels into 2025 to combat inflation, even as some central banks also begin to ease interest rate policy in 2025. Prolonged tight monetary conditions may slow global economic activity, dampen consumer demand, and limit access to financing. There can be no assurance that monetary and fiscal policy measures adopted by central banks or national governments will have the intended effect or that a global economic downturn will not occur or market volatilities will not persist.

Further, while financial systems have stabilized following the 2023 banking stresses involving institutions such as Silicon Valley Bank, Credit Suisse, and First Republic Bank, the global credit environment remains cautious. This could adversely affect growth rates globally and could materially and adversely affect our business, financial condition, and results of operations. The volatile global market conditions may adversely affect the demand for our products. The potential decrease and slowdown in demand for such products may inflict significant downward pressure on prices, and we could have reduced revenues, lower profit margins and/or loss of market share, any of which would have a material adverse effect on our business, reputation, financial condition and results of operations.

We expect the proliferation of AI to have a significant impact on our industry and the markets in which we compete, and the development and use of AI presents competitive, reputational, and liability risks.

We believe the proliferation of AI, especially as it relates to the end-market applications of our services, will have a significant impact on customer preferences and market dynamics in our industry, and our ability to effectively compete in this evolving landscape will be important to our financial performance.

We also believe that the effective use of AI-enabled tools in our operations may contribute to productivity improvements, development efficiency and management control. We have incorporated certain AI and data-analytics capabilities into our operations to enhance operational efficiency. However, as with many innovations, AI presents risks, challenges, and unintended consequences that could affect the rate and success of its adoption, and there is no guarantee that our use of AI or incorporation of AI-enabled tools into our operations will benefit our business or result in products or services that are preferred by our customers. In addition, AI technologies continue to evolve rapidly, and related innovations may significantly affect the competitive landscape as well as future industry development trends. We have invested, and expect to continue to invest, resources to develop and support such capabilities. If these capabilities fail to operate as anticipated or comparably to those of our competitors, we may not realize the expected benefits from such investments. Separately, certain of our customers' products using our services may be used in AI-related applications, including as companion or supporting chips within broader AI chipsets or system solutions. As a result, demand for some of our products may be influenced by trends, cycles and competitive dynamics in the AI industry. Any slowdown, volatility or shift in AI-related end-market demand, or changes in customer preferences or technology standards, could adversely affect demand for our services, business and, in turn, our financial performance.

In addition, AI-enabled tools and models may be subject to limitations arising from data quality, model design, or underlying assumptions, which could result in inaccurate, incomplete, or unintended outputs. These deficiencies and other failures could subject us to competitive harm, regulatory scrutiny, or legal liability, including under evolving laws and regulations governing the use of AI, data protection, privacy, intellectual property, and related matters in jurisdictions such as the United States and the European Union. Additionally, compliance with the evolving legal and regulatory landscape may entail increased costs or limit our ability to deploy certain technologies in our operations. If we are unable to effectively manage these risks, our business, financial condition, results of operations, or reputation could be adversely affected.

We operate in a highly cyclical industry which can suffer from periodic downturns.

The semiconductor industry, particularly for memory IC, is highly cyclical and has historically experienced significant fluctuations in supply and demand, pricing, and profitability. Industry cycles are driven by a number of factors, including changes in global macroeconomic conditions, end-market demand for electronic products, customer inventory levels, capacity expansions and reductions by industry participants, and transitions to new manufacturing technologies. Due to the standardized nature of many memory IC products and the capital-intensive characteristics of semiconductor manufacturing, periods of industry oversupply can occur rapidly and may result in sharp and sudden declines in average selling prices ("ASPs"). Our ASPs may fluctuate significantly from month to month or quarter to quarter, and such fluctuations may occur independent of changes in our unit sales volumes or cost structure.

Periods of strong demand, such as those driven by new technology trends, including AI applications in recent years, may result in industry upcycles characterized by tight supply and product shortages. For example, the memory IC industry has recently experienced shortages of DRAM and NAND flash products. These upcycles may create the perception of sustained growth and favorable market conditions. Nevertheless, such favorable conditions are typically followed by periods of oversupply. Memory manufacturing capacity requires significant capital investment and involves long lead times, which can create imbalances between supply and demand. Industry participants often expand capacity during periods of strong pricing and profitability; however, when such new capacity commences commercial production several years later, the resulting increase in supply may exceed market demand, potentially leading to inventory corrections, sharp declines in ASPs and reduced utilization rates.

During industry downturns, reduced demand, excess inventory levels in the supply chain, and pricing pressure may materially and adversely affect our revenue, gross margins, cash flows, and overall profitability. In addition, because capacity expansions typically require substantial capital investment and long lead times, supply-demand imbalances may persist for extended periods. Any prolonged downturn or sudden adverse change in

market conditions could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to match our production capacity to the demand of our customers or optimize our production capacity.

The cyclical nature of the semiconductor industry makes it difficult for us to predict future developments in the markets we serve. As such, it is also difficult for us to estimate and schedule future requirements for our production capacity. During periods of increased demand, we may not have sufficient capacity to meet customer orders. In the past, we have responded to increased demand by optimizing equipment function and condition to increase capacity or entering into strategic alliances, which in many cases resulted in significant expenditures. There is no guarantee that we will be able to optimize equipment function and condition to increase capacity or enter into new strategic alliances after the date of this offering at terms favorable to us or at all. We may also experience disruptions, problems or inefficiencies in our manufacturing processes due to overutilization, potentially resulting in the loss of sales and damage to our relationships with customers. In addition, if our operating revenue does not grow accordingly, our financial performance may be adversely affected by these increased costs. Failure to effectively manage our production capacity and future capacity imbalances could have a material adverse effect on our business, financial condition, or results of operations.

Our operating results may fluctuate from period to period or be subject to seasonality.

Our operating revenue may be affected by seasonal variations in market conditions that contribute to the fluctuations of sales of our services and products. Certain of our consumer electronics products are subject to seasonality. The seasonal sales trends for these products closely mirror sales trends for consumer electronics market. In the past, we have experienced seasonal fluctuation in the demand for our services and products, primarily as a result of consumer electronics market seasonality driven by events such as Black Friday, Cyber Monday, and Back-to-School. While seasonal variations have not significantly impacted our operations in recent years, we cannot guarantee that we will not be susceptible to the effects of seasonal sales trends in the future. Any change in the general seasonal variations, which we cannot anticipate, may result in materially adverse effects on our operating revenues, operations and businesses.

We operate in a competitive semiconductor industry. Our business may suffer if we cannot compete successfully in the semiconductor industry.

The semiconductor industry is highly competitive, and has been characterized by rapid technological change, short product lifecycles, high capital expenditures, intense pricing pressure from major customers, periods of oversupply and continuous advancements in process technologies and manufacturing facilities.

It is possible that new competitors could emerge and acquire significant market share. In addition, increased exposure to international markets further creates new areas with which we may not be familiar with and could place us in competition with new market players. We cannot assure you that we will be successful in adapting into the new competitive environment. Some of our competitors may offer semiconductor products at a lower price, which could result in pricing pressures on sales of our semiconductor products. If we are unable to maintain the margins on our semiconductor products, our operating results could be negatively impacted. Further, from time to time, governments around the world may provide incentives or make other investments in semiconductor industry. For example, the governments of the United States, China, Europe, South Korea and Japan provide various incentive programs to promote developments of their domestic semiconductor industries, such as the Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022 (the U.S. CHIPS Act), which provides financial incentives to incentivize the development of U.S. semiconductor industry. We cannot guarantee that we will benefit from such incentives. Incentives or support that is only available to our competitors might create competitive advantages to for them. In addition, if we do not develop new innovative

solutions, enhance the reliability, performance, efficiency and other features of our existing semiconductor products or reduce their overall costs, our products may become uncompetitive and obsolete and our customers may turn to our competitors for alternatives. In order to succeed in this environment, we must successfully meet our customers' technology requirements and increase the value of our products, while also striving to reduce their overall costs and our own operating costs. If we fail to successfully manage these competitive factors, fail to successfully balance the conflicting demands for innovative technology with lower overall costs, or fail to address new competitive forces, our business and financial condition will be adversely affected.

The semiconductor industry is characterized by price erosion, especially after a product has been on the market for a significant period of time.

The specific products in which our semiconductors are incorporated may not be successful, or may experience price erosion or other competitive factors that affect the prices manufacturers are willing to pay us. One of the results of the rapid innovation that is exhibited by the semiconductor industry is that pricing pressure, especially on products containing older technology, can be intense. Customers may vary order levels significantly from period to period, request postponements to scheduled delivery dates, modify their orders or reduce lead times. This is particularly common during times of low demand for those end products. This can make managing our business difficult, as it limits our ability to effectively predict future demand. In order to profitably supply these products, we must reduce our production costs in line with the lower net sales we can expect to receive per unit. Usually, this must be accomplished through improvements in process technology and production efficiencies. If we cannot advance our process technologies or improve our efficiencies to a degree sufficient to maintain required margins, we will not be able to make a profit from the sale of these products. Moreover, we may not be able to cease production of such products, either due to contractual obligations or for customer relationship reasons, and as a result may incur losses on such products.

We cannot guarantee that competition in our product markets will not lead to price erosion, lower net sales growth rates and lower margins in the future. Should reductions in our manufacturing costs fail to keep pace with reductions in market prices for the products we sell, this could have a materially negative impact on our business, financial condition and results of operations. Furthermore, actual growth rates may be less than projected industry growth rates, resulting in spending on process and product development well ahead of market requirements, which could have a materially negative impact on our business, overall financial condition and results of operations.

The semiconductor industry is capital intensive. We may incur high R&D costs with advanced technology and there is no guarantee that our R&D efforts will yield fruitful results.

To remain competitive in the semiconductor industry, we must constantly improve our facilities and process technologies and carry out extensive research and development, each of which requires investment of significant amounts of capital. We have been continuously upgrading our technologies to integrate new technology innovation into our production. The development of such advanced technology has incurred and may continue to incur high R&D costs. If we are unable to generate sufficient cash or raise sufficient capital to meet our capital investment requirements, or if we are unable to raise required capital on favorable terms when needed, this could have a material adverse effect on our business, overall financial condition and results of operations. However, there is no guarantee that our R&D investments will yield fruitful results enabling us to achieve a significant growth in operating revenue. If we cannot achieve certain technology breakthrough and successfully apply them into products which generate adequate gross margins so as to compensate for such investment in R&D, our financial performance and business operations may be materially and adversely affected.

Changes to industry standards and technical requirements relevant to our products and markets could adversely affect our business, results of operations and prospects.

Our ability to compete in the future will depend on our ability to identify and comply with evolving industry standards and technical requirements. The emergence of new industry standards and technical requirements could render our products incompatible with products developed by other suppliers or make it difficult for our products to meet the requirements of certain of our customers in consumer, industrial, IoT and other markets. As a result, we could be required to invest significant time and effort and to incur significant expense to redesign our products to ensure compliance with relevant standards and requirements. If our products are not in compliance with prevailing industry standards and technical requirements for a significant period of time, we could miss opportunities to achieve crucial design wins, our revenue may decline and we may incur significant expenses to redesign our products to meet the relevant standards, which could adversely affect our business, results of operations and prospects.

Our business could suffer if we are not able to secure the development of new technologies or if we cannot keep pace with the technology development of our competitors.

The semiconductor industry is characterized by rapid technological changes. New process technologies using smaller feature sizes and offering better performance characteristics are introduced in the industry every two to three years. The introduction of new technologies allows us to increase the functions per chip while at the same time improving performance parameters, such as decreasing power consumption or increasing processing speed. In addition, the reduction of feature sizes allows us to produce smaller chips offering the same functionality and thereby considerably reduce the costs per function. In order to remain competitive, it is essential that we secure the capabilities to develop and qualify new technologies for the manufacturing of new products. If we are unable to develop and qualify new technologies and products, or if we devote resources to the pursuit of technologies or products that fail to be accepted in the marketplace or that fail to be commercially viable, our business may suffer.

The competitive environment of the semiconductor industry has led to industry consolidation, and we may face even more intense competition from newly merged competitors.

The highly competitive environment of the semiconductor industry and the high costs associated with manufacturing technologies and developing marketable products have resulted in significant consolidation in the industry and are likely to lead to further consolidation in the future. Such consolidation can allow our competitors to further benefit from economies of scale, enjoy improved or more comprehensive product portfolios and increase the size of their serviceable markets. In addition, we may become a target for a company looking to improve its competitive position. Any such corporate event could result in unpredictable consequences, which could have a material adverse effect on our results of operations and financial condition. Consequently, our competitive position may be adversely impacted by consolidation among other industry participants, who may leverage increased market share and economies of scale to improve their competitive position.

If we fail to adequately forecast the demand for our products, we may incur product shortages or excess product inventories.

Our agreements with certain suppliers require us to provide forecasts of our anticipated manufacturing orders, and some suppliers require us to place binding manufacturing commitments in advance of receiving purchase orders from our customers. We are limited in our ability to increase or decrease our forecasts under such agreements. Other manufacturers supply us with product on a purchase order basis. The allocation of capacity is determined solely by our suppliers over which we have no direct control. Additionally, we may place orders with our suppliers in advance of customer orders to allow us to quickly respond to changing customer demand or to obtain favorable product costs. Furthermore, we provide our suppliers with equipment that is used to program our products to customer specifications. The programming equipment is manufactured to our specifications and has significant order lead times. These factors may result in product shortages or excess product inventories. Obtaining additional supply in the face of product, programming equipment or capacity shortages may be costly,

or not possible, especially in the short term since most of our products and programming equipment are supplied by a single supplier. Our failure to adequately forecast demand for our products could materially harm our business or the relationship with our customers.

Our approach to developing solutions for potential customers involves developing solutions for and aligning our roadmap with application processor, sensor, and flash memory vendors. We have entered into informal partnerships with other parties that involve the development of solutions that interface with their devices or standards. These informal partnerships also may involve joint marketing campaigns and sales calls. If our solutions are not incorporated into customer products, if our partners discontinue production of or integration of our solution into their product offerings, or if the informal partnerships do not grow as expected or if they are significantly reduced or terminated by acquisition or other means, our revenue and gross margin will be materially harmed and we may be required to write-off related inventories and long-lived assets.

New business is often subject to a lengthy and uncertain development process, which often requires us to commit significant resources in advance. Even if we begin product designs for customers, customers may cancel or modify their product plans, which could result in no sales from the related products and may adversely affect our operations.

New business is often subject to a lengthy and uncertain development process that typically includes product promotion, sample delivery, validation, pilot production, and bill of materials (“BOM”) qualification. This process may require multiple rounds of review and approval between contract manufacturers and brand customers and often requires us to commit significant resources in advance, including time, money, and manpower. In several of our business areas, we focus on winning competitive bid selection processes, known as “design wins”, to develop products for use in our customers’ products. These selection processes can be lengthy and can require us to incur significant design and development expenditures. We may not win the competitive selection process and may never generate any revenues despite incurring significant design and development expenditures.

Moreover, even if we complete the design-in process and win a product design and then receive corresponding orders from our customers, we may still experience difficulties or delays in generating revenues from such products due to the lengthy development and design cycle as well as pricing and costs. Our customers often evaluate our products for approximately 10 months or longer before designing them into their systems, and even after a design is completed, volume shipments may not commence for approximately an additional 6 months, if at all. In addition, the actual shipment volume may not reach the originally expected level due to changes in market demand. During this lengthy sales cycle, our potential customers may cancel or change their product plans. Customers may also discontinue products incorporating our devices at any time or they may choose to replace our products with lower-cost semiconductors. In addition, we are working with leading customers in our target markets to define our future products. If customers cancel, reduce or delay product orders from us or choose not to release products that incorporate our devices after we have spent substantial time and resources developing products or assisting customers with their product design, our revenue levels may be less than anticipated and our business could be materially harmed.

Finally, if our customers fail to successfully market and sell their products, our results of operations could be materially adversely affected as the demand for our products falls.

If we do not continue to expand into new markets, our future growth may be negatively affected.

Our future growth partially depends on our ability to expand our business into new markets. Entering into new markets successfully requires the satisfaction of a variety of conditions, including obtaining the necessary permits and building or connecting to effective distribution channels. We cannot guarantee that we could satisfy

all the conditions necessary to expand into a new market and effectively expand our market coverage. Therefore, if our efforts in expanding into new markets failed, our future growth may be negatively affected.

Products that do not meet customer specifications or that contain, or are perceived to contain, defects or errors or that are otherwise incompatible with their intended end use could impose significant costs on us.

The design and production processes for our products are highly complex. It is possible that we may produce products that do not meet customer specifications, contain or are perceived to contain defects or errors, or are otherwise incompatible with their intended uses. We may incur substantial costs in recalling or remedying such products with actual or perceived defects, which could include material inventory write-downs. Moreover, if actual or perceived problems with nonconforming, defective or incompatible products occur after we have shipped the products, we might not only bear direct liability for providing replacements or otherwise compensating customers, but could also suffer from long-term damage to our relationship with important customers or to our reputation in the semiconductor industry generally. This could have a material adverse effect on our business, financial condition and results of operations.

The loss of one or more of our significant customers or a decline in demand from one or more of these customers could have a materially negative impact on net sales.

Historically, we have relied on a limited number of customers for a substantial portion of our total sales. In 2023, 2024 and 2025, sales to our five largest customers accounted for 27%, 25% and 30% of our operating revenues, respectively. As a result, the loss of or a reduction in demand from one or more of these customers, either as a result of industry conditions or specific events relating to a particular customer, could have a materially negative impact on net sales.

A reduction or disruption in our production capacity or our supplies could negatively impact our business.

The production capacity of our manufacturing facility could be affected by manufacturing problems. Difficulties in the production process could reduce yields or interrupt production, and, as a result of such problems, we may not be able to deliver products to our customers on time or in a cost-effective, competitive manner. As the complexity of both our products and our fabrication processes has become more advanced, manufacturing tolerances have been reduced and requirements for precision have become more demanding. We have in the past experienced delays in delivery and product quality. Our failure to adequately manage our capacity could have a materially negative impact on our business, which in turn could impact our overall financial condition and results of operations. Furthermore, we may suffer disruptions in our manufacturing operations, either due to production difficulties such as those described above or as a result of external factors beyond our control.

We use flammable materials in our manufacturing processes and are therefore subject to the risk of explosions and fires, which can cause significant disruptions to our operations and/or death, loss of limbs or other significant harm to life, health or environment. If operations at a manufacturing facility are interrupted, we may not be able to shift production to other facilities on a timely basis or at all. In addition, certain of our products are only capable of being produced at a single manufacturing facility and to the extent that any of these facilities fail to produce these products, this risk will be increased. Even if a transfer is possible, transitioning production of a particular type of semiconductor from one of our facilities to another can take more than six to twelve months to accomplish, and in the interim period we would likely suffer significant or total supply disruption and incur substantial costs. Such an event could have a materially negative impact on our business, overall financial condition and results of operations.

Fluctuations in our manufacturing processes, yield and quality may increase our costs and have a negative effect on our results of operations.

Fluctuations in our manufacturing processes, yields and quality, especially for new products, may increase our costs. Difficulties encountered during the complex semiconductor manufacturing process can render a substantial percentage of semiconductor devices nonfunctional. New manufacturing techniques or fluctuations in the manufacturing process may change the performance distribution and yield of our products. We have, in the past, experienced manufacturing interruption due to earthquakes, which may happen from time to time in Taiwan. In addition, during the production process, improper operation of certain machines may also cause components in the product to suffer a significant reduction in functionality or even become completely inoperable, or result in performance below normal levels. Our reliance on third party suppliers may extend the period of time required to analyze and correct these problems. As a result, we may incur substantially higher manufacturing costs, shortages of inventories or reduced customer demand.

Yield fluctuations frequently occur in connection with the manufacture of newly introduced products, with changes in product architecture, with manufacturing at new facilities, on new fabrication processes or in conjunction with new backend manufacturing processes. Newly introduced solutions and products are often more complex and more difficult to produce, increasing the risk of manufacturing related defects. New manufacturing facilities or processes are often more complex and take a period of time to achieve expected quality levels and manufacturing efficiencies. While we test our products, including our software development tools, they may still contain errors or defects that are found after we have commenced commercial production. Undetected errors or defects may also result from new manufacturing processes or when new intellectual property is incorporated into our products. If our products or software development tools contain undetected or unresolved defects, we may lose market share, experience delays in or loss of market acceptance, reserve or scrap inventories or be required to issue a product recall. In addition, we would be at risk of product liability litigation if defects in our products were discovered. Although we attempt to limit our liability to end users through disclaimers of special, consequential and indirect damages and similar provisions, we cannot assure you that such limitations of liability will be legally enforceable.

We rely on certain manufacturing partners and other third parties, and our business could be harmed if they fail to perform as expected or relationships with them were to be terminated.

As part of our operations, we maintain relationships with multiple outsourced semiconductor assembly and test (“OSAT”) partners and other service providers to support our semiconductor manufacturing activities. If our manufacturing partners encounter financial difficulty or change their business strategies, they may no longer be able or willing to continue relationships with us. Our business could be harmed if any of our manufacturing partners were to discontinue or reduce business with us. To the extent we rely on third-party manufacturing relationships, we face the risks of:

- an inability to maintain continuing relationships with our manufacturing partners and service providers;
- the inability of our manufacturing partners to develop manufacturing methods appropriate for our products and their unwillingness to devote adequate capacity to produce our products;
- reduced control over delivery schedules and product costs; and
- limited ability to meet customer demand when faced with product shortages.

If any of these risks materialize, we could experience an interruption in our supply chain or an increase in costs, which could delay or decrease our revenues or adversely affect our business, financial condition and results of operations.

We outsource a portion of our production activities to third-party contract manufacturers. If one or more of these third-party facilities or partners are delayed, interrupted or eliminated, we may not be able to satisfy customer demand.

We outsource a portion of our production activities to third-party contract manufacturers. For example, we outsource packaging and testing activities of our IC products. If one or more of these third-party facilities or partners are delayed, interrupted or eliminated, we could have difficulties or delays in fulfilling our customer orders, and our sales could decline. In addition, if a third-party contract manufacturer fails to deliver quality products and components on time and at reasonable prices, we could have difficulties fulfilling our customer orders, and our sales could decline. As a result, our IC products, overall financial condition and results of operations could be adversely affected.

While we take measures to ensure the quality and reliability of our outsourcing manufacturers, there can be no assurance that our current or future outsourcing manufacturers will be able to always make timely delivery or fulfill our quality requirements. To the extent we rely on alliances and third-party design and/or manufacturing relationships, we face the following risks:

- reduced control over delivery schedules and product costs;
- manufacturing costs that are higher than anticipated;
- inability of our manufacturing partners to develop manufacturing methods and technology appropriate for our products and their unwillingness to devote adequate capacity to produce our products;
- decline in product reliability;
- inability to maintain continuing relationships with our suppliers; and
- restricted ability to meet customer demand when faced with product shortages.

Our internal manufacturing costs include depreciation and other fixed costs, while costs for products outsourced are based on market conditions. Prices for IC products also vary depending on capacity utilization rates at our suppliers, quantities demanded, product technology and geometry. Furthermore, these outsourcing costs can vary materially from quarter-to-quarter and, in cases of industry shortages, they can increase significantly, negatively impacting our gross margin.

If any of these risks are realized, we could experience an interruption in our supply chain or an increase in costs, which could delay or decrease our net sales or otherwise adversely affect our business, overall financial condition and results of operations.

Our business could suffer if third-party service providers fail to perform as expected.

We have outsourced a number of business functions and processes, including some of our IT services, which may comprise the usual risks of such outsourcing in case a service provider encounters difficulties providing the required services. For example, if a service provider is not able to provide the agreed services, we may not be able to replace such service provider on short notice, which may have an adverse effect on our business.

We rely on a limited number of suppliers of manufacturing equipment and materials and could suffer shortages if these suppliers were to interrupt supply or increase their prices.

Our manufacturing operations depend upon obtaining deliveries of equipment and adequate supplies of materials on a timely basis. We purchase materials from a number of suppliers on a just-in-time basis. From time to time, suppliers may extend lead times, limit supply to our Company or increase prices due to capacity constraints or other factors. Because the equipment that we purchase is complex, it is difficult for us to substitute one supplier for another or one piece of equipment for another. Some materials are only available from a limited number of suppliers. In 2023, 2024 and 2025, our purchases from our five largest suppliers accounted for 51%, 44% and 45% of our total procurement from all suppliers, respectively. Although we believe that supplies of the materials we use are currently adequate and measures have been taken to manage the risk of shortfall in supplies, shortages could occur in critical materials, such as silicon chips, process chemicals and special gases used in production, due to interruption of supply or increased industry demand. In addition, the memory IC industry is subject to cyclical supply–demand imbalances, and periods of industry-wide shortages or tight supply conditions may place additional pressure on upstream materials or equipment. Our overall financial condition and results of operations would be hurt if we were not able to obtain adequate supplies of quality equipment or materials in a timely manner or if there were significant increases in the costs of equipment or materials.

We may be adversely affected by rising prices of and shortage of raw materials and key components.

We are exposed to fluctuations in raw material prices and the availability of our key raw materials, including silicon wafers, process chemicals and special gases. Unanticipated increases in raw material and key components requirements or prices, the imposition of tariffs, and changes in supplier availability or supplier consolidation, could increase production costs and adversely affect profitability as fixed-price contracts may prohibit our ability to charge the customer for the increase in raw material prices and key components prices. In the recent past, wafer, gold, copper and petroleum-based organic polymer prices in particular have fluctuated on a worldwide basis. If we are not able to compensate for or pass on our increased costs to customers, such price increases could have an adverse impact on our gross profit and financial results.

Our operations could involve the use of regulated materials, and we may incur substantial cost to comply with applicable environmental, health and safety laws and regulations.

We are subject to laws and regulations relating to the use, handling, storage, disposal and human exposure to materials, including hazardous materials. If we were to violate or become liable under environmental, health and safety laws in the future as a result of our inability to obtain permits, human error, accident, equipment failure or other causes, we could be subject to fines, costs or civil or criminal sanctions, face third-party property damage or personal injury claims or be required to incur substantial investigation or remediation costs, any of which could have a material adverse effect on business, results of operations and financial condition.

We also face increasing complexity in our product design as we adjust to new requirements relating to the materials composition, energy efficiency and recyclability of our products. We expect that our operations will be affected by other new environmental laws and regulations on an ongoing basis that will likely result in additional costs, and could require that we change the design and/or manufacturing of products, and could have a material adverse effect on business, results of operations or financial condition.

The global nature of our operations exposes us to increased risks inherent in engaging in international business and compliance obligations.

We have business operations in Taiwan, Japan, the United States, Chinese Mainland, Germany, India, Korea, Hong Kong, Singapore and Israel. In addition, we generate operating revenue from numerous countries. Our business is therefore subject to risks involved in international business, including:

- negative economic developments in foreign economies and instability of foreign governments, including the threat of war;

- terrorist attacks, epidemic, pandemic or civil unrest;
- financial risks, such as longer payment cycles and difficulty in collecting accounts receivable in certain countries;
- changes in laws and policies affecting trade and investment; and
- varying practices of the regulatory, tax, judicial and administrative bodies in the jurisdictions where we operate.

Substantial changes in any of these conditions could have an adverse effect on our business and results of operations. Our results of operations could also be hurt if demand for the products made by our customers decreases due to adverse economic conditions in any of the regions where they sell their own products.

We may continue to engage in mergers, acquisitions, joint ventures, spin-offs, divestitures, restructurings, investments or other transactions. We may not be able to complete these transactions, and even if executed, these transactions pose significant risks and could have a negative effect on our operations.

In September 2020, we completed the acquisition of the semiconductor business of Panasonic Corporation by our subsidiary, Nuvoton. We may, from time to time, pursue strategic mergers, acquisitions, joint ventures, spin-offs, divestitures, or investments in businesses, technologies or assets that are suitable for our existing operations or enhance our technological capabilities and market position. Our ability to grow through such transactions depends on the availability of suitable targets or investment opportunities, our ability to negotiate acceptable terms and our assessment of various factors relating to potential targets, including but not limited to:

- technologies, product portfolios and research and development capabilities;
- market position and reputation;
- financial condition and operating results;
- manufacturing capabilities, technology development and supply chain resources;
- the experience and capabilities of the management team; and
- the degree to which the acquired technologies, operations or businesses can be integrated with our existing operations.

The completion of such transactions may also be subject to a number of risks, including but not limited to:

- our ability to obtain financing on acceptable terms or at all;
- restrictions under our existing financing arrangements; and
- uncertainties relating to regulatory approvals and the legal and regulatory environment applicable to mergers, acquisitions or investments.

These transactions may pose significant risks to our business and may dilute the ownership interests of our existing shareholders, which may have a material adverse effect on our business, financial condition and results of operations. These risks include difficulties in integrating technologies, operations and personnel,

diversion of management attention from our existing business and the potential loss of key personnel, customers or suppliers of the acquired businesses. In addition, we may not realize the anticipated benefits, synergies or strategic advantages from such transactions. We cannot assure you that we will be able to identify suitable targets or investment opportunities, complete such transactions on satisfactory terms or successfully integrate acquired businesses or realize the anticipated benefits from such transactions.

We may not be able to protect our proprietary intellectual property and may be accused of infringing the intellectual property rights of others.

Our success depends on our ability to obtain patents, licenses and other intellectual property rights covering our products and our design and manufacturing processes. The process of seeking patent protection can be long and expensive. Patents may not be granted on currently pending or future applications or may not be of sufficient scope or strength to provide us with meaningful protection or commercial advantage. In addition, effective copyright, trademark and trade secret protection may be unavailable or limited in some countries, and our trade secrets may be vulnerable to disclosure or misappropriation by employees, contractors and other persons.

Competitors may also develop technologies that are protected by patents and other intellectual property rights. These technologies may therefore either be unavailable to us or be made available to us only on unfavorable terms and conditions.

Litigation, which could require significant financial and management resources, may be necessary to enforce our patents or other intellectual property rights or to defend against claims of infringement of intellectual property rights brought against us by others. In addition, our use of AI or incorporation of AI-enabled tools into our operations may be subject to relevant intellectual property laws and regulations. Legal proceedings or lawsuits may have a material adverse effect on our business. We may be forced to stop producing substantially all or some of our products or to license the underlying technology upon economically unfavorable terms and conditions or we may be required to pay damages for the prior use of third-party intellectual property.

Our business and overall financial condition could be adversely affected by current or future litigation.

We may from time to time be a party to lawsuits in the normal course of our business, including suits involving allegations of intellectual property infringement, product liability and breaches of contract. The results of complex legal proceedings are difficult to predict, and an unfavorable result could lead to severe consequences for us. For instance, if a United States court finds us to have used a third party's intellectual property right without the necessary permission, we could be liable to pay treble damages. There can be no assurance that the results of current or future legal proceedings will not materially harm our business, reputation or brand. We maintain liability insurance for certain legal risks at levels our management believes are appropriate and consistent with industry practice. We may incur losses relating to litigation beyond the limits, or outside the coverage, of such insurance, and such losses may have a material adverse effect on the results of our operations or financial condition, and our future provisions for litigation-related losses may not be sufficient to cover our ultimate loss or expenditure. An unfavorable resolution of a particular lawsuit could have a material adverse effect on our business, operating results, or financial condition.

We may be subject to liabilities as a result of personal injury claims based on alleged links between the semiconductor manufacturing process.

In the last few years, there has been increased litigation, media scrutiny and associated reports focusing on an alleged link between working in semiconductor manufacturing clean room environments and certain illnesses and birth defects. Because we utilize these clean rooms, we may become subject to liability as a result of current and future claims alleging personal injury. A significant judgment against us or material defense costs could harm our business, overall financial condition and results of operations.

We have entered into licensing agreements with third parties. If we are not able to obtain third-party licenses necessary to our operation, our ability to manufacture or use of certain semiconductor products or process technologies could be negatively impacted.

We have entered into licensing agreements with third parties relating to manufacture or use of certain semiconductor products or process technologies. However, these licenses may not provide us with the benefits we expect from them. From time to time, we may be required to license additional technology from third parties. These third-party licenses may not be available to us on commercially reasonable terms or at all. Our inability to obtain third-party licenses necessary to our operation could require us to obtain substitute technology at a greater cost or of lower quality or performance standards or delay product manufacturing. Any of these results may limit our ability to manufacture or use of certain semiconductor products or process technologies, which could harm our business, overall financial condition and results of operations.

We may be subject to United States import and export regulations, as such we are exposed to potential risks from import and export activity.

We may be subject to the import and export control laws and regulations of the United States. We have a research and development center for R&D activities located in the United States but we do not conduct production activities by ourselves in the United States. Although our products are not originated in the United States, we cannot guarantee the materials used in our production are not subject to United States import and export regulations, or our products will not be shipped to or have other alliance to the United States. Therefore, we may be subject to the import and export control laws of the United States, which may impose restrictions on business activities, or otherwise require licenses or other authorizations from agencies such as the U.S. Department of State, U.S. Department of Commerce and U.S. Department of the Treasury. These restrictions may impact deliveries to customers or limit development and manufacturing alternatives. If we are not able to remain in compliance with import and export regulations, we might be subject to investigation, sanctions or penalties by regulatory authorities. Such penalties can include civil, criminal or administrative remedies such as loss of export privileges. We cannot be certain as to the outcome of an evaluation, investigation, inquiry or other action or the impact of these items on our operations. Any such action could adversely affect our financial results and the market price of our Common Shares.

We may be adversely affected by property loss and business interruption.

Damage and loss caused by fire, natural hazards, supply shortage, or other disturbance at semiconductor facilities or within our supply chain, at customers as well as at suppliers, can be severe. Thus, even though we have constructed and operate our facilities in ways that minimize the specific risks and that enable a quick response if such events should occur, damages from such events could nonetheless be severe. Furthermore, despite our continued expectations to invest in prevention and response measures at our facilities and to maintain property loss and business interruption insurance, any loss may exceed the amounts recoverable under our insurance policies. As a result, any such events could have a material adverse effect on our business, financial condition and results of operations, and any such loss may exceed the amounts recoverable under our insurance policies.

Natural disasters, epidemics, acts of war or terrorism, cyber-attacks or other factors beyond our control in the future may have a material adverse effect on our business operations, results of operations and financial condition.

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions we conduct our business. These regions may be under the threat of droughts, earthquakes, explosions, floods, fires, ice storms, power shortages or failures, physical attacks, snow storms, terrorist acts, tornados, typhoons, or are susceptible to epidemics, such

as COVID-19, Severe Acute Respiratory Syndrome, avian influenza, H1N1 influenza, H5N1 influenza, H7N9 influenza or Middle East respiratory syndrome, potential wars or terrorist attacks, cyber-attacks, riots, disturbances or strikes. Serious natural disasters may result in a tremendous loss of lives and injury and destruction of assets and disrupt our business and operations. Severe communicable disease outbreaks could result in a widespread health crisis that could materially and adversely affect business activities in the affected regions, which could therefore materially affect our operations. Acts of war or terrorism, riots or disturbances may also injure or cause deaths to our employees, and disrupt our business network and operations. Any of these factors and other factors beyond our control could have an adverse effect on the overall business environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition and results of operations.

In particular, the ROC and Japan are susceptible to earthquakes and have experienced severe earthquakes in the past, which caused significant property damage and loss of life. For example, on January 21 and January 30, 2025, a 6.4 magnitude earthquake and a 5.6 magnitude earthquake struck southern ROC respectively. On August 8, 2024, a 7.1 magnitude earthquake struck in the Hyūga Sea off the coast of Miyazaki Prefecture, Kyushu, Japan. Although we did not experience significant structural damage to the facilities from earthquakes in recent years, there can be no assurance that future earthquakes will not occur and result in major damage to the facilities, which could have a material adverse effect on our results of operations. In addition, the ROC and Japan are also susceptible to typhoons, which may cause damage and business interruptions to companies. Any temporary or sustained adverse impact from future natural disasters or incident may negatively affect the results of operations.

Our operations rely on complex information technology systems and networks, and any disruptions in such systems or networks could have a material adverse impact on our business and results of operations.

Our security systems are designed to protect our customers', suppliers' and employees' confidential information, as well as maintain the physical security of our facilities. We also rely on a number of third-party "cloud-based" service providers of corporate infrastructure services relating to, among other things, human resources, electronic communication services and some finance functions, and we are, of necessity, dependent on the security systems of these providers. Any security breaches or other unauthorized access by third parties to the systems of our cloud-based service providers or the existence of computer viruses in their data or software could expose us to a risk of information loss and misappropriation of confidential information. Accidental or willful security breaches or other unauthorized access by third parties to our information systems or facilities, or the existence of computer viruses in our data or software, could expose us to a risk of information loss and misappropriation of proprietary and confidential information belonging to us, our customers or our suppliers. Any theft or misuse of this information could result in, among other things, unfavorable publicity, damage to our reputation, difficulty in marketing our products, allegations by our customers that we have not performed our contractual obligations, litigation by affected parties and possible financial obligations for liabilities and damages related to the theft or misuse of this information, any of which could have a material adverse effect on our business, financial condition, our reputation, and our relationships with our customers and partners. Since the techniques used to obtain unauthorized access or to sabotage systems change frequently and are often not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

Our products may not be viewed as supporting climate change mitigation in the IT sector and we are subject to risks associated with our customers' substantial demand for electrical power to support their operations.

Our ability to create energy saving products is key to climate change mitigation and business success. In addition, climate change reporting and product certification are increasingly sought by customers and regulators. If we do not satisfy customer requirements for products that help mitigate climate change, and document how they contribute to such change, it could have a material adverse impact on our business, operating results, and financial conditions.

In addition, the operation of our products by our customers can require massive amounts of electrical power. The demand for our products may not be able to increase or remain sustainable if the costs, including electrical power expenses, associated with using our products are burdensome for our clients. For instance, to meet the fast growing demands for computing power in personal computers, servers and AI applications, our IC products can consume a large amount of electrical power during use. Any shortage of electricity supply or an increase in electricity costs in a jurisdiction could negatively impact customer demand in that area.

Our operations may be interrupted, and our expansion may be limited, by power, water or other utility shortages.

We may suffer power outages or interruptions in the ROC or other jurisdictions caused by unstable electricity supply or sudden surges in electricity usage by other power consumers on the same power grid. Our production facilities consume substantial amounts of power in manufacturing processes. Any power shortage, brownout or blackout for a significant period of time may disrupt our manufacturing, and as a result, could have a material adverse impact on our business, financial condition and results of operations. For example, in March 2022, the ROC suffered a massive electrical power outage, which left thousands of homes, offices and factories without power. Such shortages or interruptions in electricity supply could further be exacerbated by changes in the energy policy of the ROC government which made the ROC a nuclear-free region in May 2025. Although the electrical power outage did not have a material impact on our operations, there is no assurance that our operations in such countries will not be affected by power shortages or such administrative measures in the future, thereby causing material production disruption and delay in delivery schedules. If such event occurs, our business, results of operations, financial condition and future prospects could be materially and adversely affected. If we are unable to secure reliable and uninterrupted supply of electricity to power our operations for the production of our products, our ability to fill customers' orders would be severely jeopardized.

The recent water shortage crisis has also been impacting the semiconductor industry in the ROC, which consumes a huge amount of water. In early 2021, the ROC has suffered the worst drought in decades. The storage capacity of most reservoirs in central and southern regions of the Taiwan Island has plummeted to 10% of normal reserves. While we have adopted standard operating procedures to reduce water usage and prepared water tankers to increase supply during the water shortage crisis period, there is no guarantee that future water shortage crises will not have a significant impact on our operations. Future expansions of our operations could be limited by shortages in electricity, water, or other utility, and the limited availability of commercial-use land.

Our business depends substantially on the continuing efforts of our directors, senior management, key personnel, and our ability to maintain a skilled labor force.

We are dependent on our respective boards of directors and senior management for our daily business operations and for formulating and implementing our business strategies and future plans. Our success is, to a large extent, attributable to the experience, expertise and managerial skills of our respective boards of directors and senior management. If one or more of our executive directors or senior management were unable or unwilling to continue in their present positions, we may be unable to identify and recruit suitable replacements in a timely manner, or at all. In addition, if any member of our senior management were to join a competitor or form a competing company, we may lose some of our know-how and customers. There is no assurance that any of our senior management members will not discontinue their service for whatever reason in the future.

Furthermore, recruiting and retaining capable personnel is vital to maintaining the quality of our products, continuously improving our production processes and supporting the expansion of our production capacity. For example, we need to recruit and maintain experienced professionals familiar with our production processes, sales teams with the ability to identify market demands and maintain close relationships with customers, and personnel with relevant experience to maintain and strengthen our internal control systems and procedures. We may also need to employ and retain more management personnel to support our expansion in the future. Competition for

competent personnel, especially qualified technical personnel and operators in the jurisdictions where we operate is intense, and replacing or finding new skilled employees is difficult. If we are unable to attract and retain qualified employees, key personnel and senior management, our business, financial condition and results of operations may be materially and adversely affected.

We may have capital requirements in connection with our business strategy and there is no assurance that we will be able to obtain the financing necessary to fund substantial capital expenditures.

We might need to make substantial capital expenditures in the future, leading to a higher level of fixed costs. In particular, we are expanding our production capacity in certain of our existing production facilities to cater to an expected increase in demand for our products. For example, we plan to expand capacity for NOR and NAND flash products at our Taichung plant in Taiwan in 2026. These capital expenditures will be spent in advance of any additional sales to be generated by new or upgraded production facilities as a result of these expenditures. Given the fixed cost nature of our business, we may in the future incur operating losses if our operating revenues do not adequately recover our capital expenditures. Increases in our production capacity based on anticipated growth in demand for our products may exceed the actual demand requirements, leading to overcapacity and excessive fixed costs.

In the event of adverse market conditions in the future or changes in our growth plan, manufacturing process, product technologies, prices of machinery and equipment or interest rates, our actual expenditures may exceed our planned expenditures and we may not have sufficient sources of liquidity to implement our current operational plan and would need to secure additional financing from external sources. There can be no assurance that external sources of liquidity will be available to fund our ongoing operations or our product development. The failure to obtain financing would hinder our ability to make continued investments in product development, which could materially and adversely affect our business, financial condition and results of operations.

We may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs.

Our operations are funded by equity financings and borrowing arrangements with banks. There is no assurance that we will not incur operating and net losses and negative cash flows from operations in the future. We cannot predict accurately whether operations will generate sufficient cash to fund our ongoing operations. Therefore, in the future, we may require additional capital to fund our ongoing operations and respond to business opportunities, challenges, acquisitions or unforeseen circumstances. However, we may not be able to timely secure additional debt or equity financing on commercially acceptable terms, or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to grow or support our business and to respond to business opportunities and challenges could be significantly limited.

In addition, if we raise additional funds through issuances of equity, convertible debt securities or other securities convertible into equity, our existing shareholders, including holders of the Common Shares upon conversion of the Bonds, could suffer significant dilution in their percentage ownership of our company, and any new equity securities we issue could have rights, preferences and privileges senior to those of holders of the Commons Shares.

Our operating results may be affected by a number of factors, and as a result we may not be able to meet the expectations of securities analysts and investors, which could cause the price of our Common Shares to decline.

Our operating results may be affected by a number of factors, many of which are not within our control. If our operating results do not meet the expectations of securities analysts or investors, the market price of our Common Shares will likely decline. Our reported results can be affected by numerous factors, including:

- the overall cyclicity of, and changing economic and market conditions in, the semiconductor industry, as well as seasonality in sales of consumer products in which our products are incorporated;
- our ability to scale our operations in response to changes in demand for our existing products and services or demand for new products requested by our customers;
- intellectual property disputes, customer indemnification claims and other types of litigation risks;
- the gain or loss of a key customer, design win or order;
- the timing, rescheduling or cancellation of significant customer orders and our ability, as well as the ability of our customers;
- to manage inventory;
- changes in accounting rules;
- our success in implementing cost reductions measures; and
- the length of particular product development cycles.

Due to the foregoing factors and the other risks discussed in this offering circular, investors should not rely on quarter-to-quarter comparisons of our operating results as an indicator of future performance.

Our results of operations and financial condition can be adversely impacted by changes in exchange rates.

Our results of operations can be negatively affected by changes in exchange rates, particularly between the US dollar, on the one hand, and the NT dollar and Japanese Yen, on the other hand. The appreciation of the NT dollar against the US dollar could adversely impact our pricing advantage. Recently we have witnessed volatility in the exchange rate between the US dollar and the NT dollar. For example, in May 2025, the NT dollar appreciated by nearly 7% against the US dollar, marking the largest single-month appreciation of NT dollar against the US dollar in over 36 years. In addition, the balance sheet impact of currency translation adjustments has been, and may continue to be, material. Furthermore, while we operate in an industry with prices primarily denominated in US dollars and therefore receives a large proportion of our revenues in US dollars, a large proportion of our expenses are in NT dollar and we also report our financial results in NT dollar, which is our operational currency. As a result, our financial results can be significantly negatively affected by exchange rate fluctuations of the US dollar against the NT dollar. Similarly, since a material portion of our costs and expenses are in Japanese yen while the prices of our products are primarily denominated in US dollar, any future appreciation of Japanese Yen against US dollar could negatively affect our profit margin.

Although we use certain financial instruments, such as foreign exchange forward contracts, to alleviate foreign exchange related risks, there is no guarantee that we are completely immune from such risks.

We have entered into certain related-party transactions and may continue to rely on related parties for certain aspects of our operations.

We have entered, and may continue to enter, into transactions with our affiliates. Such transactions cover many aspects of our operations, such as sale and purchase of goods, manufacturing services and lease of office premises. Our operations rely, and will continue to rely, on transactions with such of our affiliates. If the pricing

under such transactions changes, or if our related parties terminate agreements with us, we may be unable to obtain replacements on the same terms without disruption to our business. While our internal policy is to conduct related-party transactions on terms that are substantially the same as those for comparable transactions with non-affiliates, we cannot guarantee that each single transaction with our related parties, currently existing or to be entered in the future, will be on an arm's-length basis and at least as favorable to us as what would be available from unrelated third parties. It could materially and adversely affect our business, operations, results of operations and/or financial condition.

In addition, transactions with our related parties might result in adverse tax consequences to us under the tax laws and regulations of the ROC and other jurisdictions in which we conduct business. Under applicable ROC tax laws and regulations, arrangements and transactions among related parties could be subject to audit or scrutiny by the ROC tax authorities up to seven years after the taxable year when the arrangements or transactions are conducted. We could face adverse tax consequences if the ROC tax authorities were to determine that the contractual arrangements or transactions between us and our related parties were not entered into on an arm's-length basis and therefore constituted unfavorable transfer pricing arrangements on us. Unfavorable transfer pricing arrangements on us could, among other things, result in an upward adjustment on taxation. In addition, the ROC tax authorities could impose a fine (up to two times of the adjusted but unpaid taxes) on us. Our results of operations could be adversely affected if our tax liabilities increase significantly or we are required to pay a fine. Similarly, under Japan's transfer pricing regulations, related-party transactions may be audited by tax authorities for up to seven years after the filing deadline. If these transactions are found not entered into on an arm's-length basis, taxable income may be adjusted, leading to additional taxes. Surcharges for filing or payment errors can reach up to 50% of the adjusted but unpaid taxes, and, in severe cases, criminal sanctions may also apply.

Our business benefits from the support of the ROC government, and a decrease in this support may have a material negative impact on our business.

Our Company has benefited from various incentives provided by the ROC government. For example, as a high-tech enterprise with a focus on research and development, we are eligible to lease factory premises in the Central Technology Science Park. As the ROC government may adjust from time to time the specific conditions for determination of high-tech enterprises in response to the development of its economics and technology, we cannot assure you that our Company will always conform to the applicable conditions. Once the business we are operating is considered by competent ROC authorities to have substantive differences from the conditions for high-tech enterprises published by the ROC government at that time, our position as a high-tech enterprise enjoying certain preferential treatments may be lost. If any of our preferential treatment or our ability to take advantage of these preferential treatments are curtailed or eliminated, our business, overall financial condition and results of operations could be materially and adversely affected.

We are exposed to various tax risks, and several factors could have an adverse effect on our tax burden.

We are subject to, among other taxes, income and transaction taxes in the ROC and other jurisdictions in which we conduct business. An adverse change in the tax laws of the jurisdictions in which we conduct business, such as an increase in tax rates or an adverse change in the tax treatment of an item of income or expense, could result in a material increase in the amount of taxes we incur. For example, the statutory income tax rate applicable to us in the ROC was increased from 17% to 20% effective from January 1, 2018.

In addition, we are subject to periodic audits and other reviews by tax authorities in the jurisdictions in which we conduct business. Such audit, examination and review require input from our management's diverting valuable internal resources. In the event of an unfavorable outcome, such audit, examination and review may result in additional tax liabilities or adjustments to our historical results.

Changes to existing accounting pronouncements or taxation rules or practices may cause adverse revenue fluctuations, affect our reported financial results or how we conduct our business.

New accounting pronouncements or taxation rules and varying interpretations of accounting pronouncements or taxation practices have occurred and may occur in the future. Any future changes in accounting pronouncements or taxation rules or practices may have a significant effect on how we report our results and may even affect our reporting of transactions completed before the change is effective. In addition, a review of existing or prior accounting practices may result in a change in previously reported amounts. This change to existing rules, future changes, if any, or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business and subject us to regulatory inquiries or litigation.

Our deferred tax assets are subject to regular reassessment, which may result in additional valuation allowances.

We recognized deferred tax assets in a total amount of NT\$599.7 million as of December 31, 2025. The realization of deferred tax assets is dependent upon our ability to generate the appropriate character of future taxable income sufficient to utilize loss carry-forwards or tax credits before their expiration. A change of the estimated amounts and character of future income may require additional valuation allowances.

Environmental laws and regulations may expose us to liability and increase our costs.

Some of our manufacturing processes involve the use of hazardous raw materials, and create various hazardous substances. We are subject to the regulations in various jurisdictions relating to the use, storage, discharge and disposal of chemicals and waste used in the manufacturing processes. We cannot guarantee that we will always fully comply with these environmental regulations. Any failure to comply with environmental related regulations or obtain the necessary production certificates and permits could subject us to fines, liabilities and administrative sanctions. In addition, if more stringent regulations are adopted in the future, the costs of compliance could be substantial. Any failure to control the use of or to restrict adequately the discharge of hazardous substances could subject us to monetary fines and liabilities and administrative sanctions. If we are held liable for damages in the event of contamination or injury, it could have a material and adverse effect on our business, financial condition and results of operations.

In accordance with the environmental regulations, we are required to obtain relevant production or environmental certificates and permits. Our ability to obtain, maintain, or renew such certificates and permits on acceptable terms is subject to change, as, among other things, the regulations and policies of relevant governmental authorities may change. In addition, in connection with any mergers, acquisitions, restructurings or similar transactions, we may be required to obtain additional environmental approvals, certificates and permits, or to amend, transfer or renew existing approvals, certificates and permits. We cannot guarantee that we will be successful and timely in obtaining all the required approvals, certificates and permits. Failure to do so may subject us to monetary fines, liabilities and administrative sanctions.

There are uncertainties under the U.S. Outbound Investment Rule that might subject U.S. investors of the Bonds to notification requirements.

On October 28, 2024, the U.S. Department of the Treasury (the “Treasury”) issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the “Outbound Investment Rule”). The Outbound Investment Rule, effective on January 2, 2025, is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China and introduces new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based entities. It targets investments involving entities associated with countries of concern, currently China (including Hong Kong and Macau) and imposes investment prohibition or notification requirements on a

wide range of investments in entities engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum computing, and (iii) artificial intelligence systems. Under the Outbound Investment Rule, entities with meaningful ties with a country of concern and engaged in activities relating to the three sectors are defined as covered foreign persons, and with limited exceptions, equity investments (including investment in convertible bonds) by a U.S. person in a covered foreign person (a “covered transaction”) are subject to prohibition or notification requirements. Violation of such requirements could be subject to (i) a civil penalty up to the greater of (a) twice the value of the transaction that is the basis for the violation and (b) approximately US\$368,000 (adjusted annually for inflation); and (ii) in the case of willful violations, a criminal penalty of up to 20 years’ imprisonment and a fine of up to US\$1 million. Additionally, the Treasury would also have authority to order the nullification or force the divestment of any prohibited investment.

On December 23, 2025, the Treasury issued new guidance regarding compliance with the Outbound Investment Rule in the form of frequently asked questions (the “Treasury FAQ”), including the scope of “excepted transactions” such as a publicly traded securities exception. A U.S. person’s acquisition of a publicly traded security and/or a contingent equity interest that is convertible into, or provides the right to acquire, only a publicly traded security would be an excepted transaction, so long as such investment does not afford the U.S. person rights beyond standard minority shareholder protections. An investment by a U.S. person in the Bonds is expected to qualify as an excepted transaction under the publicly traded securities exception, to the extent that the Bonds are convertible solely into publicly traded equity securities and do not confer rights beyond standard minority shareholder protections. However, the Treasury FAQ provides that any conversion of a contingent equity interest must be analyzed separately.

Accordingly, while the initial acquisition of the Bonds is expected to constitute an excepted transaction under the Outbound Investment Rule, investors must make their own determination as to their own obligations under the Outbound Investment Rule at the time of any conversion of the Bonds into Shares.

There remain uncertainties under the Outbound Investment Rule and we cannot assure you that the Treasury will not change their view and treat the investment in the Bonds by a U.S. person as a covered transaction and thus subject to further requirements under the Outbound Investment Rule. Additionally, the uncertainty in the interpretation of the Outbound Investment Rule may reduce U.S. investors’ interest in our equity securities. In such a case, the trading price of the Shares may be adversely affected, and the value of the Bonds may decline significantly. It could also be detrimental to our capital raising capacity and our business, financial condition and prospects. If we were to be deemed a covered foreign person due to changes in our business operations or amendments to relevant laws and regulations at the time a U.S. person holding our Bonds elects to convert their Bonds, and we elect to satisfy our conversion obligation by delivering Shares, the U.S. person could be subject to the prohibition or notification requirements under the Outbound Investment Rule. Therefore, in such an event, holders of the Bonds may not be able to convert their Bonds into Shares, or may be required to make a notification to the Treasury upon such conversion of the Bonds in the future. In addition, if we were deemed to be a covered foreign person in the future, U.S. persons’ acquisition of the Bonds could be subject to the prohibition or notification requirements under the Outbound Investment Rule, which could in turn affect the transferability of the Bonds. Investors should exercise caution on the potential investment restrictions and compliance obligations that may result from such changes in our business or relevant laws and regulations in the future.

In February 2025, U.S. President Donald Trump released the America First Investment Policy Memorandum, outlining several initiatives to incentivize investment from U.S. allies and partners while restricting investments involving “foreign adversaries” including China. Among other things, the policy aims to expand the industry sectors covered by the Outbound Investment Rule and supplement outbound restrictions through the imposition of sanctions. The proposed restrictions may further increase uncertainties for cross-border collaboration, investment, and funding opportunities of companies with operations in China.

On December 18, 2025, the U.S. Comprehensive Outbound Investment National Security Act of 2025 (the “COINS Act”) became law. Among other things, the COINS Act directs the Secretary of the Treasury to issue regulations restricting the U.S. outbound investments in countries of concern involving certain technologies. The COINS Act is subject to a rulemaking process, which is required to be completed by March 2027, and there is substantial uncertainty regarding how the new law will be implemented. The Treasury FAQ provides that in the meantime, parties should continue to act in full compliance with the Outbound Investment Rule.

Any of the foregoing development remains uncertain and could have a material adverse effect on the Group’s business, financial condition and results of operations.

Risks Relating to the ROC

Disruptions in the ROC’s political and economic environment could seriously harm our business.

We are incorporated in the ROC where our headquarters and a significant portion of our assets are located. Our Common Shares are listed on the TWSE. Accordingly, our business, financial condition, results of operations and the market price of the Shares may be affected by changes in government policies, laws, taxation, inflation, interest rates, social instability and other military, political, economic or social developments in or affecting the ROC.

In addition, the ROC has a unique international political status. Since 1949, Taiwan and Chinese Mainland have been separately governed. The PRC government regards Taiwan as a province of the PRC and does not recognize the legitimacy of its sovereignty. Although significant economic and cultural relations have been established in the past decades between the ROC and the PRC, relations have often been strained. The PRC government has not renounced the use of military force to gain control over Taiwan, particularly under what it considers as highly provocative circumstances, such as a declaration of independence by Taiwan or the refusal by the ROC to accept the PRC’s “one China” policy. Further, the PRC government passed the Anti-Secession Law in March 2005, which authorizes non-peaceful means and other necessary measures should Taiwan move to gain independence from the PRC. Past developments in relations between the ROC and the PRC have on occasion depressed the market prices of the ROC securities market. Relations between the ROC and the PRC and other factors affecting military, political, economic or social conditions in the ROC could materially and adversely affect our financial condition and results of operations, as well as the market price and liquidity of our securities.

The economy in the ROC, similar to the global economy, has faced hardship in the last few years, and it continues to face challenges in the short to medium term. As a result of the recovery from global economic downturn, the ROC has experienced slow economic growth in the last years, and such recovery may not work in the long term to fully recover the severe downturn in economic activities. Continued turbulence in the international market, decline in global consumer spending and future slowdown of economic growth in the ROC may adversely affect our business, prospects, overall financial condition and results of operations.

As we are a public company, actions taken by us or third parties may result in a change in control of the Company.

We are a public company listed on the TWSE. As a result, we may be subject to potential takeovers or acquisitions by third parties through the purchase of our publicly traded Common Shares. In addition, there may be potential mergers or acquisitions, consolidations or share swaps that result in a change of control. A change of control may lead to changes in management, strategies or business direction, as well as the termination of agreements that contain relevant change of control provisions, all of which may have a material and adverse effect on our business, prospects, overall financial condition and results of operations.

Failure to obtain, maintain or renew approvals in connection with inbound or outbound investments from the ROC Department of Investment Review (“DIR”) may materially and adversely affect our financial condition and results of operations.

The DIR, an agency under the administration of the ROC Ministry of Economic Affairs (“MOEA”), has supervisory and regulatory authority for matters relating to, among other things, inbound investments in ROC companies by non-ROC persons and overseas ROC nationals, and outbound investments by ROC companies or individuals. Under current ROC law, ROC individuals and companies are required to obtain prior approval from the DIR before making certain investments or make a report to the DIR within the period of time prescribed by relevant laws and regulations after investment in any other jurisdictions outside the ROC under certain circumstances. There is no assurance that we will be able to continue to satisfy the requirements for, or otherwise obtain, permits or approvals for future and current projects. Failure to obtain, maintain or renew such permits and approvals may impede or hinder our operations, and adversely affect our business prospects, financial condition and results of operations.

The imposition of foreign exchange restrictions may have an adverse effect on foreign investors’ abilities to acquire securities listed in the ROC, including the Common Shares, or to repatriate the interest, dividends or sale proceeds from those securities.

The ROC government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the ROC government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in the ROC. These restrictions may require foreign investors to obtain the ROC government’s approval before acquiring securities listed in the ROC, repatriating the interest or dividends from those securities or repatriating the proceeds from the sale of those securities. There can be no assurance that these restrictions, if imposed, will not adversely affect, among other things, the secondary market price of the Bonds.

Financial reporting requirements and accounting standards in the ROC differ from those in other countries.

We are subject to financial reporting requirements in the ROC that differ in significant respects from those applicable to companies in certain other countries, including the United States. In addition, our consolidated financial statements as of and for the years ended December 31, 2023, 2024 and 2025 have been prepared in accordance with the Taiwan IFRS, which differ in certain material respects from the IFRS. See “Summary of Certain Material Differences between Taiwan IFRS and IFRS.”

We have not prepared a complete reconciliation of our consolidated financial statements as of and for the years ended December 31, 2023, 2024 and 2025 and related footnote disclosure between the Taiwan IFRS and the IFRS, and we have not quantified such differences. Accordingly, no assurance is provided that the disclosure in “Summary of Certain Material Differences between Taiwan IFRS and IFRS” is complete. In making an investment decision, investors must rely upon their own examination of our financial information and the terms of the Bonds. Potential investors should consult their own professional advisers for an understanding of such differences and how they might affect the financial information contained herein.

We are incorporated in the ROC, and because corporate governance under ROC law differs from that under the laws of the United States and other jurisdictions, our corporate governance requirements may not be as developed or of the same standard as those under the laws of the United States and other jurisdictions.

We are incorporated under ROC law, and our corporate governance is governed by our Articles of Incorporation and by the applicable ROC laws and regulations. ROC law does not require a public company to have a majority of independent directors on its board of directors. The ROC Securities and Exchange Act requires

public companies meeting certain criteria as may be promulgated by the FSC from time to time to have at least two independent directors but no less than one-fifth of the total number of the directors. We currently have four independent directors on our 11-member board of directors. Such corporate governance requirements may not be as developed or of the same standard as those under the laws of the United States or other jurisdictions. As such, the holders of the Bonds and our shareholders may have more difficulty in protecting their interests in connection with actions taken by our management or directors than they would as public shareholders in other jurisdictions.

You may not be able to enforce a judgment of a foreign court in the ROC.

We are a company limited by shares and incorporated under the ROC Company Act. Most of our directors and executive officers named in this offering circular are residents of the ROC and a significant portion of our assets and the assets of such persons are located in the ROC. As a result, it may be difficult for investors to enforce judgments obtained outside the ROC against us or such persons in the ROC, including those predicated upon the civil liability provisions of the federal securities laws of the United States. It is also not entirely certain that an action for civil liability predicated solely on the United States federal securities laws could be brought directly in the ROC courts.

Risks Relating to the Bonds and the Common Shares

There are limitations on the Bondholders' ability to exercise conversion rights.

The Bondholders will not be able to exercise conversion rights during any Closed Period, as defined in "Description of the Bonds." In addition, under the current ROC laws, regulations and policies, a PRC person is not permitted to convert the Bonds or to register as the Company's shareholder unless (i) it is a PRC qualified domestic institutional investor ("QDII") who will hold less than 10% of the Company's issued shares after conversion of the Bonds, or (ii) it otherwise obtains the approval of the MOEA if all the business items are within the positive list promulgated by the ROC government from time to time and it will hold 10% or more (or other threshold required by the regulators) of the Company's issued shares after conversion of the Bonds. There are also restrictions on the amount remitted to the ROC for investments by QDIIs, separately and jointly. Accordingly, the qualification criteria for a PRC person to make investment and the investment threshold imposed by the FSC and the TWSE may cause a Bondholder who is a PRC person to be unable to convert the Bonds and hold the Common Shares issuable upon conversion of the Bonds. Under current ROC laws, "PRC person" means an individual holding a passport issued by the PRC, a resident of any area of the PRC under the effective control or jurisdiction of the PRC (but not including a special administrative region of the PRC such as Hong Kong and Macau, if so excluded by applicable laws of the ROC), any agency or instrumentality of the PRC and any corporation, partnership or other entity organized under the laws of any such area, or in countries outside of the ROC or PRC that is directly or indirectly controlled by, or directly or indirectly having more than 30% of its capital owned by, or beneficially owned by any such person, resident, agency, instrumentality, corporation, partnership or entity.

Future issuance, offering or sale of the Common Shares, including any securities that may be convertible into or exchangeable for the Common Shares, by us or, in the case of sale, by our current shareholders may adversely affect the value of your investment.

The market prices of the Bonds and the Common Shares could decline as a result of sales of a large number of the Common Shares or any securities that are substantially similar to the Common Shares including, but not limited to any securities that may be convertible into, or exchangeable for, the Common Shares after this offering or the perception that such sales could occur. In connection with the Offering, we agreed to certain lock-ups, subject to certain exceptions, for a period of 60 days after the Closing Date not to offer, pledge, sell, contract to sell or otherwise transfer or dispose of any Common Shares or any securities convertible into or exercisable or exchangeable for Common Shares without the prior written consent of the Initial Purchasers. See "Plan of

Distribution.” Nevertheless, the Initial Purchasers may lift or waive all or some of these restrictions at their sole discretion, and when the applicable restrictive period expires, we will be able to sell or otherwise dispose of the Common Shares, subject to legal restrictions. In addition, we cannot assure you that any of our shareholders will not sell, or otherwise dispose of, the Common Shares. If our shareholders sell a large number of the Common Shares after this Offering, the market price of the Bonds and the Common Shares could be depressed and the value of your investment could substantially decrease. The market prices of the Common Shares and the Bonds could also decline if substantial amounts of the Common Shares or securities convertible or exchangeable into the Common Shares are sold after the closing of this Offering, or if there is a perception that these sales could occur.

A holder of the Bonds or its designee requesting the conversion of the Bonds may be required to provide certain information to the Company or the Conversion Agent, and failure to provide such information may result in a delay of the conversion.

A holder of the Bonds or its designee requesting the conversion of the Bonds may be required to provide certain information to the Company or the Conversion Agent, including the name and nationality of the person to be registered as the shareholder, the number of Common Shares the person is acquiring and has acquired in the past as a result of the conversion of the Bonds it holds, the Conversion Date, or such other information as may be reasonably required, before such conversion is effected. Under applicable ROC laws, the Company is required to report to the FSC if the person to be registered as a shareholder (i) is a “related party” of the Company as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuer or (ii) will hold, immediately following such conversion, more than 10% of the total number of the Common Shares deliverable upon conversion of the aggregate principal amount of all such Bonds at the time of issue. Failure to provide such information may cause the delay or rejection of such conversion of the Bonds.

A liquid market for the Bonds may not develop, and the market for the Common Shares may not be liquid.

Prior to this Offering, there has been no market for the Bonds. While approval in-principle has been received for the listing and quotation of the Bonds on the SGX-ST, an active trading market for the Bonds might not develop.

The Bonds have not been registered under the securities laws of the United States or elsewhere and cannot be publicly offered, sold, pledged or otherwise transferred in any jurisdiction where such registration may be required. The Bonds may not be publicly offered or sold, directly or indirectly, in the ROC. Furthermore, there has been no trading market for the Common Shares outside the ROC, and the only trading market for the Common Shares is the TWSE.

Holders of the Bonds will bear the risk of fluctuations in the price of the Common Shares.

The market price of the Bonds at any time will be affected by fluctuations in the price of the Common Shares. It is impossible to predict how the price of the Common Shares will change. Trading prices of the Common Shares will be influenced by, among other things, our results of operations and political, economic, financial and other factors that affect capital markets generally. Any decline in the price of the Common Shares would adversely affect the market price of the Bonds.

Fluctuations in the exchange rate between the NT Dollar and the US dollar may have a material adverse effect on the value of the Bonds in US dollar terms.

Although the principal amount of the Bonds is denominated in US dollars, the Common Shares are listed on the TWSE, which quotes and trades the Common Shares in NT dollars. As a result, fluctuations in the exchange

rate between the NT Dollar and the US dollar will affect, among other things, the market price of the Bonds and the US dollar equivalent of the Common Shares received upon conversion of the Bonds.

Furthermore, the Bonds are currency-linked debt instruments. Bondholders are required to pay the subscription money for the Bonds in US dollars, while all amounts due from the Company under the Bonds, will be settled in US dollars, translated to NT dollars at the Fixed Exchange Rate and then translated back to US dollars at the Prevailing Rate. Accordingly, the US dollar return on the Bonds, or yield to maturity, will depend on the principal amount converted into US dollars at the prevailing exchange rate at the time of payment. Any volatility of the exchange rate between NT dollar and the US dollar during the term of the Bonds will affect the return on the Bonds, or yield to maturity, in US dollars. In particular, any devaluation of the NT dollar against the US dollar during the term of the Bonds will decrease the US dollar return on the Bonds and will result in the yield to maturity of the Bonds in US dollars being less than the stated yield to maturity of the Bonds. In the event of a material devaluation of the NT dollar against the US dollar, Bondholders may not receive the full US dollar subscription amount upon redemption of the Bonds.

Holders of the Bonds will have no rights as shareholders until they acquire the Common Shares upon conversion of the Bonds.

Unless and until the holders of the Bonds acquire the Common Shares upon conversion of the Bonds, the holders of the Bonds will have no rights as shareholders, including any voting rights or rights to receive any dividends or other distributions with respect to the Common Shares. Subject to the Indenture and other applicable ROC laws, holders of the Bonds who acquire the Common Shares upon the exercise of their conversion rights will be entitled to exercise the rights of shareholders only as to actions for which the applicable record date occurs after the Conversion Date.

Converting holders of the Bonds are subject to government-imposed requirements of appointing a tax guarantor and local agent in the ROC.

Under current ROC laws, if a non-ROC person is an overseas Chinese or foreign national or entity having not been registered with the TWSE, when exercising the conversion right, such non-ROC person will be required to first register with the TWSE and then appoint a local agent to, among other things, open a securities trading account with a local securities brokerage firm to hold or trade the common shares, open an NT dollar bank account, remit funds, pay ROC tax, exercise shareholders' rights, and perform such other matters as may be designated by the converting holder. In addition, under the current ROC laws, a non-ROC person is required to appoint a local bank to act as custodian for handling confirmation and settlement of trades, safekeeping of securities and cash proceeds, and reporting and declaration of information. Under existing ROC laws and regulations, without satisfying these requirements, a non-ROC person will not be able to hold or to sell or otherwise transfer the Company's Common Shares on the TWSE or otherwise.

In addition, when a non-ROC person converts the Bonds or registers as the Company's shareholder, such non-ROC person will be required under the current ROC laws and regulations to appoint an agent, or a tax guarantor, in the ROC for filing tax returns and making tax payments. A tax guarantor must meet certain qualifications set by the Ministry of Finance of the ROC and, upon appointment, becomes a guarantor of your ROC tax obligations. We cannot assure that such non-ROC person will be able to appoint and obtain approval for a tax guarantor in a timely manner, if at all.

Holders of the Bonds may be subject to the income tax imposed by the ROC when they sell the Common Shares delivered upon conversion of the Bonds.

As used in this section, a "Non-ROC Resident Individual" is a foreign national individual who owns the Bonds or the Common Shares and is not physically present in the ROC for 183 days or more during any calendar

year, and a “Non-ROC Resident Entity” is a corporation or a non-corporate body that owns the Bonds or the Common Shares and is organized under the laws of a jurisdiction other than the ROC and has no fixed place of business or business agent in the ROC. “Non-ROC Resident Individuals” and “Non-ROC Resident Entities” are jointly referred to as “Non-ROC Holders”.

Starting from January 1, 2016, capital gains realized from the sale or disposal of the Company’s Common Shares are exempt from ROC income tax under Article 4-1 of the ROC Income Tax Act. Capital gains realized from the sale or disposal of the Bonds are exempt from ROC income tax. There is no assurance that capital gains realized from the sale or disposal of the Company’s Common Shares may be able to be exempted from ROC income tax in the future.

The value of the Common Shares and the Bonds may be adversely affected by the volatility of the ROC securities market.

The ROC securities market is smaller and more volatile than the securities markets in the United States and in certain European countries. The TWSE has experienced substantial fluctuations in the prices, and has shown particular volatility following certain political events, market events and scandals. Also, there are currently limits on the range of daily price movements on the TWSE. From time to time, the ROC regulatory agencies have intervened in the ROC stock market during periods of extreme volatility. In 2025, the TWSE Index reached a low of 17,391.76 on April 9, and peaked at 28,963.60 on December 31. See “Appendix A—The Securities Market of the ROC.” The TWSE has experienced problems such as market manipulation, insider trading and payment defaults. The recurrence of these or similar problems could adversely affect the market price and liquidity of the securities of ROC companies, including the Bonds and the Common Shares, in both domestic and international markets.

In response to major past declines and volatility in the securities markets in the ROC, and in line with similar activities by other countries in Asia, the ROC government formed the National Stabilization Fund in 2000, which has purchased, and may from time to time purchase, shares listed on the TWSE to support these securities markets in the ROC. In addition, other funds associated with the ROC government have in the past purchased, and may from time to time purchase, shares listed on the TWSE or other securities markets in the ROC. In the future, market activity by government entities, or the perception that such activity is taking place, may take place or has ceased, may cause fluctuations in the market prices and liquidity of the Common Shares.

The Company’s public shareholders may have more difficulty in protecting their interests than they would as a shareholder of a corporation of other jurisdictions.

The Company’s corporate affairs are mainly governed by its Articles of Incorporation and the ROC Company Act. The rights of its shareholders to bring shareholders’ suits against its management, controlling shareholders or board of directors under ROC laws are much more limited than those of the shareholders of corporations of some other jurisdictions. Therefore, the Company’s public shareholders may have greater difficulty in protecting their interests in connection with actions taken by its management, members of board of directors or controlling shareholders than they would as shareholders of corporations of other jurisdictions.

A Bondholder’s right to receive payments on the Bonds is structurally subordinated.

The Bonds will be effectively subordinated to any of the Company’s secured obligations with respect to assets that secure such obligations (but subject to a negative pledge, as described in “Description of the Bonds—Certain Covenants—Negative Pledge”). The terms of the Bonds do not prevent the Company from incurring additional debt in the future, and the Company is generally permitted to secure this indebtedness, although the Company’s existing financial covenants may restrict the Company’s future borrowings. If the Company incurs

further indebtedness, its ability to make payments on the Bonds and, if required, to redeem the Bonds may be adversely affected.

The Company may not have the ability to redeem the Bonds in cash if investors exercise the early redemption right upon the occurrence of a change of control or delisting.

The Company may be required by Bondholders to redeem for cash all or some of their Bonds upon a transaction or event constituting a change of control or delisting as described under “Description of the Bonds.” The Company may not have sufficient funds or other financial resources to make the required redemption in cash at such time or the ability to arrange necessary financing on acceptable terms. In addition, the Company’s ability to redeem the Bonds in cash may be limited by law, by the terms of other agreements relating to the Company’s senior debt, and by indebtedness and agreements that the Company may enter into in the future which may replace, supplement or amend its existing or future indebtedness. If the exercise of the redemption right upon the occurrence of a change of control or delisting occurs at a time when the Company is prohibited from redeeming the Bonds, the Company could seek the consent of lenders to redeem the Bonds or could attempt to refinance the borrowings that contain this prohibition. If the Company is not able to obtain consent or refinance these borrowings, the Company could remain prohibited from redeeming the Bonds. The Company’s failure to redeem Bonds would constitute an Event of Default, which might constitute a default under the terms of the Company’s other indebtedness at that time.

The Company may call the Bonds prior to maturity if the Company has or will become obligated to pay additional amounts as a result of certain changes in applicable tax law.

The Company may call the Bonds prior to maturity if the Company has or will become obligated to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations. In such an event, each Bondholder will have the right to elect that its Bonds shall not be redeemed but, in that case, subject as provided in “Description of the Bonds—Redemption of the Bonds—Redemption for Taxation Reasons,” no additional amounts will be payable on the electing Bondholder’s Bonds after the relevant tax redemption date and payment of all amounts shall be made subject to the deduction of withholding of any taxation required to be withheld or deducted. See “Description of the Bonds—Redemption of the Bonds—Redemption for Taxation Reasons.”

Bondholders have limited anti-dilution protection.

The conversion price of the Bonds will be adjusted in the event that there is a free distribution, bonus issue, division, consolidation and reclassification, declaration of dividends, rights issue, warrants issue, capital distribution or other adjustment, but only in the circumstances and only to the extent provided in “Description of Bonds—Conversion—Adjustments to the Conversion Price.” There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of Common Shares. Events in respect of which no adjustment is made may adversely affect the value of Common Shares and, therefore, adversely affect the value of the Bonds.

The Trustee may request that the Bondholders provide indemnity, security and/or prefunding to its satisfaction.

In certain circumstances, the Trustee may (at its sole discretion) request the Bondholders to provide indemnity, security, and/or prefunding to its satisfaction before it takes steps and/or actions and/or institutes proceedings on behalf of Bondholders. The Trustee shall not be obligated to take any such steps and/or actions and/or institute such proceedings if not indemnified, secured, and/or prefunded to its satisfaction. Negotiating and agreeing to any indemnity, security, and/or prefunding can be a lengthy process and may impact when such steps and/or actions can be taken and/or such proceedings can be instituted. The Trustee may not be able to take such

steps and/or actions and/or institute proceedings, notwithstanding the provision of indemnity, security or prefunding to it, in breach of the terms of the indenture governing the Bonds and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions directly.

USE OF PROCEEDS

The gross proceeds to be received by the Company from the Offering will be US\$750,000,000, before deducting underwriting commissions and related expenses. We intend to use the net proceeds of the Offering for the procurement of machinery and equipment in foreign currencies for the purpose of expansion of production capacity and enhancement of process.

DIVIDENDS AND DIVIDEND POLICY

Our Dividend Policy

Pursuant to our Articles of Incorporation and certain ROC regulatory requirements, we are generally not permitted to distribute dividends or make other distributions to shareholders for any year in which we have no current or retained earnings. Before we can distribute a dividend or make any distribution to shareholders from profits, we must pay all outstanding taxes and duties, offset our losses incurred in previous years, and set aside 10% of our annual net income as legal reserve, unless the accumulated legal reserve has equaled the total paid-in capital of the Company. In addition, we must set aside special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. The remaining earnings along with the undistributed earnings at the beginning of the period are considered as accumulated distributable earnings. In accordance with our Articles of Incorporation, the proposal of earnings appropriation is prepared by the board of directors and resolved by the shareholders. However, to the extent that the dividend is to be distributed in the form of cash, such dividend may be so distributed after being approved by the affirmative vote of the directors at a board of director's meeting attended by two-thirds or more of the total number of the directors without the resolution by the shareholders.

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, which may be distributed in stock dividend or cash dividend (provided, however, that the Company may choose not to pay dividend when the dividend per share does not reach NT\$0.1), and the distribution of cash dividend shall not be less than 50% of total dividends, so as to maintain continuous growth.

Pursuant to our Articles of Incorporation, the board of directors may declare dividends at the end of each half of the fiscal year.

Recent Historical Dividends

On February 10, 2026, our board of directors resolved to propose the distribution of a cash dividend of NT\$0.5 per Share in the total amount of NT\$2,250 million in respect of the 2025 financial year.

On March 14, 2023, our board of directors resolved to propose the distribution of a cash dividend of NT\$1.0 per Share in the total amount of NT\$3,980 million in respect of the 2022 financial year. We paid this dividend on October 6, 2023.

Our historical dividends payment history is not, and should not be taken as, an indication of our potential future practice with respect to dividend payments.

CAPITALIZATION

The following table sets forth under Taiwan IFRS (i) our audited consolidated capitalization as of December 31, 2025 on an actual basis, and (ii) our audited consolidated capitalization as of December 31, 2025, as adjusted for the issuance of the Bonds. The following table should be read in conjunction with our financial statements and the notes thereto included elsewhere herein. The amounts in US dollars are provided solely for the convenience of the reader.

The as adjusted basis gives effect to the issuance of the Bonds before deducting underwriting discount and concession and other offering expenses.

As of December 31, 2025

| | Actual | | As Adjusted for the Bond Offering | |
|--|-----------------------|---------------------|--------------------------------------|---------------------|
| | NT\$ | US\$ ⁽¹⁾ | NT\$ | US\$ ⁽¹⁾ |
| | (in thousands) | | | |
| Short-term borrowings | 25,731,058 | 820,244 | 25,731,058 | 820,244 |
| Long-term liabilities | | | | |
| Bonds payable..... | 4,865,294 | 155,094 | 28,885,544 | 920,802 |
| Long-term borrowings | 21,533,637 | 686,440 | 21,533,637 | 686,440 |
| Equity | | | | |
| Share capital..... | 45,000,002 | 1,434,492 | 45,000,002 | 1,434,492 |
| Capital surplus | 13,751,860 | 438,376 | 13,751,860 | 438,376 |
| Retained earnings..... | 31,692,818 | 1,010,291 | 31,692,818 | 1,010,291 |
| Exchange differences on translation of the financial statements of foreign operations | -1,264,774 | -40,318 | -1,264,774 | -40,318 |
| Unrealized gains on financial assets measured at fair value through other comprehensive income | 18,756,061 | 597,898 | 18,756,061 | 597,898 |
| Total equity | <u>107,935,967</u> | <u>3,440,740</u> | <u>107,935,967</u> | <u>3,440,739</u> |
| Total capitalization ⁽²⁾ | <u>134,334,898</u> | <u>4,282,274</u> | <u>158,355,148</u> | <u>5,047,981</u> |

Notes:

- (1) The principal amount of the Bonds is denominated in US dollars. Solely for the convenience of the reader, unless otherwise noted, all translations from US dollars to NT dollars were made at the noon buying rate in The City of New York for cable transfers in NT dollars per US dollar set forth in the statistical release of the U.S. Federal Reserve Board of the United States, as of December 31, 2025, which was NT\$31.37 = US\$1.00 as of that date.
- (2) Total capitalization comprises long-term liabilities and total equity.

SELECTED FINANCIAL DATA

The selected financial information has been derived from our audited consolidated financial statements as of and for the years ended December 31, 2023 and 2024 and as of and for the years ended December 31, 2024 and 2025, which are presented in conformity with the Taiwan IFRS. You should read the following selected financial information together with our financial statements included elsewhere in this offering circular. Neither these data nor the format in which they are presented should be viewed as comparable to information prepared in accordance with IFRS or generally accepted accounting principles elsewhere. See “Summary of Certain Material Differences between Taiwan IFRS and IFRS.”

Consolidated Financial Information

Consolidated Statements of Comprehensive Income Data

| | For the year ended December 31, | | | |
|--|---|-------------|-------------|---------------------|
| | 2023 | 2024 | 2025 | |
| | NT\$ | NT\$ | NT\$ | US\$ ⁽¹⁾ |
| | (audited) | | | |
| | (in thousands, except for earnings per share information) | | | |
| Operating revenue | 75,006,078 | 81,609,768 | 89,406,171 | 2,850,053 |
| Operating costs | 52,610,352 | 57,608,659 | 58,210,043 | 1,855,596 |
| Gross profit | 22,395,726 | 24,001,109 | 31,196,128 | 994,457 |
| Operating expenses | | | | |
| Selling expenses | 2,128,764 | 2,283,103 | 2,448,236 | 78,044 |
| General and administrative expenses | 4,915,171 | 4,792,444 | 4,903,701 | 156,318 |
| Research and development expenses | | | | |
| | 16,957,826 | 16,406,503 | 18,186,458 | 579,740 |
| Expected credit (gain) loss | | | | |
| | 24,197 | 11,576 | 123,277 | 3,930 |
| Total operating expenses | 24,025,958 | 23,493,626 | 25,661,672 | 818,032 |
| Income (loss) from operations | (1,630,232) | 507,483 | 5,534,456 | 176,425 |
| Non-operating income and expenses | | | | |
| Interest income | 334,058 | 334,399 | 356,544 | 11,366 |
| Dividend income | 548,920 | 363,064 | 216,299 | 6,895 |
| Other income | 341,761 | 377,018 | 474,463 | 15,125 |
| Share of profit (loss) of associates | 456,040 | 221,165 | 119,769 | 3,818 |
| Gains (losses) on disposal of property, plant and equipment | 716,701 | 1,019,587 | 467 | 15 |
| Gains (losses) on disposal of intangible assets | (591) | - | 1,073 | 34 |
| Gains (losses) on foreign exchange | 170,900 | 596,702 | (478,369) | (15,249) |
| Gains (losses) on financial instruments at fair value through profit or loss | (276,176) | (758,204) | 47,680 | 1,520 |
| Interest expense | (991,919) | (1,206,792) | (1,387,102) | (44,217) |
| Other expenses | (367,125) | (342,758) | (274,795) | (8,760) |
| Total non-operating income and expenses | 932,569 | 604,181 | (923,971) | (29,453) |
| Income (loss) before income tax | (697,663) | 1,111,664 | 4,610,485 | 146,972 |
| Income tax expense (benefit) | (732,112) | 402,043 | 1,433,037 | 45,682 |
| Net income | 34,449 | 709,621 | 3,177,448 | 101,290 |
| Other comprehensive income (loss) | (1,304,665) | (7,866,252) | 11,949,712 | 380,928 |
| Total comprehensive income (loss) | (1,270,216) | (7,156,631) | 15,127,160 | 482,218 |
| Net income (loss) attributable to: | | | | |
| Owners of parent | (1,146,522) | 601,001 | 3,961,929 | 126,297 |
| Non-controlling interests | 1,180,971 | 108,620 | (784,481) | (25,007) |
| Total comprehensive income (loss) attributable to: | | | | |
| Owners of parent | (2,236,126) | (7,252,894) | 16,295,891 | 519,474 |
| Non-controlling interests | 965,910 | 96,263 | (1,168,731) | (37,256) |

| | | | | |
|--|--------|------|------|------|
| Earnings (losses) per share | | | | |
| Basic earnings (losses) per share | (0.29) | 0.14 | 0.88 | 0.03 |
| Diluted earnings (losses) per share..... | (0.29) | 0.14 | 0.88 | 0.03 |

Consolidated Balance Sheet Data

| | As of December 31, | | | |
|-------------------------------------|-----------------------------|--------------------|--------------------|------------------|
| | 2023 | 2024 | 2025 | |
| | NT\$ | NT\$ | NT\$ | US\$(1) |
| | (audited) (in thousands) | | | |
| Total current assets | 66,505,389 | 59,515,489 | 73,191,129 | 2,333,157 |
| Total non-current assets | 124,282,555 | 118,268,659 | 119,000,938 | 3,793,463 |
| Total assets | 190,787,944 | 177,784,148 | 192,192,067 | 6,126,620 |
| Total current liabilities..... | 36,032,759 | 41,761,715 | 46,615,224 | 1,485,981 |
| Total non-current liabilities..... | 54,295,007 | 36,863,012 | 31,446,712 | 1,002,445 |
| Total equity..... | 100,460,178 | 99,159,421 | 114,130,131 | 3,638,194 |
| Total liabilities and equity | 190,787,944 | 177,784,148 | 192,192,067 | 6,126,620 |

Consolidated Statements of Cash Flow Data

| | For the year ended December 31, | | | |
|---|---------------------------------|--------------|-------------|-----------|
| | 2023 | 2024 | 2025 | |
| | NT\$ | NT\$ | NT\$ | US\$(1) |
| | (audited) (in thousands) | | | |
| Net cash flows generated by (used in) operating activities..... | 3,601,473 | 11,125,880 | 11,182,762 | 356,480 |
| Net cash flows generated by (used in) investing activities..... | (13,031,551) | (16,657,820) | (7,657,846) | (244,114) |
| Net cash flows generated by (used in) financing activities..... | 6,350,327 | 2,526,916 | (1,561,411) | (49,774) |
| Effects of exchange rate changes on cash and cash equivalents | (360,587) | 142,822 | (330,127) | (10,524) |
| Net increase (decrease) in cash and cash equivalents..... | (3,440,338) | (2,862,202) | 1,633,378 | 52,068 |

Other Financial Data

| | For the year ended December 31, | | |
|---------------------------------------|---------------------------------|-------|-------|
| | 2023 | 2024 | 2025 |
| Gross margin ⁽²⁾ | 29.9% | 29.4% | 34.9% |
| Operating margin ⁽³⁾ | -2.2% | 0.6% | 6.2% |
| Net margin ⁽⁴⁾ | 0.05% | 0.9% | 3.6% |

(1) Translation of amounts from NT dollars into US dollars has been made at the rate prevailing on December 31, 2025 of NT\$31.37 = US\$1.00. The exchange rate is not derived from the audited or unaudited financial statements.

(2) Gross margin is calculated by dividing gross profit by operating revenue, multiplied by 100%.

(3) Operating margin is calculated by dividing income from operations by operating revenue, multiplied by 100%.

(4) Net margin is calculated by dividing net income by operating revenue, multiplied by 100%.

BUSINESS

Overview

We are a global semiconductor company with a comprehensive product and solution portfolio spanning memory, logic ICs and software, underpinned by our IDM model. Our vision is to be a hidden champion in providing sustainable semiconductors to enrich human life.

We operate a complementary business model, in which our memory products, including NOR Flash, NAND Flash, DDR and CMS, account for the majority of our revenue, together with diversified logic products covering MCUs, hardware security and system solutions through our subsidiary Nuvoton. Furthermore, our software business units complement our hardware portfolio with integrated solutions. Our business model enables us to deliver differentiated solutions and deepen customer engagement across our target applications.

We maintain market leadership in NOR Flash and SLC NAND Flash. According to our internal assessment, we hold nearly one-third of the global serial flash market share in 2024, which provides meaningful economies of scale and strengthens our resilience to manage cyclicality. We are also one of the leaders in CMS, offering power-efficient products designed and optimized for specific applications, particularly in edge AI use cases where customers demand tailored performance, power and form-factor characteristics.

Since our establishment in 1987 and listing on the TWSE in 1995, we have been consistently pursuing excellence by continual product innovation. We maintain a robust global presence through extensive operations and strategic manufacturing facilities. Our operations and distributor network span major markets including Taiwan, the United States, Chinese Mainland, Japan, Germany, India, Korea, Hong Kong, Singapore and Israel. We operate two 12-inch highly intelligent and automated wafer fabrication facilities in Taiwan at the Central Taiwan Science Park (“CTSP Fab”) and the Kaohsiung Science Park (“Kaohsiung Fab”), reflecting our commitment to high-quality manufacturing. We are the first memory IC company that received the ISO 26262 process certificate in Taiwan.

We benefit from industry tailwinds driven by the strong need for memory specification upgrades due to rapid development of AI and data growth. As processors continue to upgrade to support larger AI clusters and increasingly complex LLM development involving substantial data volumes, memory technology is undergoing fundamental changes to ensure the overall system efficiency, which calls for ongoing upgrades in memory specifications, including higher bandwidth, lower latency and increased density. The rapid expansion of the global datasphere is creating increasing demand for high-density, high-speed and reliable memory solutions. With our strong R&D capabilities and manufacturing scale, we believe we are well positioned to capture such industry tailwinds.

Further, the proliferation of edge AI enabled devices, including smartphones, AI PCs, wearables, autonomous driving and smart home products, is increasing demand for CMS that meet stringent requirements relating to power consumption, bandwidth and form factor and supporting customers’ transition or product specification to a more advanced version. We believe we are well placed to harness these structural growth opportunities by leveraging our strong R&D capabilities on customized solutions to deliver application-optimized memory solutions and by utilizing our manufacturing scale to execute specification migrations efficiently.

With a focus on continual product innovation and sustainability, we have advanced our technology and product development, supported by our R&D capabilities. Our commitment to innovation and sustainability has been recognized with numerous prestigious awards and certifications. For example, we were named a Top 100 Global Innovator by Clarivate for three consecutive years from 2023 to 2025, were selected in the 2025 and 2026 S&P Global Sustainability Yearbook, and received the 2024 National Sustainable Development Award.

Our portfolio of products and solutions spans memory, logic ICs and software, and is supported by our IDM business model:

Memory

- **Code Storage Flash Memory:** Our main products include NOR Flash, NAND Flash and our secure flash product “TrustME”. We also provide heterogeneous memory integration products, such as multi-chip packages (“MCPs”) integrating DDR and NAND Flash and our branded stacked-die flash solution “SpiStack”, which combines multiple dies within a single standard serial peripheral interface (“SPI”) package to optimize board space. These products are applied across personal computers, servers, mobile devices, healthcare products, networking products, smart Internet of Things (“IoT”), consumer electronics and automotive and industrial electronics. In addition, we are committed to driving specification migration of flash memory products. For example, our next-generation 45nm NOR Flash was launched in 2024, representing one of the most advanced process nodes worldwide.
- **Customized Memory Solution (CMS):** We deliver application-tailored products, including Customized Ultra-Bandwidth Elements (“CUBE”) solutions that are primarily applied in edge AI applications and are designed to replace third- or fourth-level cache in central processing unit (“CPU”) chiplet designs and corresponding silicon-interposer solutions. Our customized memory products are widely used in computers, communications, consumer electronic products, automotive, and industrial electronics with various specifications, such as 16Mb to 8Gb single data rate dynamic random-access memory (“SDR”) and DDR2, DDR3 and DDR4. Our mobile memory solutions are primarily designed for mobile phones, tablet devices, low-power mobile devices, wearable devices, automotive and industrial electronics, and IoT applications. Our mobile memory solutions include HyperRAM, a low-power, high-speed memory designed for embedded systems that provides working memory through a simplified interface and mobile DRAM. Our HyperRAM products are available ranging from 32Mb to 512Mb, and our mobile DRAM products are available ranging from 256Mb to 8Gb.

As an IDM, we conduct key stages of the semiconductor value chain in-house, including design and wafer fabrication, which enables us to maintain greater control over technology development, production quality, cost efficiency and supply chain management. In addition, under the IDM model, we are able to leverage our wafer fabrication plants, process technologies and product development teams to develop derivative manufacturing processes tailored to segmented market needs, enabling the development of application-specific flash and customized memory.

Logic IC

We provide logic IC solutions through our subsidiary Nuvoton. We specialize in providing critical semiconductor products and solutions including MCUs, baseboard management controllers (“BMCs”), embedded controllers (“ECs”) and platform root of trust (“PRoT”) solutions, such as

trusted platform modules (“TPM”) and OpenTitan-based implementations. The applications of our logic IC solutions include data centers, hyperscale, AI servers, infrastructure security, edge computing, and enterprise personal computers.

Software

Our wholly owned subsidiaries in Japan, Atfields Manufacturing Technology Corporation (“AMTC”) and Miraxia Edge Technology Corporation (“METC”), serve as our software business units and complement our hardware portfolio with integrated software solutions. The software capabilities offered from AMTC and METC enhance our ability to deliver differentiated solutions and deepen customer engagement across our target applications.

Our Competitive Strengths

We believe the following competitive strengths differentiate us from our competitors and have contributed to our success:

A key enabler of the expanding edge AI era through leadership in customized memory

We support the expanding edge AI era by offering an advanced and broad portfolio of memory and logic products that enable efficient, secure and responsive on-device AI capabilities.

Edge AI is poised to be the next major technological megatrend, driving the widespread adoption of on-device AI in consumer and enterprise applications. Edge AI devices place stringent demands on memory solutions, requiring extreme energy efficiency, ultra-low latency, instant-on functionality, and specific form factors. As a leading provider of CMS, including our CUBE technology, we are well positioned to address the diverse requirements of AI-enabled devices through customized solutions. Our CUBE technology is specifically designed for edge AI computing. It offers high-bandwidth characteristics enabling high-speed AI workloads, while addressing key limitations of traditional high-bandwidth memory (“HBM”), including high power consumption, higher cost and larger package size, which may constrain its use in smaller products, such as consumer electronics. Therefore, CUBE is particularly suitable for AI-enabled applications where space is limited, such as premium smartwatches, AR/VR glasses and certain advanced driver assistance systems.

In addition, we are able to address requirements of edge AI devices through our broad product portfolio including memory, logic ICs and software to serve a wide range of edge AI-related products. Our NOR Flash and SLC NAND Flash products support reliable and efficient on-device AI operation and as mentioned above, our CMS are designed to meet customer-specific constraints relating to power budgets, thermal profiles, bandwidth and packaging.

By strategically allocating resources toward edge-related verticals and leveraging our application know-how, we seek to deepen customer engagement, expand design-in opportunities in edge AI devices and strengthen resilience against end-market volatility through our CMS.

Differentiated and comprehensive product portfolio providing one-stop solutions

We provide a differentiated and comprehensive “Memory + Logic” product portfolio, together with our software business, enabling us to provide one-stop semiconductor solutions to customers across a wide range of applications.

Our memory portfolio spans NOR Flash, NAND Flash and various working memory products, which enables us to support diverse use cases with varying demands relating to performance, power consumption, density and reliability. Further, we complement our memory

offerings with a broad spectrum of logic IC products through our subsidiary Nuvoton, thereby enhancing our ability to deliver more complete semiconductor solutions. In addition, we offer software solutions that support system development and integration. By offering memory, logic and software solutions within our Group, we seek to provide customers with coordinated support across product categories and to expand our engagement with customers across their system-level designs.

We believe our integrated “Memory + Logic” approach provides tangible benefits to customers and strengthens the resilience of our business. By providing one-stop solutions, we can simplify customers’ sourcing and supply chain management and support faster product development and design integration. In addition, our diversified revenue base across memory and logic products can help mitigate end-market volatility by reducing reliance on any single end application or customer segment. Moreover, shared manufacturing resources and technology collaboration between our memory business and Nuvoton’s logic platforms can generate synergies by improving capacity utilization and accelerating product development. We can leverage common process technologies and supply chain efficiencies, while fostering innovation through joint R&D initiatives. In addition, the close alignment of our product portfolios creates meaningful cross-selling opportunities, allowing us to offer more comprehensive solutions to customers, deepen existing relationships, and expand into new end markets. Collectively, these benefits enhance our competitiveness, strengthen customer loyalty, and support more stable and diversified revenue growth.

Long-term commitment to innovation with substantial R&D investment

We commit to continuous innovation, supported by sustained R&D investment and a substantial intellectual property portfolio. We believe our R&D capabilities enable us to anticipate technology shifts, shorten development cycles and deliver differentiated products that address evolving customer requirements. We also seek to protect and enhance the value of our innovations through our intellectual property portfolio, which supports our ability to commercialize new technologies, maintain product differentiation and compete effectively across our target markets.

We focus our R&D efforts on driving specification migration to more advanced process nodes to support better performance by leveraging more advanced manufacturing technologies. In 2024, we launched 4Gb 20nm DDR4 and 45nm NOR flash products, demonstrating that we are at the forefront of advanced process node technology. We have since introduced 8Gb 16nm DDR4 and are on track to launch 24nm SLC NAND Flash by 2026. We believe our capability to execute technology roadmaps across multiple product families supports our competitiveness in markets that demand continuous upgrades in density, bandwidth, latency and energy efficiency.

We also pursue product innovation across our memory and logic portfolios. In flash, our OctalNAND Flash products are designed for applications requiring ultra-high-speed read and write performance. We also offer TrustME products featuring an advanced, multi-layered security architecture, as well as our branded stacked-die flash solution, SpiStack, which combines multiple dies within a single standard SPI package to optimize board space and support customized solutions. In customized memory, we have developed our CUBE and CUBE+ technology, which are designed to address memory bandwidth limitations in demanding AI applications. CUBE’s power consumption is approximately one-fifth that of HBM products, making it well suited for mid-to-small AI workstations and edge applications. Our R&D team continues to develop our CUBE technology, and we expect CUBE products to contribute increasingly to our revenue over time. In the logic domain, we deliver microcontroller and related solutions such as ECs and TPM that support a broad range of computing

and infrastructure applications, including personal computing and data centers, and enhance system manageability and security for client and cloud services.

Our innovation track record is also reflected in our patent portfolio of over 11,500 patent applications and 8,700 granted patents in the world. We continue to invest significantly in R&D across our Group.

Well-recognized service quality and co-development ability by prominent customers and partners

We are recognized for service quality and reliability, as reflected by our long-standing relationships with a globally diversified customer base across key verticals. We serve customers in computing, mobile, automotive, industrial and consumer electronics, and we believe this broad engagement demonstrates the relevance of our product portfolio and our ability to support customers with different qualification standards, development cycles and supply requirements.

Vertically integrated manufacturing footprint under an IDM model

We operate a vertically integrated manufacturing footprint under an IDM model that encompasses our wafer fabrication facilities, proprietary process technologies and dedicated product development teams, supporting quality, agility and customization of our products and solutions.

Our integrated approach enhances design-to-manufacturing alignment, supports rigorous quality management and enables us to respond more efficiently to changes in customer requirements and market conditions. Our IDM capabilities also allow us to offer higher levels of product customization for segmented applications, which we believe is increasingly important for customers with differentiated performance, reliability and qualification needs.

We continue to invest in and expand our manufacturing capabilities to support anticipated demand and enhance supply assurance for our customers. Our memory wafer production capacity increased from approximately 678 thousand units in 2021 to approximately 760 thousand units in 2025, supported by ongoing capital investments. We have announced a 2026 capital expenditure plan of over NT\$40 billion to further expand capacity and strengthen our manufacturing capabilities in anticipation of sustained memory demand. Our primary manufacturing facilities are strategically located in Taiwan, including at the Central Taiwan Science Park and the Kaohsiung Science Park, and we remain committed to enhancing our global manufacturing presence to better serve our diversified customer base, maintain consistent supply and adapt to evolving market dynamics.

Visionary and experienced management team driving strategic transformation and sustainable long-term growth

We are led by a visionary and experienced management team that guides our strategic transformation through technology cycles while maintaining a focus on sustainable long-term growth. Our leadership team brings decades of industry and management experience across technology development, operations and commercial execution, which we believe strengthens our ability to allocate resources prudently, execute innovation roadmaps and respond to structural shifts in end-market demand. Our management also emphasizes corporate social responsibility and sustainability as integral elements of our long-term strategy.

Our senior leadership team combines deep institutional knowledge with broad global semiconductor experience. Our Chairman and Chief Executive Officer, Mr. Arthur Yu-Cheng Chiao, has led our Company since its establishment in 1987 and brings additional industry experience from his prior service as chairman of the Taiwan Electrical and Electronic Manufacturers' Association

(TEEMA). Our Deputy Chief Executive Officer, Mr. Tung-Yi Chan, has over 37 years of technical and management experience, including roles at Intel and Cypress and as chief executive officer of BCD Semiconductor. Our President, Mr. James Chen, has over 34 years of experience in product marketing, business development and operations management, which supports our ability to execute commercialization and customer engagement strategies across end markets.

We also embed ESG principles into our governance and operational priorities and promote a corporate culture that supports disciplined execution and continuous improvement. We have established long-term sustainability objectives, including targets relating to net-zero emissions and increased renewable energy usage by 2050 and the reduction of Scope 1+2 and Scope 3 emissions by 90% by 2050, and we maintain operational certifications such as ISO 14001, ISO 50001, ISO 46001, ISO 45001 and TOSHMS. Our corporate culture emphasizes integrity, accountability, continuous learning, active innovation and sustainable contribution, and we believe our employees are central to implementing our sustainability strategies and delivering sustainable value over the long term.

Our Growth Strategies

We expect to maintain and further improve our market share and leading market position by adopting the following strategies:

Driving product innovation through continuous R&D efforts

We aim to drive product innovation through intensified R&D by advancing our process technologies and strengthening differentiated solutions across our memory portfolio. We plan to prioritize development of advanced process nodes, including 16nm DRAM and next-generation 45nm/24nm processes for NOR and NAND flash memory, to enhance performance, power efficiency, density and cost competitiveness. By executing disciplined specification migration and accelerating technology roadmaps, we seek to maintain competitiveness in markets where customer requirements continue to evolve rapidly, particularly in AI-related and high-performance computing applications.

We will continue to expand innovation around our CUBE technology to address bandwidth constraints and evolving system architectures, including ongoing development of CUBE+ and wafer-on-wafer technology, with a focus on improving bandwidth, energy efficiency and integration flexibility for targeted use cases. Through these efforts, we aim to broaden our differentiated product offering, deepen engagement with customers seeking application-optimized solutions and reinforce our long-term growth prospects supported by our R&D capabilities.

Diversifying end-application exposure with a focus on edge AI

We are targeting to diversify our end-application exposure while prioritizing edge AI-related growth opportunities to enhance resilience across market cycles and capture structural demand growth. We plan to allocate resources toward key growth areas, including edge servers, automotive, industrial IoT, AIoT, wearable devices and healthcare, where evolving specification requirements and stringent customer qualification and verification processes create entry barriers. These characteristics support longer product lifecycles and underpin more stable and sustainable demand across end markets. Through these concentrated efforts, we seek to reinforce our competitive positioning, deepen customer engagement in strategic verticals and create economies of scale that support cost efficiency and supply assurance.

We are committed to developing high-bandwidth, high-performance, and high-density products that integrate innovative, heterogeneous memory solutions tailored for AI applications. Our

product designs aim to overcome performance bottlenecks and meet integration requirements of AI workloads by optimizing memory architectures and packaging for targeted use cases. Leveraging our R&D expertise and manufacturing scale, we intend to accelerate product development and specification migration, deliver application-optimized solutions, and support customers' evolving platform needs in edge AI and other high-growth markets.

Deepening customer relationships and driving wallet share growth

We aim to deepen customer relationships and increase wallet share in our major customers by continuously enhancing service quality and expanding our collaboration with major customers on highly customized solutions. We plan to further strengthen our account management, technical support and quality assurance capabilities to better support customers across their development cycles, from early-stage design and specification definition through qualification and mass production. By providing responsive engineering support and stable supply, we seek to improve customer experience, increase design-in opportunities and reinforce long-term partnerships.

We will continue to work closely with key customers to develop application-optimized products that address specific performance, power, reliability and form-factor requirements. We believe co-development and customization initiatives enable us to become more deeply embedded in customers' platforms and supply chains, which can support repeat business and expand our share of customer procurement across product generations. Through these efforts, we aim to broaden cooperation beyond individual products, strengthen customer stickiness and drive incremental wallet share over time.

Expanding our manufacturing capacity and capability

We plan to strategically expand our manufacturing capacity to meet growing customer demand, strengthen supply assurance and enhance our global presence. We will align capacity planning with anticipated customer requirements and product roadmaps to support consistent production levels across market cycles, while maintaining disciplined capital allocation and operational execution. We aim to improve responsiveness to customer demand, support long-term customer programs and reinforce our competitiveness in key end markets.

We are committed to advancing manufacturing capabilities in parallel with capacity expansion, including the continued development of advanced wafer-level packaging technologies to support next-generation products. By combining scalable manufacturing resources with upgraded packaging capabilities, we aim to better support customers' migration to new platforms and specifications.

Committing to sustainable operations and corporate social responsibility

We are committed to strengthening our corporate sustainability through continuous investment in environmental protection and responsible business practices. We aim to embed sustainability considerations into our operational planning and decision-making, including through programs that enhance compliance, improve resource utilization and reinforce accountability across our organization. We seek to support long-term operational resilience and create sustainable value for our stakeholders.

We are adopting innovative technologies for pollution control to minimize the environmental impact of our operations. We will continue to enhance measures relating to waste management, emissions control and wastewater treatment, and we aim to improve the effectiveness of

environmental monitoring and management systems through technology upgrades and process optimization. By strengthening prevention, control and continuous improvement mechanisms, we seek to reduce waste and prevent pollution while maintaining high standards of responsible and sustainable operations.

Continue to grow through mergers and acquisitions

As a leading player in semiconductor industry in Taiwan, we also seek to diversify our geographical presence and product portfolio through mergers and acquisitions (“M&A”). In September 2020, we completed the acquisition of the semiconductor business of Panasonic Corporation by our subsidiary Nuvoton, through which we have strengthened our IC product portfolio and expanded our presence into Japan and Singapore. Moving forward, we will continue to identify and pursue M&A opportunities that align with our long-term growth objectives in semiconductor or related industries. By doing so, we aim to unlock synergies and deliver enhanced value to our stakeholders while staying competitive in an ever-evolving industry landscape.

Products and Services

As a global semiconductor company, we have a comprehensive product and solution portfolio spanning memory, including flash memory and CMS, logic ICs and software:

Code Storage Flash Memory

NOR Flash

NOR flash memory is a type of non-volatile memory that retains stored data even when power is removed. It is commonly used for code storage applications, because it allows devices to execute code directly from external flash rather than first copying it to random-access memory (“RAM”).

Our serial NOR Flash portfolio, such as the W25Q series, is offered in a broad range of densities, voltage options and compact packages to meet the needs of space-constrained and power-constrained designs. Our NOR Flash products are commonly used for firmware storage and applications across end markets, including AI and high-performance computing, consumer electronics, automotive, and IoT devices.

NAND Flash

Our serial SLC NAND Flash portfolio, such as the W25N series, provides an alternative code storage solution to our NOR product line through high density. We offer across multiple density points and supports mainstream SPI-based interfaces to enable efficient read performance and robust data integrity. Our NAND Flash products are commonly used where higher density is required in embedded systems, including industrial and networking equipment, as well as automotive and other embedded applications.

Secure Flash

Our secure flash portfolio, such as the TrustME W77Q series, is designed to provide secure code and data storage for embedded systems while remaining compatible with mainstream serial NOR implementations. The W77Q series supports common serial flash interfaces, enabling integration in space-constrained and pin-constrained designs. Our secure flash products can be commonly used to protect connected devices against cloning and tampering across a range of end markets, including IoT and industrial embedded systems, as well as automotive and server-oriented applications where device integrity and secure lifecycle management are important.

SpiStack

SpiStack is our branded “stacked-die” flash solution. Instead of a single flash die in one package, SpiStack stacks multiple flash dies within a single standard SPI package. This architecture enables the system to read from one die while erasing or programming another, ensuring that code execution is not interrupted during updates. Furthermore, during initial programming or code updates, all dies can be erased and programmed simultaneously.

Customized Memory Solution

Customized Ultra-Bandwidth Elements (CUBE)

We deliver application-tailored products through our customized memory solutions, including CUBE, a patented high-bandwidth memory-interface technology designed for power-conscious edge and endpoint AI computing. CUBE uses a 3D architecture with optional through-silicon via (“TSV”) integration to increase input/output (“I/O”) count and data speed and is designed to be adopted in advanced packaging schemes, including chip-on-wafer and wafer-on-wafer structures, as well as 2.5D/3D integration.

CUBE is a compact and cost-effective approach to bringing HBM characteristics to edge AI use cases. It is positioned for advanced edge AI applications, such as premium smartwatches, AR/VR glasses and certain advanced driver assistance systems.

Customized Memory

Our customized memory products, primarily our specialty DRAM portfolio, provide low-density and mid-density DRAM solutions that are widely used in computers, communications equipment, consumer electronics, automotive and industrial electronics. We offer a broad range of specifications across DDR families, with densities spanning from 64Mb up to 16Gb, including DDR/DDR2/DDR3 products for long-lifecycle embedded designs. We also provide DDR4 solutions to serve industrial and embedded applications that require higher density and performance.

Mobile Memory

Our mobile memory solutions include HyperRAM and mobile DRAM products that are designed to provide low-power, high-speed working memory. Our HyperRAM is positioned for space-constrained designs by reducing signal pin count with densities ranging from 32Mb to 512Mb. Our mobile DRAM portfolio is optimized for low power consumption and supports smartphones and tablets, as well as broader mobile consumer electronics and mobile communication applications, with end uses including portable multimedia players, wearables, automotive electronics and other mobile devices. We offer mobile DRAM density points spanning from 256Mb to 8Gb, enabling customers to scale capacity and performance based on their system requirements.

Logic IC

We provide logic IC solutions through our subsidiary Nuvoton. Our logic IC portfolio includes:

- MCUs: Integrated control chips on a single device to manage specific functions in embedded systems.
- BMCs: Dedicated management processors used in servers to monitor system health and enable remote management functions independent of the main CPU.

- ECs: Specialized controllers commonly used in notebooks and other PCs to handle system-level functions such as power sequencing, battery charging, keyboard and thermal management.
- PRoT solutions: Hardware-based security components that establish a trusted foundation for a system by securely storing cryptographic keys and enabling trusted boot, device identity and attestation to protect against firmware tampering and unauthorized access.

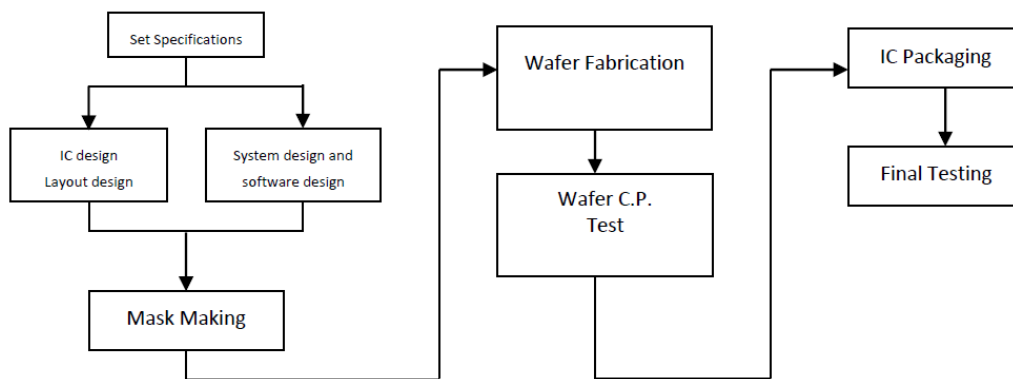
The applications of our logic IC solutions include data centers, hyperscale, AI servers, infrastructure security, edge computing, and enterprise personal computers.

Software

Our software business units in Japan, AMTC and METC, both of which are our wholly owned subsidiaries, complement our hardware portfolio by providing integrated software solutions. AMTC (i) provides a comprehensive manufacturing execution system to factories to optimize the manufacturing environment, (ii) analyzes data and monitors services, and (iii) delivers integrated solutions across digital transformation, manufacturing technology, equipment technology, advanced and mass production design support and maintenance services. METC has system integration capabilities to maximize device performance and streamline application software design, which strengthens our capabilities in software–hardware integrated system design and the development of embedded software solutions for automotive and industrial applications.

Production Process

The integrated circuit manufacturing process consists of five processes: IC design, mask making, wafer fabrication, packaging, and testing. A flowchart is set forth below:



Note: Wafer C.P. test stands for Wafer Circuit Probing test, which is an electrical test performed on each individual die while still on the wafer, before the wafer is diced into individual chips.

Among these five stages, wafer fabrication is also called “front-end” production, which usually takes place at wafer manufacturing facilities, or foundries, and involves the patterning, etching, deposition and implantation of raw silicon wafers with the required electronic circuitry.

Front-end production requires a high level of precision and involves complex manufacturing processes. As an IDM, we conduct wafer fabrication at our own manufacturing facilities in Taiwan and Japan.

After the completion of wafer fabrication, the whole production process also involves the assembly, test and packaging of semiconductors in a form suitable for distribution, which in total is also

called “back-end” production. We handle back-end production through a combination of in-house efforts and outsourcing. We outsource testing and packaging to at least two different qualified suppliers to ensure stability of supply.

Raw Materials and Suppliers

Our key raw materials include silicon wafers, process chemicals, and special gases, all of which are supplied by semiconductor manufacturers based in the United States, Japan, South Korea, and Taiwan. Securing an adequate supply of raw materials at commercially reasonable prices and terms is critical to our business operations.

We source raw materials from suppliers who offer high-quality and cost-effective materials in a timely manner. Furthermore, in response to the concentration risk, we aim to source each raw material from multiple suppliers to establish a diversified supply chain. We generally maintain long-term relationships with a number of key suppliers, so as to retain maximum flexibility and priority supply. In 2023, 2024 and 2025, our purchases from our five largest suppliers accounted for 51%, 44% and 45% of total purchases from all suppliers, respectively.

From time to time, we may experience shortages of various raw materials and components. See “Risk Factors – Shortages in, or rises in the prices of, raw materials or components for products we manufacture may adversely affect our business.” We typically purchase additional stock in excess of our anticipated requirements when we foresee demand fluctuations or supply disruptions.

Customers and Sales

Customers

We have established a strong customer portfolio across different industries. Historically, sales of our products to key customers accounted for a substantial portion of our operating revenue. In 2023, 2024 and 2025, sales to our five largest customers accounting for 27%, 25% and 30% of our operating revenue, respectively.

We sell and market our products through our sales and marketing team located in the Americas and Asia. We devote substantial resources to account management and new business development.

Sales regions

The following table sets out the percentage breakdown of our operating revenue by geographic regions for the periods indicated:

| | For the year ended December 31, | | | | | | |
|---------------|---|---------------|-------------------|---------------|-------------------|---------------|------------------|
| | 2023 | | 2024 | | 2025 | | |
| | NT\$ | % | NT\$ | % | NT\$ | % | US\$ |
| | <i>(in thousands, except percentages)</i> | | | | | | |
| Asia..... | 69,316,314 | 92.4% | 75,612,186 | 92.7% | 83,591,826 | 93.5% | 2,664,706 |
| America | 2,236,890 | 3.0% | 2,122,070 | 2.6% | 2,067,282 | 2.3% | 65,900 |
| Europe | 3,286,593 | 4.4% | 3,676,875 | 4.5% | 3,326,851 | 3.7% | 106,052 |
| Others | 166,281 | 0.2% | 198,637 | 0.2% | 420,212 | 0.5% | 13,395 |
| Total..... | <u>75,006,078</u> | <u>100.0%</u> | <u>81,609,768</u> | <u>100.0%</u> | <u>89,406,171</u> | <u>100.0%</u> | <u>2,850,053</u> |

Production Facilities

We have five constructed production facilities in Taiwan and Japan.

The following table sets forth the location, main products/service of our constructed production facilities:

| Company | Production Facilities | Main Product/Service | Location |
|--------------------------------------|-------------------------------------|---|------------------|
| Winbond Electronics Corporation | CTSP Fab..... Kaohsiung Fab..... | Flash, CMS CMS | Taiwan Taiwan |
| Nuvoton Technology Corporation | Yanxin Plant | Audio, Power | Taiwan |
| Nuvoton Technology Corporation Japan | Uozu Plant..... Arai Plant..... | Laser diode packaging, GaN manufacturing, Laser Diode packaging Trench Metal-Oxide-Semiconductor (TMOS), Medical image sensors, IC card packaging, Wafer-level testing | Japan Japan |

The table below sets forth details of our production capacity and shipment volume for the periods indicated:

Unit: 1,000

| | | For the year ended December 31, | | |
|------------------------|---------------|--|-------------|-------------|
| | | 2023 | 2024 | 2025 |
| | 12-inch wafer | 828 | 762 | 802 |
| Production capacity .. | 6-inch wafer | 536 | 531 | 531 |
| | Wafer | 415 | 423 | 394 |
| Shipment volume..... | Die | 7,067,558 | 7,552,527 | 7,638,144 |

Research and Development

We believe that our future success depends on our ability to continually improve our existing suite of products and to develop new products with improved technologies, features and functionality required by customers for both existing and new markets.

Our research and development expenses were NT\$16,957.8 million, NT\$16,406.5 million and NT\$18,186.5 million (US\$579.7 million) for 2023, 2024 and 2025, respectively, which accounted for 70.6%, 69.8% and 70.9% of our total operating expenses for the respective periods. As of December 31, 2025, our research and development teams consisted of 2,427 full time-employees, of which 911 are based in the ROC, 1,183 in Japan, and 333 in other countries and regions.

Our research and development efforts focus on advancing process technologies, enhancing product performance and reliability, expanding high-value application coverage and strengthening our long-term competitiveness in edge servers, automotive, industrial IoT, AIoT, wearable devices, and healthcare markets.

Our research and development initiatives are centered on the following areas:

Code Storage Flash Memory

We continue to enhance our leadership in serial NOR Flash and SLC NAND Flash by developing products with higher performance, lower power consumption, enhanced security and encryption functions, and wide-voltage operation. We successfully developed our 45nm NOR and 24nm NAND flash manufacturing process technologies. Our NOR Flash 45nm technologies have contributed to a significant increase in our revenue and our NAND Flash 24nm technologies have entered into mass production. These process nodes deliver meaningful improvements in performance, chip area efficiency and cost competitiveness compared with prior generations, while meeting stringent industry reliability standards.

Customized Memory Solutions

We are the first Taiwanese supplier who has successfully developed 38nm, 25nm and 20nm DRAM process technologies and we are advancing our 16nm DRAM node, which has entered into mass production in 2026. Our product roadmap addresses customer requirements for high quality, high reliability, extended product lifecycles and customized specifications, particularly in automotive and industrial applications. We continue to improve yields and cost structure at the 20nm node while optimizing our 20nm Low Power DDR4 product line, known good die (KGD), automotive and industrial electronics, MCPs, and other niche market product portfolio to increase our per-unit area output value and profit margins.

Logic IC

For logic IC, our R&D efforts focus on high-performance MCUs, microprocessors, AI-enabled development platforms and mixed-signal/audio solutions. We have introduced the NuMicro MA35D0 industrial HMI series microprocessors featuring high-performance dual Cortex-A35 cores with clock speeds up to 650 MHz, integrated stacked DRAM, enhanced security architecture and rich connectivity interfaces, enabling cost-efficient and space-saving system integration. Our NuMicro M433 microcontroller series combines 144 MHz high-speed operation with ultra-low power consumption, supporting real-time control and high-speed data acquisition in industrial and consumer systems.

Competition

The market for our products is highly competitive, rapidly evolving and subject to new technological developments, changing customer needs and new product introductions. We compete primarily with global memory IC solution providers, including but not limited to Nanya Technology Corporation, GigaDevice Semiconductor Inc. and Macronix International Co., Ltd.

The competitive factors in our industry include price, quality, lead time, service, technical support, the ability to offer total solutions and the size and reach of the sales and marketing network. We believe that our strong technology and production capabilities afford us competitive advantages relative to our competitors. See also “— Our Competitive Strengths.”

Properties

Our Group’s lands and buildings had a book value of NT\$3,446.6 million and NT\$26,100.1 million, respectively, in the Company’s consolidated accounts as of December 31, 2025. Our Group owned a total of approximately 1,634,109 square meters of land and buildings and leased a total of approximately 440,478 square meters properties. These owned or leased lands and buildings are mainly used for office space, production facilities, employees dormitory, R&D centers, warehouses, and after-sale service centers. For more details of our manufacturing facilities, please see “ – Production Facilities.” Headquartered in Taiwan, we have diversified operation sites across Asia, Europe and the Americas, optimizing resource allocation to improve operation efficiency and meeting our customers’ needs worldwide.

We believe that our existing properties, including both owned and leased, are in good condition and are suitable for the conduct of our business.

Intellectual Property and Licensing

Intellectual Property

Intellectual property is an important aspect of our business, and we actively seek protection for our intellectual property as appropriate. We currently rely on a combination of patents, trade secrets, copyrights, trademarks, contractual commitments and other legal rights to protect our intellectual property.

We regularly review our research and development efforts to assess the existence and patentability of new intellectual property and generally apply for patent protection if our intellectual property carries the potential for wide application across our sectors or is able to give our business a competitive advantage over our competitors.

As of December 31, 2025, we have a broad portfolio of approximately 11,500 patents in various jurisdictions around the world, of which approximately 99.99% are invention patents. We also have approximately 2,800 patent applications pending. However, there can be no assurances that such applications will be approved or that it will not be challenged by third parties. As of December 31, 2025, we have 357 registered trademarks in various jurisdictions globally.

In addition to the protection provided by our intellectual property rights, we enter into confidentiality and proprietary rights or similar agreements that restrict the disclosure of our intellectual property with our employees, customers, suppliers and distributors. We further control the use of our proprietary technology and intellectual property through provisions in both general and product-specific terms of use.

Intellectual property laws, procedures, and restrictions provide only limited protection and any of our intellectual property may be challenged, invalidated, circumvented or otherwise infringed. Furthermore, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the ROC, and we therefore may be unable to protect our proprietary technology in certain jurisdictions. Despite our efforts to protect our intellectual property, unauthorized parties may copy or obtain and use our technology to develop their own products with similar functionality as our own. If our patents or trade secrets fail to protect our intellectual property, we could lose some or all of our competitive advantage, which would enable our competitors to offer similar products. Any inability on our part to adequately protect our intellectual property may have a materially negative impact on our business, financial condition and results of operations.

We own a number of trademarks and, where we consider it desirable, we develop names for our new products and secure trademark protection for them.

Licensing Arrangements

We also have access to a significant number of third-party patents and other know-how as a result of our licensing arrangements with third parties. We have entered into licensing agreements with leading companies and other patent owners, with specified license fees/royalties or on a royalty-free basis, to use certain of the parties' respective patents and intellectual property rights relating specifically to the design, manufacture, or use of certain semiconductor products or process technologies. In the future, we may need to obtain additional licenses or renew existing license agreements.

Legal Matters

We may from time to time be subject to legal proceedings, including patent infringement claims. Although, we rigorously defend ourselves against such claims, the ultimate outcome of such claims cannot be predicted with certainty. In the event of an adverse outcome, we may be required to, among others, pay damages for past infringement, obtain a license under the other party's intellectual property rights for the payment of certain license fees or royalties, make material changes to our products and/or manufacturing processes and cease to manufacture or sell certain products.

As of the date of this offering circular, we were not involved in any material legal, arbitral or administrative proceedings, and we were not aware of any material pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors which could have a material adverse effect on our operations or financial condition.

We regularly assess the likelihood of any adverse outcome relating to any proceedings, claims and regulatory investigations. If it is probable that a liability, including accruals for significant litigation costs, has been incurred and the associated amount can be reasonably estimated, we will make provisions for such liabilities.

Employees

We had 7,986, 8,097 and 8,131 employees as of December 31, 2023, 2024 and 2025, respectively. The following table sets forth the number of our employees in each of our areas of operations and as a percentage of our total workforce as of December 31, 2025:

| | <u>Number of Employees</u> | <u>%</u> |
|--------------------------|----------------------------|--------------|
| Research and development | 2,427 | 29.84 |
| Manufacturing | 2,237 | 27.52 |
| Sales | 162 | 1.99 |
| Management | 1,131 | 13.91 |
| Production Support | 1,599 | 19.67 |
| Administration | 575 | 7.07 |
| Total | <u>8,131</u> | <u>100.0</u> |

The following table sets forth the number of our employees in each of geographic regions and as a percentage of our total workforce as of December 31, 2025:

| | <u>Number of Employees</u> | <u>%</u> |
|--------------|----------------------------|--------------|
| Asia | 7,799 | 95.92 |
| Americas | 119 | 1.46 |
| Europe | 7 | 0.09 |
| Middle East | 205 | 2.52 |
| Africa | 1 | 0.01 |
| Total | <u>8,131</u> | <u>100.0</u> |

Our success is dependent on our ability to attract, retain, train and motivate skilled and qualified engineering, research and management personnel. We have devoted significant attention and resources to recruiting and training our employees in order to enhance their professional capabilities and to instill the qualities that are essential to enable us to realize our long-term goals. We select our personnel through a rigorous process. We recruit graduates from colleges and universities. We also recruit employees through various other channels, including postings on job recruitment websites and human resource agents. From time to time, we employ senior technical and managerial personnel through executive search firms.

We make contribution to employee pension plans in compliance with local laws in the various jurisdictions in which we operate. For the amount of our contributions to employee benefits, see note 24 to our consolidated financial statements as of and for the years ended December 31, 2023, 2024 and 2025 included elsewhere in this offering circular.

As of December 31, 2025, approximately 22% of the Company's employees participated in labor unions. The Company maintains communication with employees through labor-management meetings and other established communication channels. During 2023, 2024, and 2025, no material labor disputes were reported, and the Company considers its labor-management relations to be stable.

Environmental, Health and Safety Matters

We are committed to sustainable development, embedding corporate governance, environmental protection, labor rights, health and safety and ethical standards into our corporate culture

through comprehensive internal control mechanisms and continuous education and training. In 2025, a total of 8,030 employees completed business integrity-related training, achieving a 100% completion rate and totaling 4,015 training hours. To strengthen sustainability oversight, our Board of Directors has established several functional committees, including the ESG Committee, which is accountable to the Board and responsible for formulating corporate sustainability policies and management guidelines, developing sustainability strategies and goals, reviewing and tracking implementation progress and reporting execution results to the Board annually.

We have proactively integrated climate-related considerations into our long-term business operations by adopting the Task Force on Climate-related Financial Disclosures (TCFD) framework since 2021. We annually identify and disclose the financial impacts of climate-related risks and formulate corresponding mitigation and adaptation measures. We continue to implement energy-saving and carbon-reduction initiatives, improve energy efficiency and purchase renewable energy, while tracking the effectiveness of such initiatives through regular governance and management mechanisms, including semi-annual Sustainability Development Committee meetings.

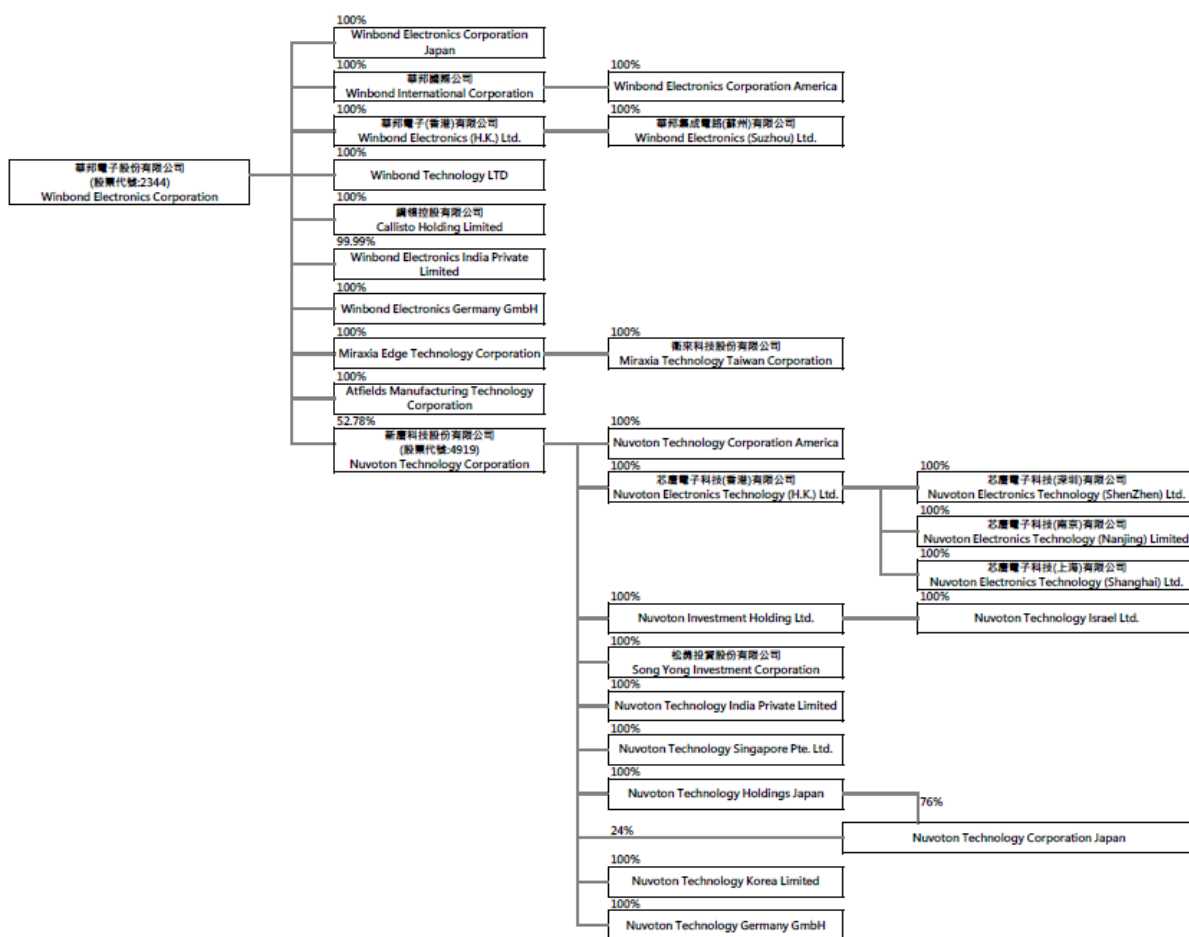
Our long-term and systematic approach to sustainability has received continued external recognition. We were selected in the 2025 & 2026 S&P Global Sustainability Yearbook and awarded the 2024 National Sustainable Development Award, remained a constituent of the FTSE4Good Sustainability Index, and were ranked among the top 20% in the Corporate Governance Evaluation for ten consecutive years, reflecting external recognition of our corporate governance quality and sustainability performance.

Insurance

We have insurance policies covering risks of typhoon, flooding, damage to buildings and machinery due to earthquakes or explosions, marine cargo insurance covering our goods and materials during transportation, which we consider adequate and in line with industry norms. We also maintain commercial general liability and directors' and officers' insurance policies.

Corporate Structure and Subsidiaries

Set forth below is an organizational chart depicting our subsidiaries as of February 28, 2026.



The following table sets forth certain information as of February 28, 2026, regarding our subsidiaries:

| Name | Address | Our Shareholding | Jurisdiction of Incorporation |
|---|---|------------------|-------------------------------|
| Winbond Electronics Corporation Japan | Shin-Yokohama Square Bldg. 9F 2-3-12 Shin-Yokohama, Kouhoku-ku, Yokohama, Kanagawa, Japan 222-0033 | 100% | Japan |
| Winbond International Corporation | Flemming House, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands | 100% | British Virgin Islands |
| Winbond Electronics Corporation America | 32 Loockerman Square, suite L- 100, Dover, Kent 19904, Delaware | 100% | Delaware, United States |
| Winbond Electronics India Private Limited | A-4, Phase-II, Noida, Gautam Buddha Nagar, Uttar Pradesh 201305, India | 99.9% | India |
| Winbond Electronics (H.K.) Ltd. | Suites 23A08-10, 23Ath Floor, The Gateway, Tower 2, 25 | 100% | Hong Kong |

| Name | Address | Our Shareholding | Jurisdiction of Incorporation |
|---|---|-------------------------|--------------------------------------|
| | Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong | | |
| Winbond Electronics (Suzhou) Ltd. | Rm 1206, 12th Floor, No.505, Guang Ming Rd., Huaqiao Town, Kunshan City, Jiangsu Province, China | 100% | China |
| Winbond Technology Ltd | 1 Abba Eban Ave, Building B, First Floor Herzliya: 4672519, Israel | 100% | Israel |
| Winbond Electronics Germany GmbH | Konrad-Zuse-Platz 8, 81829 München, Germany | 100% | Germany |
| Callisto Holding Limited ⁽¹⁾ | Suites 23A08-10, 23Ath Floor, The Gateway, Tower 2, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong | 100% | Hong Kong |
| Miraxia Edge Technology Corporation | 1 Kotari-yakemachi, Nagaokakyo City, Kyoto 617-8520, Japan | 100% | Japan |
| Miraxia Technology Taiwan Corporation | 17 F., No. 539, Sec. 2, Wenxing Rd., Zhubei City, Hsinchu County 302052, Taiwan R.O.C. | 100% | Taiwan |
| Atfields Manufacturing Technology Corporation | 800 Higashiyama, Uozu City, Toyama 937-8585, Japan | 100% | Japan |
| Nuvoton Technology Corporation ⁽²⁾ | No. 4, Creation 3rd Rd., Hsinchu Science Park, Hsinchu City, Taiwan | 52.78% | Taiwan |
| Nuvoton Electronics Technology (Shanghai) Limited | Room 2701, 27F, 2299 Yan An Road (West), Shanghai, P.R. China | 52.78% | China |
| Nuvoton Technology Corporation America | 251 Little Falls Drive, Wilmington, DE 19808, Delaware | 52.78% | Delaware, United States |
| Nuvoton Electronics Technology (H.K.) Limited | Suites 23A08-10, 23Ath Floor, The Gateway, Tower 2, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong | 52.78% | Hong Kong |
| Nuvoton Electronics Technology (Shenzhen) Limited | Room 801, 8F Microprofit Building, Gaoxinnan 6 Road, High-Tech Industrial Park, Nanshan District, Shenzhen, China | 52.78% | China |

| Name | Address | Our Shareholding | Jurisdiction of Incorporation |
|--|---|-------------------------|--------------------------------------|
| Nuvoton Electronics Technology (Nanjing) Limited | Room 1001, 1005, 1006, 10th Floor, T1 Office Building, Huaxincheng, No. 258, Jiangdong Middle Road, Jianye District, Nanjing City, Jiangsu, China | 52.78% | China |
| Nuvoton Investment Holding Ltd. | 3rd Floor, Omar Hodge Building, Wickhams Cay I,P.O. Box 362, Road Town, Tortola, British Virgin Islands | 52.78% | British Islands Virgin |
| Nuvoton Technology Israel Ltd. | 8 Hasadnaot Street, Herzliya B, 4672835 Israel | 52.78% | Israel |
| Song Yong Investment Corporation | 3F, No. 192, Jingye 1st Road, Zhongshan District, Taipei City, Taiwan | 52.78% | Taiwan |
| Nuvoton Technology India Private Limited | PS22-23, Bridge+, Unit No. 02-02 to 15, 2nd Floor, Ascendas Park Square Mall, Whitefield Road, ITPB, Bengaluru, 560066 | 52.78% | India |
| Nuvoton Technology Korea Limited | 706 Room, Trade Tower, Yeongdong-daero 511, Gangnam-Gu, Seoul, Korea, 06164 | 52.78% | Korea |
| Nuvoton Technology Singapore Pte. Ltd. | 3, Bedok South Road, Singapore 469269 | 52.78% | Singapore |
| Nuvoton Technology Holdings Japan | 1 Kotari-yakemachi, Nagaokakyo City, Kyoto 617-8520, Japan | 52.78% | Japan |
| Nuvoton Technology Corporation Japan | 1 Kotari-yakemachi, Nagaokakyo City, Kyoto 617-8520, Japan | 52.78% | Japan |
| Nuvoton Technology Germany GmbH | Konrad-Zuse-Platz 8, 81829 München, Germany | 52.78% | Germany |

Note:

- (1) Callisto Holding Limited is currently in the process of dissolving and liquidating its Taiwan branch, which will subsequently be absorbed by Winbond Electronics (Hong Kong) Limited.
- (2) Nuvoton Technology Corporation has previously accessed the international capital markets in 2025, including through the issuance of convertible bonds in international capital markets as part of its financing activities.

MANAGEMENT

Directors

Our Articles of Incorporation permits our board of directors to consist of no less than nine persons and no more than eleven persons. As of February 28, 2026, we had eleven directors. Each director will serve an officer term of three years and may be re-elected. The following table contains certain information about each of our directors as of February 28, 2026.

| Name | Representative | Position | Position Held Since | Expiration Date of the Current Term | Number and Percentage of Shares held as of February 28, 2026 ⁽¹⁾ |
|---------------------------|----------------|----------------------|---------------------|-------------------------------------|---|
| Arthur Yu-Cheng Chiao | | Chairman | September 4, 1987 | May 30, 2026 | 68,635,673 (1.52%) |
| Chin Xin Investment Corp. | Tung-Yi Chan | Vice Chairman | June 17, 2014 | May 30, 2026 | 284,000,493 ⁽²⁾ (6.31%) |
| Yung Chin | | Director | April 9, 1996 | May 30, 2026 | 518,000 ⁽³⁾ (0.01%) |
| Walsin Lihwa Corp. | Fred Pan | Director | September 4, 1987 | May 30, 2026 | 14,000,630 (0.31%) |
| Chih-Chen Lin | | Director | June 13, 2017 | May 30, 2026 | 995,000,540 ⁽⁴⁾ (22.11%) |
| Wei-Hsin Ma | | Director | June 13, 2017 | May 30, 2026 | - |
| Elaine Shihlan Chang | | Director | May 30, 2023 | May 30, 2026 | - |
| Allen Hsu | | Independent Director | June 17, 2014 | May 30, 2026 | - |
| Stephen T. Tso | | Independent Director | June 14, 2019 | May 30, 2026 | - |
| Chung-Ming Kuan | | Independent Director | May 30, 2023 | May 30, 2026 | - |
| Jong-Peir Li | | Independent Director | May 30, 2023 | May 30, 2026 | - |

Note:

(1) Percentages are calculated based on 4,500,000,193 of total Shares, being the number of total Shares on February 28, 2026.

(2) Representing 284,000,493 shares held by director, Chin Xin Investment Corp.

(3) Representing 518,000 shares held by director's representative, Tung-Yi Chan.

(4) Representing 995,000,540 shares held by director, Walsin Lihwa Corp.

Arthur Yu-Che Chiao is a member of our board of directors and serves as the Chairman and the CEO of our Company. From 2008 to 2019, Mr. Chiao served as the Chairman of Nuvoton Technology Corporation; from 1986 to 1994, he served as the Chairman of Walsin Lihwa Corporation. In addition, he served as the Chairman of Taiwan Electrical and Electronic Manufacturers' Association (TEEMA) from 2007 to 2013. In 2019, he received the ERSO Award and was elected as one of the Laureates of the Industrial Technology Research Institute (ITRI). Mr. Chiao graduated from the Department of Communications Engineering of National Chiao Tung University, and holds a master's degree in electrical engineering from the University of Washington.

Chin Xin Investment Corp. (representative: *Tung-Yi Chan*) is a member of our board of directors and serves as the Vice Chairman. Mr. Chan also serves as the deputy CEO of our Company. Mr. Chan previously served as a senior engineer at Intel, a technical manager at Cypress, a technical manager at Siliconix, and the CEO of BCD Semiconductor. He has more than 33 years of professional experience in the technical and

management fields. Mr. Chan holds a PhD in Electrical Engineering from U.C. Berkeley and a master's degree in Management from Stanford University.

Yung Chin is a member of our board of directors. Ms. Yung Chin currently serves as the Chairman of Theaceae Conservation Corporation. Ms. Chin has served in various positions in the Company, including the Vice President of the Knowledge and Information Management unit from 2002 to 2006, Chief Auditor in 2001, and the Vice President of the Finance Center from 1998 to 2000. In the year that Ms. Chin had served as the Vice President of the Finance Center, she was elected as Financial Officer of the Year. Prior to joining the Company, Ms. Chin served as the Chief Auditor at Walsin Lihwa Corporation. She has more than 30 years of professional experience in the field. Ms. Chin graduated from the Department of Mathematics from National Taiwan University, and holds a master's degree in Applied Mathematics from the University of Washington.

Walsin Lihwa Corp. (representative: *Fred Pan*) is a member of our board of directors. Mr. Pan served as the President of Walsin Lihwa in 2019 and retired in January 2026. He currently serves as the Chairman of a subsidiary of Walsin Lihwa. Before joining Walsin Lihwa Corp., Mr. Pan served as the CFO of Philips Semiconductors Asia Pacific and the CFO of the sales and marketing division of Philips Semiconductors Taiwan. Mr. Pan holds an MBA from Tulane University.

Chih-Chen Lin is a member of our board of directors. He currently serves as a director and the President of Taiwan Mobile, the Chairman of AppWorks, and a director of Momo Co., Ltd. In 2009, he co-founded AppWorks, one of the leading startup accelerators and most active venture capital institutions in Greater Southeast Asia. In addition, He served as the executive director of the Taiwan Internet and E-Commerce Association (TiEA), the co-convenor of the Asia Silicon Valley Civic Advisory Committee, and a member of the Executive Yuan's Digital Nation and Innovative Economic Development Program. Mr. Lin received his BS in Chemical Engineering from National Taiwan University and an MBA from NYU Stern.

Wei-Hsin Ma is a member of our board of directors. She currently serves as the Chairman and the President of HannsTouch Solution Inc. as well as the Chairman of Jinpingguo Investment Corp., Yin Wang Investment Co., Ltd., and Huo Chu Investment Corp. She also serves as a director of HannStar Display Corp., United Integrated Services Co., Ltd., Glorystones Inc., and Hanns Blegrain Ltd. Ms. Ma served as the Chairman of HannStar from March 2012 to March 2015 and chaired the board of Yuanta Securities Investment Trust Co., Ltd. from August 1998 to July 2011. Ms. Ma graduated from the Department of East Asian Language at the University of California, Berkeley. She holds a PhD from the College of Humanities and Social Sciences of Tsinghua University and an Executive MBA from Peking University in China.

Elaine Shihlan Chang is a member of our board of directors. She currently serves as the Vice President of LDC Hotels & Resorts Group. From 2004 to 2016, she served as a Magazine Business Manager at Time Warner in the United States and the Financial Analysis Manager at Alphabet Inc. in Singapore. Ms. Chang graduated with a bachelor's degree in Economics from Wellesley College (Boston) and received an MBA from the Wharton School of the University of Pennsylvania.

Allen Hsu is an independent director of our Company. He currently serves as the Chairman of Unus Tech Co., Ltd., and 3R LIFE SCIENCES LTD. He also serves as a director of Innodisk Corporation, and ACME Electronics Corporation. Mr. Hsu has been a member of the Yulon Group since September 1989. He has served as the Special Advisor to the Chairman, Executive Vice President of Yulon Motor Co., Ltd, and the Deputy Managing Director of Yulon Group. Prior to taking office in the Yulon Group, Mr. Hsu was active in the banking industry. Mr. Hsu has also served as the Deputy Chairman of the Taiwan Venture Capital Association (TVCA). Mr. Hsu graduated from the Department of Management Science of National Chiao Tung University, and holds an MBA from National Chengchi University.

Stephen T. Tso is an independent director of our Company. He served as the Senior Vice President and the Chief Information Officer of information technology/materials and risk management at Taiwan Semiconductor Manufacturing Company (“TSMC”) from 2004 up to his retirement in 2018. He has also held various managerial positions in operational organizations and subsidiaries within TSMC Group, including the Chairman and the CEO of TSMC Solid State Lighting Co., Ltd. and TSMC Solar Co., Ltd. from 2014 to 2015, the President of Wafertech LLC. from 2001 to 2005, the Senior Vice President of Operations at TSMC from 1998 to 2001, the Senior Vice President of TSMC's Worldwide Sales & Marketing from 1997 to 1998, and the Vice President of R&D/technology development at TSMC from 1996 to 1997. Before joining TSMC, Mr. Tso served as the President of the Metal CVD Division and CVD II-Advanced Technology Division at Applied Materials, Inc. He was the Fab Manager and the Vice President at SGS-Thomson Microelectronics from 1989 to 1994. Prior to that, Mr. Tso served at Texas Instruments. Mr. Tso graduated from the Department of Physics at National Taiwan University and holds a master’s degree and a PhD in Materials Science & Engineering from the University of California, Berkeley.

Chung-Ming Kuan is an independent director of our Company. He has previously served as a Tenured Associate Professor of University of Illinois, Urbana-Champaign, a Professor of Economics at National Taiwan University, a Distinguished Research Fellow and a director of Institute of Economics, Academia Sinica, a Republic of China Minister without Portfolio, the Minister of the Council for Economic Planning and Development, the Minister of National Development Council, and the President of National Taiwan University. Mr. Kuan currently serves as the Chair Professor of the Department of Finance, National Taiwan University. Mr. Kuan holds a PhD in Economics from University of California (San Diego).

Jong-Peir Li is an independent director of our Company. He is the Chairperson of TCC Information Systems Corporation. Mr. Li has previously served as the President of TCC Group Holdings CO., LTD., Heping Power Plant and NHOA TCC. Prior to joining the manufacturing industry, Mr. Li has extensive experience in the international financial industry and had served as the CEO of HSBC Taiwan, the Senior Vice President of CTBC Taiwan and the CFO of Citibank Taiwan. Mr. Li holds a PhD in Management of Information System from National Chengchi University, a M.A. in Information Management from Johns Hopkins University and a B.A. in Business Administration from George Washington University.

Arthur Yu-Che Chiao and Yung Chin are spouses, and Wei-Hsin Ma is their relative by marriage. Other than the foregoing, there are no family relationships among the directors listed above.

We have not entered into service contract with our directors. No compensation is payable to our directors upon termination of their services with us, except that pursuant to the ROC Company Act, a director discharged by the shareholders’ meeting during his or her term of office without justifiable reason may claim indemnification against the company.

Board Practices

Audit Committee

Our audit committee consists of four independent directors. Allen Hsu, Stephen T. Tso, Chung-Ming Kuan and Jong-Peir Li are the current members of the audit committee.

The purpose of our audit committee is to review and supervise:

- The acceptable expression of the Company’s financial statements;
- The selection (removal), independence and performance of the Certified Public Account (CPA);

- The effective implementation of the Company’s internal control;
- The compliance with relevant laws and regulations by the Company; and
- The control of the Company’s existing or potential risks.

Remuneration Committee

Our remuneration committee consists of four independent directors. Allen Hsu, Stephen T. Tso, Chung-Ming Kuan and Jong-Peir Li are the current members of the remuneration committee.

The primary responsibilities of our remuneration committee include:

- Regularly reviewing the regulation and propose amendments;
- Formulating and regularly reviewing the policies, systems, standards and structures of directors and managers’ annual performance targets, salary and remuneration; and
- Regularly evaluating the achievement of directors and managers’ performance goals, and determine the content and amount of their individual salary and remuneration.

ESG Committee

Arthur Yu-Cheng Chiao, Allen Hsu, Stephen T. Tso, Chung-Ming Kuan and Jong-Peir Li are the current members of our ESG committee.

The primary responsibilities of our ESG committee include:

- Formulation of policies and directives related to corporate sustainability;
- Setting of short-, medium, and long-term sustainability strategies and goals;
- Reviewing and revising of sustainability initiative implementation and outcomes; and
- Reporting of outcomes to the Board of Directors on an annual basis.

Risk Management Committee

Arthur Yu-Cheng Chiao, Allen Hsu, Stephen T. Tso, Chung-Ming Kuan and Jong-Peir Li are the current members of the risk management committee.

The primary responsibilities of our risk management committee include:

- Oversight of overall risk management at the Company, formulation of risk management policies and frameworks, establishment of qualitative and quantitative management standards, adjustment of such standards based on actual needs and/or objective changes in the competitive landscape;
- Implementation of risk management initiatives passed by the Board of Directors, review of the development, establishment, and implementation of the Company’s risk management system;

- Setting of risk appetite, review and control of overall risks;
- Assistance and oversight of department-level risk management, fostering of risk-related interdepartmental engagement and communication;
- Adjustments to risk types and risk-taking methods based on environmental conditions; and
- Other risk-related matters entrusted by the Board of Directors.

Senior Management

The following table contains certain information about each of our senior executive officers as of February 28, 2026.

| <u>Name</u> | <u>Position</u> | <u>Position held since</u> | <u>Number and Percentage of Shares held as of February 28, 2026</u> |
|-----------------------|----------------------------------|----------------------------|---|
| Arthur Yu-Cheng Chiao | CEO | June 10, 2005 | 68,635,673 (1.52%) |
| Tung-Yi Chan | Deputy CEO | February 9, 2009 | 518,000 (0.01%) |
| James Pei-Ming Chen | President | March 1, 2020 | 1,084,230 (0.02%) |
| Hsiang-Yun Fan | CFO and Executive Vice President | August 1, 2019 | 446,933 (0.01%) |
| Wen-Hua Lu | Vice President | November 1, 2019 | 843 (<0.01%) |
| Wen-Chang Hung | Vice President | July 1, 2020 | 156,077 (<0.01%) |
| Jen-Lieh Lin | Vice President | October 1, 2022 | 524,225 (0.01%) |
| San-Ha Park | Vice President | August 1, 2024 | 100,000 (<0.01%) |
| Ming-Yi Tsai | CIO and Vice President | February 10, 2026 | 98,000 (<0.01%) |

Arthur Yu-Cheng Chiao serves as our CEO. For details, see “—Directors.”

Tung-Yi Chan serves as our deputy CEO. For details, see “—Directors.”

James Pei-Ming Chen serves as the President of our Company. He also serves as the Chairman or a director of affiliates of our Company. He previously served as the Vice President of DRAM Product Business Group of our Company and as the Chairman of Nuvoton Technology Corporation. Mr. Chen holds an EMBA from National Taiwan University and an MSEE from the University of Detroit Mercy.

Hsiang-Yun Fan serves as the Chief Financial Officer and the Executive Vice President of our Company. He also serves as the Chairman or a director of affiliates of our Company. He previously served as the Vice President of Administrative Center of Nuvoton Technology Corporation and as the Vice President of Customized Memory Solution Business Group of Winbond Electronics Corp. Mr. Fan holds an MBA from National Chung Cheng University.

Wen-Hua Lu serves as a Vice President of our Company. He serves as the Vice President of Memory IC Manufacturing Business Group of our Company. He previously served as the Executive of Kaohsiung Fab Factory Planning Team and as the Executive of Memory IC Manufacturing Business Group of our Company. Mr. Lu holds a Master of Science degree in Materials Science and Engineering from National Taiwan University.

Wen-Chang Hung serves as a Vice President of our Company. He serves as the Vice President of Sales Center of our Company. He previously served as the Assistant Vice President of Flash Memory Product Marketing and Planning Center and the Assistant Vice President of Sales Center of our Company. Mr. Hung holds a Master of Science degree in Industrial Engineering and System Management from Chung Hua University.

Jen-Lieh Lin serves as a Vice President of our Company. He serves as the Vice President of Flash Memory IC Business Group of our Company. He previously served as the Assistant Vice President of the Microcontroller Product Center and the Vice President of the Microcontroller Application Business Group, Nuvoton Technology Corporation. Mr. Lin holds a Master of Science degree in Electrical Engineering from National Cheng Kung University.

San-Ha Park serves as a Vice President of our Company. He serves as the Vice President of Customized Memory Solution Business Group of our Company. He previously served as the Technical Supervisor of Mobile Magic Design Corporation and the Executive of Customized Memory Solution Design Technology Center of our Company. Mr. Park holds a Master of Science degree in Electrical Engineering from Inha University.

Ming-Yi Tsai serves as the Chief Information Officer and a Vice President of our Company. She serves as the Vice President of the Information Technology Center of our Company. She previously served at MediaTek, eBay, Show U Fashion Intelligence, and Ctrip, and served as the Technology Executive of the Data Technology Task Force and the Assistant Vice President of the Information Technology Center of our Company. Dr. Tsai holds a Ph.D. from the Graduate Institute of Communication Engineering at National Taiwan University.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information with respect to the ten largest shareholders of the Company as of December 31, 2025:

| Ranking | Shareholders | Number of Shares | Percentage of Shares |
|---------|---|------------------|----------------------|
| 1 | Walsin Lihwa Corporation | 995,000,540 | 22.11% |
| 2 | Chin-Xin Investment Co., Ltd. | 284,000,493 | 6.31% |
| 3 | Allianz Global Investors Taiwan Technology Fund held by Hua Nan Commercial Bank, Ltd. | 77,500,000 | 1.72% |
| 4 | New Labor Pension Fund | 74,255,277 | 1.65% |
| 5 | Morgan Stanley International Limited Investment Fund held by HSBC Bank (Taiwan) Limited | 71,705,268 | 1.59% |
| 6 | Arthur Yu-Cheng Chiao | 68,635,673 | 1.52% |
| 7 | UBS Europe SE Investment Fund held by Citibank (Taiwan) Limited | 55,903,049 | 1.24% |
| 8 | Mizuho Securities Co., Ltd. Investment Fund held by Standard Chartered Bank (Taiwan), Main Branch | 54,378,853 | 1.2% |
| 9 | Vanguard Total International Stock Index Fund , a series of Vanguard Star Funds held by Standard Chartered Bank (Taiwan), Taipei Branch | 45,405,041 | 1.00% |
| 10 | Pai-Yung Hong | 43,488,556 | 0.96% |

Each of our Shares has one vote, and none of our shareholders have any different voting rights. As of February 28, 2026, 80.12% of our Shares, being 3,605,111 thousand Shares, were held by shareholders in the ROC, with the remaining 19.88% of our Shares, being 894,889 thousand Shares, were held by foreign entities or individuals. As of February 28, 2026, none of our directors or executive officers held any outstanding options.

CHANGES IN ISSUED SHARE CAPITAL

According to our Articles of Incorporation, as amended at the shareholders' meeting held on May 27, 2025, we only have one class of Common Shares. As of the date of this offering circular, our authorized share capital registered with the Central Taiwan Science Park Bureau of the National Science and Technology Council ("NSTC") was NT\$67,000,000,000, divided into 6,700,000,000 Shares of capital stock with a par value of NT\$10.00 per Share, and our paid-in share capital was NT\$45,000,001,930, divided into 4,500,000,193 Common Shares. All issued Shares are in registered form.

The following table sets forth the changes in our issued share capital for the past three years through the date of this offering circular:

| <u>Date</u> | <u>Description</u> | <u>Number of shares issued</u> <i>(in thousands)</i> | <u>Number of total issued shares after issue</u> <i>(in thousands)</i> |
|---------------------|------------------------------------|---|---|
| November 2023 | Capital increase by cash injection | 200,000 | 4,180,000 |
| August 2024 | Capital increase by cash injection | 320,000 | 4,500,000 |

TRANSACTIONS WITH RELATED PARTIES

From time to time we have engaged in a variety of transactions with our related parties. There are no significant differences in prices and trading terms between transactions with our related parties and arms-length transactions with other parties, when there are comparable transactions. For more information on our related party transactions presented on a consolidated basis, see note 32 to the audited consolidated financial statements as of and for the years ended December 31, 2023 and 2024, and note 31 to the audited consolidated financial statements as of and for the years ended December 31, 2024 and 2025. The transactions between us and our subsidiaries were eliminated during the consolidation process.

Sales and Purchases of Goods

In 2023, 2024 and 2025, we purchased goods, primarily wafers, from our related parties in the aggregate amount of NT\$3,822.3 million, NT\$3,745.6 million and NT\$3,477.5 million, respectively.

In 2023, 2024 and 2025, we sold goods and provided services, including IC products, manufacturing system integration, operation support as well as process and productivity improvement engineering services, to our related parties in the aggregate amount of NT\$420.7 million, NT\$354.4 million, and NT\$330.3 million, respectively.

Receivables and Payables

As of December 31, 2023, 2024 and 2025, our account receivables from the related parties amounted to NT\$44.7 million, NT\$28.3 million and NT\$33.0 million, respectively. As of December 31, 2023, 2024 and 2025, our other receivables from the related parties amounted to NT\$37.1 million, NT\$35.3 million and NT\$11.4 million, respectively.

As of December 31, 2023, 2024 and 2025, our account payables to the related parties amounted to NT\$1,314.5 million, NT\$1,554.6 million and NT\$1,316.8 million, respectively. As of December 31, 2023, 2024 and 2025, our other payables and other current liabilities to the related parties amounted to NT\$373.0 million, NT\$567.9 million and NT\$294.0 million, respectively.

Expenses

In 2023, 2024 and 2025, we paid manufacturing expenses to our related parties for outsourced memory chip assembly, testing and other manufacturing services, the aggregate amount of which was NT\$7,060.3 million, NT\$6,789.6 million and NT\$6,267.5 million, respectively.

In 2023, 2024 and 2025, we paid operating expenses to our related parties for product research and development services, the aggregate amount of which was NT\$321.7 million, NT\$329.7 million and NT\$306.0 million, respectively.

Acquisitions of Financial Assets

In 2023, we acquired ordinary shares amounted to NT\$89.6 million from our related parties, among which NT\$59.6 million of ordinary shares was acquired from Tower Partners Semiconductor Co., LTD. and NT\$30.0 million of ordinary shares was acquired from Theaceae Conservation Corporation.

We did not acquire any financial assets from our related parties in 2024.

In 2025, we acquired ordinary shares amounted to NT\$373.3 million from related parties, all of which was acquired from Walsin Lihwa Corporation.

Leases

In 2023, 2024 and 2025, we entered into lease agreements as a lessee with the related parties. In 2023, 2024 and 2025, acquisition of right of use assets from our related parties amounted to NT\$0, NT\$30.3 million and NT\$9.0 million, respectively. In 2023, 2024 and 2025, lease liabilities to our related parties amounted to NT\$0, NT\$19.8 million and NT\$20.9 million, respectively. In 2023, 2024 and 2025, interest expense to our related parties amounted to NT\$0, NT\$0.7 million and NT\$0.7 million, respectively.

In 2023, 2024 and 2025, we entered into lease agreements as a lessor with the related parties. Nuvoton Technology Corporation subleased its right-of-use asset to Tower Partners Semiconductor Co., LTD. under an operating lease with lease term of 12 years. Nuvoton Technology Corporation Japan leased out equipment and intangible assets to its associate company, Tower Partners Semiconductor Co., LTD., under finance leases with 3-year lease term from the second quarter of 2022.

Others

In 2023, 2024 and 2025, the dividend income from our related parties amounted to NT\$543.8 million, NT\$356.4 million and NT\$210.3 million, respectively. Among the dividend income from our related parties, the amount that we received from to Walsin Lihwa Corporation was NT\$445.6 million, NT\$272.3 million and NT\$123.8 million, respectively.

In 2023, 2024 and 2025, the other income and expenses to our related parties amounted to NT\$83.6 million of expenses, NT\$10.5 million of income and NT\$4.3 million of income, respectively.

In 2023, 2024 and 2025, the refundable deposits with our related parties amounted to NT\$1.9 million, NT\$1.9 million and NT\$34.0 million, respectively.

In 2023, 2024 and 2025, the guarantee deposits with our related parties amounted to NT\$244.8 million, NT\$0 and NT\$0, respectively.

In 2023, 2024 and 2025, the compensation of key management personnel amounted to NT\$636.9 million, NT\$455.0 million and NT\$508.9 million, respectively.

DESCRIPTION OF SHARE CAPITAL

Set forth below is a summary of information relating to our share capital including brief summaries of the relevant provisions of our Articles of Incorporation, the ROC Securities and Exchange Act and the ROC Company Act, all as currently in effect.

General

As of the date of this offering circular, our authorized share capital registered with the Central Taiwan Science Park Bureau of the NSTC was NT\$67,000,000,000, divided into 6,700,000,000 Shares of capital stock with a par value of NT\$10.00 per Share, and our paid-in share capital was NT\$45,000,001,930, divided into 4,500,000,193 Common Shares. Any change in the authorized share capital of a public company limited by shares, such as us, requires an amendment to our Articles of Incorporation (which requires approval at a shareholders' meeting).

Authorized but unissued shares may also be issued at such times and, subject to the provisions of the applicable laws and the approval of, or registration with, the NSTC and the FSC, upon terms that our board of directors may determine.

Dividends and Distributions

Dividend payments and distributions are generally governed by the ROC Company Act as well as our Articles of Incorporation.

Except in limited circumstances, we are not permitted to distribute dividends or make other distributions to shareholders for any year in which we do not have current or retained earnings (excluding reserves). Pursuant to our Articles of Incorporation, as amended at the shareholders' meeting held on May 27, 2025, and certain ROC regulatory requirements, before we can distribute a dividend or make any distribution to shareholders from profits, we must pay all outstanding taxes and duties, offset our losses incurred in previous years, and set aside 10% of our annual net income as legal reserve, unless the accumulated legal reserve has equaled the total paid-in capital of the Company. In addition, we must set aside special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge.

In addition to permitting dividends to be paid out of net income, if we do not have losses, the ROC Company Act permits that we can make distributions in cash or in stock to our shareholders from the legal reserve and capital surplus of premium from issuing shares and earnings from gifts received. However, the portion payable out of our legal reserve is limited to the portion that the accumulated legal reserve exceeds 25% of our paid-in capital.

Our Articles of Incorporation provide that upon the final settlement of accounts, if there is any net profit (meaning the profit before tax, excluding the amounts of employees' and directors' compensation), such profit will be distributed in accordance with the following, once the Company's accumulated losses have been covered:

- (i) No less than 1% of profit shall be distributed as employees' compensation (of which no less than 3% of the aforementioned allocated amount shall be reserved as compensation for non-managerial employees). The employees' compensation may be distributed in the form of shares or in cash. The qualification requirements of employees, including the employees from the Company's controlling companies or subsidiaries, which are entitled to receive compensation, shall be determined by the board of directors.
- (ii) No more than 1% of profit shall be distributed as compensation in cash to the directors.

Preemptive Rights

According to the ROC Company Act, when a company issues new common shares for cash, 10% to 15% of the issue must be offered or sold to its employees. In addition, the ROC Securities and Exchange Act and the relevant securities regulations require that, if a public company listed on the TWSE or whose shares are traded on the Taipei Exchange intends to offer new shares for cash, at least 10% of the issue must be offered or sold to the public, except under certain circumstances or when exempted by the FSC. This percentage can be increased by a resolution passed at a shareholders' meeting, thereby reducing the number of new shares subject to the preemptive rights of existing shareholders. Unless the percentage of shares to be offered or sold to the public is increased by the shareholders, existing shareholders who are listed on the shareholders' register as of the record date have a preemptive right to acquire the remaining 75% to 80% of the issue. The shares not subscribed for by the employees and shareholders at the expiration of the period for the exercise of their rights may be sold to the public or specified persons at the direction of our board of directors. The preemptive rights provisions will not apply to offering of new shares through a private placement approved at a shareholders' meeting.

Meetings of Shareholders

Meetings of our shareholders may be ordinary or extraordinary. Ordinary meetings of our shareholders will generally be held within six months following the end of each fiscal year.

In contrast, extraordinary shareholders' meetings may be convened by resolution of the board of directors or, under certain circumstances, by the shareholders.

Notice in writing of our shareholders' meeting, stating the place, time, date and agenda must be dispatched to each shareholder at least 30 days, in the case of ordinary meetings and at least 15 days, in the case of extraordinary meetings, before the date set for each meeting.

Voting Rights

Our Articles of Incorporation provide that holders of Common Shares have one vote for each share. Except as otherwise provided by applicable laws, a resolution can be adopted by holders of a majority of the Common Shares represented at a shareholders' meeting at which the holders of a majority of all issued and outstanding Common Shares are present. The election of directors (including independent directors) is by means of cumulative voting. Ballots for the election of directors are cast separately from those for the election of independent directors. Our Articles of Incorporation provide that the directors (including independent directors) shall be nominated by adopting the candidate nomination system specified in the ROC Company Act. In an election of directors, the holders of Common Shares shall elect directors from the list of nominated candidates.

In order for us to approve certain major corporate actions, including any amendment to our Articles of Incorporation, entering into, modification or termination of any contracts regarding leasing of all business, outsourcing of operations or joint operations, the dissolution or amalgamation or spin-off, the transfer of the whole or a substantial part of our business or our property, the taking over of a whole of the business or property of any other entity which would have a significant impact on our operations, removal of directors or the distribution of any stock dividend, a meeting of the shareholders must be convened with a quorum of holders of at least two-thirds of all issued and outstanding Common Shares at which the holders of at least a majority of the shares represented at the meeting vote in favor of the resolution.

Alternatively, in the case of a public company, such as us, such a resolution may be adopted by the shareholders' meeting convened with a quorum of holders of at least a majority of all issued and outstanding common shares at which the holder of at least two-thirds of the shares represented at the meeting vote in favor of the resolution.

A shareholder may be represented at an ordinary or extraordinary meeting by proxy if a valid proxy form is delivered to us five days before such meeting.

Shareholders Record Dates

We shall, by giving advance public notice, set a record date and close the register of shareholders for a specified period (60 days, 30 days and 5 days immediately before each ordinary meeting of the shareholders, extraordinary meeting of shareholders and relevant record date, respectively) in order for us to determine the shareholders and pledgees that are entitled to rights pertaining to the shares.

Annual Financial Statements

At least ten days before an annual shareholders' meeting, our annual financial statements will be made available at our office in Hsinchu, Taiwan and our share registrar for inspection by the shareholders. According to the regulations of the FSC, we are required to publish our annual and quarterly financial statements on a consolidated basis.

Transfer of Shares

The transfer of shares in registered form is effected by endorsement and delivery of the related share certificates. However, settlement of trading of share of a listed company, such as our Company, generally is carried out on the book-entry system maintained by TDCC. In order to assert shareholder's rights against us, the transferee must have its name and address registered on our register of shareholders. Shareholders are required to file their respective specimen seals, also known as chops, with our share registrar.

Repurchase of Shares by Us

With minor exceptions, we cannot acquire our own shares under the ROC Company Act.

Under the ROC Securities and Exchange Act, we may, by resolution adopted by a majority of our board of directors at a meeting where more than two-thirds of the directors are present, repurchase the shares on the TWSE or by a tender offer in accordance with the procedures prescribed by the FSC for the following purposes:

- for delivery upon conversion of bonds with warrants, preferred shares with warrants, convertible bonds and convertible preferred shares or certificates of warrants issued by us into capital stock;
- to transfer to our employees, or
- if necessary, to maintain our credit and shareholders' equity, provided that the shares so repurchased shall be canceled thereafter.

The total shares repurchased by us may not exceed 10% of our total issued and outstanding shares. In addition, the total cost of the purchased shares may not exceed the aggregate amount of our retained earnings, any premium from share issuance and the realized portion of our capital reserve. Shares repurchased in the first two instances mentioned above are to be transferred to the intended transferees within five years from the repurchase failing which they will be canceled and we are required to complete an amended registration for the cancelation. In the third instance mentioned above, the shares repurchased by us must be canceled, and we shall complete an amended registration for such cancelation within six months after the repurchase. The shares repurchased by us may not be pledged or hypothecated. In addition, we may not exercise any of the shareholder's rights attached to these shares. Our affiliates, as defined in Article 369-1 of the ROC Company Act, directors,

managers, shareholders holding more than 10% of our shares and their respective spouses and minor children and nominees, are prohibited from selling the shares until our repurchase period has lapsed.

Liquidation Rights

In the event of our liquidation, the remaining assets after payment of all debts, liquidation expenses and taxes will be distributed pro rata to the holders of preferred shares and then to the holders of Common Shares in accordance with the relevant provisions of applicable laws and our Articles of Incorporation.

Substantial Shareholders and Transfer Restrictions

Our directors, managers and shareholders (each together with his or her spouse, minor children or nominees) holding more than 10% of our shares are required to report to us, on a monthly basis, any changes in their shareholding in our company. The number of shares that they may sell or transfer on the TWSE on any given day is limited by ROC laws. In addition, they may only sell or transfer such shares on the TWSE at least three days after they have filed a notification with the TWSE in connection with such sale or transfer, provided that such notification is not required if the number of shares to be sold or transferred does not exceed 10,000. A person who individually or together with other persons (as defined under the FSC regulations) acquires more than 5% of our issued and outstanding shares shall report to the FSC, within ten days from the acquisition date, the acquisition purpose, funding sources and other information required by the FSC.

Rights to Bring Shareholder Suits

Under the ROC Company Act, a shareholder may bring a suit against us in the following events:

- Within 30 days after the date of the shareholders' meeting, any shareholder has the right to annul any resolution adopted at a shareholders' meeting where the procedures or the method of resolution were or was legally defective. However, if the court is of the opinion that such violation is not material and does not affect the result of the resolution, the court may reject or dismiss the shareholder's lawsuit.
- If the substance of a resolution adopted at a shareholders' meeting contradicts any applicable law or regulation or our Articles of Incorporation, a shareholder may bring a suit to determine the validity of such resolution.

Shareholders may bring suit against our directors under the following circumstances:

- Shareholders who have continuously held 1% or more of the total number of issued and outstanding shares for a period of six months or longer may request in writing that the audit committee institute an action against a director on our behalf. In case the audit committee fails to institute an action within 30 days after receiving such request, the shareholders may institute an action on our behalf. In the event that shareholders institute an action, a court may, upon application of the defendant, order such shareholders to furnish appropriate security.
- Shareholders holding 3% or more of the total number of issued and outstanding shares may institute an action with a court to remove a director who has materially violated the applicable laws or our Articles of Incorporation or has materially damaged our interests if a resolution for removal on such grounds has first been voted on and rejected by the shareholders and such suit is filed within 30 days of such shareholders' vote.
- In the event that any director, officer or shareholder holding more than 10% of the issued and outstanding shares and their respective spouse and minor children and/or nominees sells shares within

six months after the acquisition of such shares, or repurchases the shares within six months after the sale, we may make a claim for recovery of any profits realized from the sale and purchase. If the board of directors fails or fail to make a claim for recovery, any shareholder may request the board of directors to make such claim within 30 days. After such 30-day period, the requesting shareholder will have the right to make a claim for such recovery, and our directors will be jointly and severally liable for damages suffered by us as a result of their failure to exercise the right of claim.

Other Rights of Shareholders

Under the ROC Company Act, dissenting shareholders are entitled to appraisal rights in the event of merger, spin-off and various other major corporate actions. A dissenting shareholder may request us to redeem all of the shares owned by such shareholder at a fair price to be determined by mutual agreement. If an agreement cannot be reached, the valuation will be determined by a court order.

In addition, one or more shareholders who have held more than 3% of our issued and outstanding shares for over a year may require our board of directors to convene an extraordinary shareholders' meeting by sending a written request to the board of directors. Further, shareholders holding over 50% of our issued shares for continuously three months may convene our extraordinary shareholders' meeting by themselves.

The ROC Company Act allows shareholders holding 1% or more of the total issued shares of a company to submit, during the period of time prescribed by the company, one proposal in writing or in electronic form for discussion at the ordinary meeting of shareholders. The ROC Company Act also provides that a company may adopt a nomination procedure for election of directors. If a company wishes to adopt the nomination procedure, it must be stipulated in its articles of incorporation. With such provision in the articles of incorporation of a company, shareholders representing 1% or more of the total issued shares of such company may submit a candidate list along with relevant information and supporting documents to the company within the period prescribed by the company. Our Articles of Incorporation currently offer such nomination procedure.

Share Registrar

With respect to shareholders who have opened book-entry accounts at the TDCC, our register of such shareholders is maintained by the database of TDCC.

DESCRIPTION OF THE BONDS

The following summary of the terms and conditions of the Bonds does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the detailed provisions of the Indenture (as defined below), including the definitions of certain terms therein. In the event of any inconsistency between the following summary and the provisions of the Indenture, the provisions of the Indenture shall prevail.

The Bonds are being sold outside the United States in reliance on Regulation S and will be available for purchase in the denominations specified in this Offering Circular only in book-entry form as beneficial interests in the Global Certificate (as defined below). Your rights as a holder of a beneficial interest in the Global Certificate will be subject to the rules and procedures of Euroclear or Clearstream.

The Bonds are to be issued under an indenture, to be dated as of March 31, 2026 (the “Indenture”), between Winbond Electronics Corporation (the “Issuer” or the “Company”) and Citicorp International Limited, in its capacity as trustee (the “Trustee”, which expression shall include its successor(s) and all persons for the time being the trustee or trustees under the Indenture). The following summary of certain provisions of the Bonds and the Indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the provisions of the Bonds and Indenture, including the definitions of certain terms therein. Whenever particular Sections or defined terms of the Indenture not otherwise defined herein are referred to, such Sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection by any Holder (as defined below) on or after the Closing Date (as defined below) at the office of the Trustee on any weekday (excluding public holidays) at all reasonable times during normal office hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time)) upon prior written request and satisfactory proof of holding to the Trustee.

General

Except in certain limited circumstances, the Bonds will only be issued in book-entry form.

The Bonds will be issued on or about March 31, 2026 (the “Closing Date”) as direct, unconditional, unsecured and unsubordinated obligations of the Issuer limited in aggregate principal amount to US\$750,000,000 and will be redeemed on March 31, 2027 (the “Maturity Date”) unless earlier redeemed, repurchased and canceled or converted pursuant to the terms thereof and of the Indenture.

The Bonds will not bear interest.

Each Bond will be convertible into the Common Shares (as defined below), subject to compliance with certain conditions and procedures (see “— *Conversion — Procedures; Conversion Notice; Taxes and Duties*” below), at the Holder’s election on any Business Day (as defined below) during the period (the “Conversion Period”) commencing on July 1, 2026 (the next day immediately after the end of a three-month period following the Closing Date) and ending at the close of business in the location of the Conversion Agent (as defined below) (i) on March 21, 2027 (the tenth (10th) day prior to the Maturity Date) or (ii) on the fifth (5th) Business Day prior to the applicable Purchase Date of such Bond or date fixed for redemption (other than the Maturity Date) of such Bond pursuant to a notice of redemption given by the Issuer in accordance with the provisions of the Indenture. The Conversion Period shall not include any Closed Period (as defined below).

The principal of and other amounts on the Bonds will be payable in US Dollars by the Issuer pursuant to the Indenture, and the Bonds may be presented for registration of transfer, exchange or conversion, at the office or agency of the Issuer, initially maintained for such purpose located at c/o Citibank, N.A., Dublin Branch, 1 North Wall Quay, Dublin 1, Ireland (being the office of Citibank, N.A., London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability, acting as paying agent (the

“Paying Agent”), as conversion agent (the “Conversion Agent”) and as transfer agent (the “Transfer Agent”) with regard to the Bonds).

The Issuer reserves the right, subject to the provisions of the Indenture and the applicable Paying Agent and Registrar Appointment Letter, at any time to vary or terminate the appointment of any Agents and to appoint further or other Agents, provided that the Issuer will, for so long as any of the Bonds remain Outstanding, maintain an office or agency for such purpose in (a) Dublin, Ireland or London, England or (b) in each other place as mutually agreed to by the Trustee and the Issuer. Notice of any such termination or appointment and of any changes in the specified offices of the Agents will be given promptly by the Issuer to the Holders (and other applicable parties) in accordance with the notice provisions of the Indenture as described below under “—Notices”.

The Bonds will be issued only in fully registered form, without interest coupons, in minimum denominations of US\$200,000 per Bond or in any integral multiple of US\$100,000 in excess thereof. See “—Book Entry; Delivery and Form” below. No service charge will be payable for any registration of transfer or exchange of the Bonds, for the conversion thereof or for the charges of the Paying Agents in connection therewith, but the Issuer may require payment by a Holder of a sum sufficient to cover any transfer or stamp tax or other similar governmental charge payable in connection therewith.

The Issuer and its Affiliates (as defined below) may at any time, subject to applicable law, purchase the Bonds in the open market, or otherwise, at any price. The Bonds which are purchased by the Issuer (including purchase in the open market), early redeemed, repurchased and repaid when due, converted or sold back by the Holders will be canceled and will not be re-issued. A Bond does not cease to be outstanding because any of the Issuer’s Affiliates holds such Bond; provided, however, any Bonds owned by any Affiliate of the Issuer will be deemed not to be outstanding in determining whether the Holders of the requisite principal amount of Bonds have given or concurred in any request, demand, authorization, direction, notice, consent or waiver under the Indenture.

Book Entry; Delivery and Form

The Bonds will only be represented by a global certificate in fully registered book-entry form (the “Global Bond”) and will be deposited with a common depository (the “Common Depository”) for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”) and registered in the name of a nominee of the Common Depository. If (i) at any time, the Common Depository advises the Issuer in writing that it is unwilling or unable to continue as a depository for the Global Bond and a successor depository is not appointed within 90 days, (ii) either Euroclear or Clearstream or any alternative clearing system on behalf of which the Bonds evidenced by the Global Bond may be held is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, or (iii) an Event of Default has occurred and is continuing with respect to the Bonds and the Trustee notifies the Issuer in writing that any of the Bonds have become immediately due and payable pursuant to the Indenture, and, in the case of (iii) above, if the Holders so request, the Issuer shall issue individual certificated bonds in registered form in exchange for the Global Bond in any authorized denominations and in an aggregate principal amount equal to the principal amount of the Global Bond. The Bonds will have minimum denominations of US\$200,000 or in any integral multiple of US\$100,000 in excess thereof.

The Bonds are not issuable in bearer form.

Transfers of interests in the Bonds evidenced by the Global Bond will be effected in accordance with the rules of the relevant clearing systems. In addition, transfers of the Bonds and Common Shares are subject to certain restrictions. See “Transfer Restrictions” of this Offering Circular.

Ranking

The Bonds will (i) be direct, unconditional, unsecured and unsubordinated obligations of the Issuer, (ii) rank *pari passu* without any preference or priority among themselves and with all other direct, unconditional, unsecured and unsubordinated Debt (as defined below) of the Issuer now or hereafter outstanding (except to the extent that such Debt (x) ranks above such obligation solely by reason of Liens (as defined below) permitted under the Indenture or (y) is preferred by mandatory provisions of law), and (iii) be senior in right of payment to all Debts of the Issuer that is expressed to be subordinated in right of payment to the Bonds.

The Bonds will be effectively subordinated to all secured obligations but subject to the negative pledge as described in “*Certain Covenants — Negative Pledge*” of the Issuer with respect to claims against the assets securing such obligations (“Secured Debt”). As of December 31, 2025, the Issuer had outstanding Secured Debt of approximately NT\$41,561,200 thousand.

Sinking Fund

The Bonds will not be entitled to the benefit of a sinking fund.

Transfer of Certificated Bonds and Delivery of New Certificated Bonds

In the event Certificated Bonds (as defined below) are issued, the following provisions will apply:

(i) Transfer of Certificated Bonds

A Certificated Bond may be transferred upon the surrender at the specified office of the Transfer Agent of the Certificated Bonds to be transferred, together with the form of transfer endorsed thereon (the “Form of Transfer”) duly completed and executed and any other evidence that such Transfer Agent may reasonably require. In the case of a transfer of only part of a holding of Certificated Bonds, a new Certificated Bond shall be issued to the transferee in respect of the part transferred and a further new Certificated Bond in respect of the balance of the holding not transferred shall be issued to the transferor. The Form of Transfer will be available at the specified office of the Transfer Agent.

(ii) Delivery of New Certificated Bonds

Each new Certificated Bond shall be available for delivery upon receipt by such Transfer Agent at its specified office of the relevant Certificated Bond and the Form of Transfer. Delivery of the new Certificated Bonds shall be made at the specified office of the Transfer Agent to whom the relevant Certificated Bond and the Form of Transfer shall have been surrendered or delivered or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant Form of Transfer or otherwise in writing, be sent by uninsured post at the risk of the Holder entitled to the new Certificated Bond to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify.

(iii) Formalities Free from Charge

Transfers of the Certificated Bonds will be effected without charge by or on behalf of the Issuer or any Transfer Agent, but only upon confirmation of payment (or the giving of such indemnity and/or security and/or pre-funding as such Transfer Agent may require in respect) of any tax or other governmental charges which may be imposed in relation thereto.

(iv) Restricted Transfer Periods

No Holder may require the transfer of a Certificated Bond to be registered (i) during the period of 15 days preceding (and including) a Redemption Date (as defined below), (ii) after such Bond has been selected by the Issuer or the Bondholder for redemption, pursuant to the terms of the Indenture or (iii) after such Holder has exercised its Conversion Right (as defined below).

Payments

All amounts due under, and all claims arising out of or pursuant to, the Bonds and/or the Indenture from or against the Issuer shall be payable and settled in US Dollars only.

Interest

The Bonds will not bear interest.

In any case where the date of the payment of the principal of the Bonds or the date fixed for redemption of the Bonds is not a Business Day (as defined below), then payment of such principal or the Early Redemption Amount (as defined below) shall be made on the next succeeding Business Day, with the same force and effect as if made on the Maturity Date or the date fixed for redemption, as the case may be, and no interest shall accrue for the period after such date.

Additional Amounts

All payments of the principal of and other amounts on the Bonds and all deliveries of Common Shares (as defined below) made on conversion of the Bonds are to be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or other governmental charges (“Taxes”) imposed, levied, collected, withheld or assessed by or within the ROC or any other jurisdiction in which the Issuer is organized or resident for tax purposes or from which any payment on the Bonds is made (or any political subdivision or Taxing Authority (as defined below) thereof or therein), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Issuer will pay such additional amounts on the Bonds (all such additional amounts being referred to herein as “Additional Amounts”) as will result in receipt by the Holder of each Bond of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable for or on account of:

- (i) any Taxes that would not have been imposed but for:
 - (A) the existence of any present or former connection between the Holder of such Bond and the ROC or any other jurisdiction in which the Issuer is organized or resident for tax purposes, other than merely holding such Bond or receiving payments or enforcing rights thereunder, including such Holder being or having been a national, domiciliary or resident of or treated as a resident thereof or being or having been present or engaged in a trade or business therein or having or having had a permanent establishment therein;
 - (B) the presentation of such Bond (if presentation is required) more than 30 days after the later of the date on which the payment of the principal of or other amounts on such Bond became due and payable pursuant to the terms thereof or the date that such payment was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Bond for payment on any date within such 30 day period; or
 - (C) the presentation of such Bond (if presentation is required) for payment in the ROC, unless such Bond could not have been presented for payment elsewhere;

- (ii) any estate, inheritance, gift, sale, transfer, stamp, personal property or similar tax, assessment or other governmental charge; or
- (iii) any combination of Taxes referred to in the preceding clauses (i) and (ii).

The Issuer will not pay Additional Amounts if the registered Holder of the Bond is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that the beneficiary, partner or settler with respect to such fiduciary, partnership or person, or the beneficial owner of that payment, would not have been entitled to the Additional Amounts if it had been the registered Holder of the Bonds.

Whenever there is mentioned, in any context, (i) the payment of the principal of and other amounts on any Bond, or (ii) the delivery of Common Shares or cash payments (if any) on conversion of any Bond, such mention shall be deemed to include the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable with respect thereto.

Subject to certain exceptions, the Issuer will pay any present or future stamp, court or documentary taxes, or any other excise or property taxes, charges or similar levies which arise in any jurisdiction from the issue, initial delivery or registration of the Bonds or any other document or instrument referred to herein, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside of the ROC (except those resulting from or required to be paid in connection with, the enforcement of the Bonds or any other document or instrument following the occurrence of any Event of Default with respect to the Bonds) and excluding those payable upon issue and delivery of Bonds to the order of a person other than a Holder.

Neither the Trustee nor any Agent shall be responsible for paying any Additional Amounts or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Holders or any other person to pay any such Additional Amounts or be responsible to provide any notice or information in relation to the Bonds in connection with payment of any tax, duty, charges, assessments, withholding or other payment imposed by or in any jurisdiction.

The Paying Agent and the Trustee will make payments free of withholdings or deductions on account of taxes unless required by applicable law. If such a deduction or withholding is required, the Paying Agent or the Trustee will not be obligated to pay any Additional Amount to the recipient unless such an Additional Amount is received by the Paying Agent or the Trustee in immediately cleared and available funds.

Redemption of the Bonds

Redemption for Taxation Reasons

The Bonds may be redeemed, in whole but not in part (subject to the provision of the paragraph below), at the option of the Issuer, at any time, upon giving not less than 30 nor more than 60 days' written notice to the Holders (which notice shall be irrevocable) and upon written notice to the Trustee and the Agents, at the Settlement Equivalent of the applicable Early Redemption Amount on the Redemption Date (as defined below), if the Issuer determines and certifies to the Trustee in an officer's certificate immediately prior to the giving of such notice that, as a result of any change in, or amendment to the laws (including any regulations or rulings promulgated thereunder) of the ROC or such other jurisdiction in which the Issuer is then organized or resident for tax purposes (or any political subdivision or Taxing Authority thereof or therein), affecting taxation, or any change in official position regarding the application, interpretation or administration of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction), which change, amendment, application, interpretation or administration is proposed and becomes effective on or after the Closing Date (or, in the case of any jurisdiction other than the ROC, the date (if later than the Closing Date) on which the Issuer first becomes organized or resident for tax purposes in or subject to such other jurisdiction) with respect to any

payment due or to become due on the Bonds, the Issuer is required to pay Additional Amounts in connection therewith and such requirement to pay Additional Amounts cannot be avoided by the taking of reasonable measures by the Issuer; provided that such right cannot be exercised earlier than 45 days prior to the first date on which the Issuer would be obligated to make an Additional Amounts payment with respect to all or substantially all of the outstanding Bonds were a payment then due. Prior to the giving of any such notice of redemption, the Issuer is required to deliver to the Trustee and the Agents (i) an officer's certificate stating that such change or amendment has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer taking reasonable measures and (ii) an opinion of counsel or written advice of a qualified tax expert that the circumstances referred to in the preceding sentence exist as a result of such change, amendment, application, interpretation or administration. The Trustee and the Agents shall be entitled (but shall not be obliged) to accept and rely conclusively upon such certificates and opinions (without further investigation or enquiry and without liability to any Holder, the Issuer or any other person) described in clauses (i) and (ii) of the preceding sentence as sufficient evidence of the satisfaction of the conditions precedent described above, in which event, the same shall be conclusive and binding on the Holders. The Trustee and the Agents shall be protected and will not be responsible for any loss occasioned by accepting and acting in reliance on such certificate and/or opinion, and is not obligated to investigate or verify any information in such certificate or opinion.

Notwithstanding the foregoing, if the Issuer has given a redemption notice for taxation reasons in accordance with the paragraph above and if the outstanding principal amount of the Bonds at the time when such redemption notice is given is greater than 10% of the aggregate principal amount of the Bonds as of the Closing Date, each Holder of the Bonds will have the right to elect, and the redemption notice will state that each Holder will have the right to elect, that all or a portion of its Bonds should not be redeemed. Upon the exercise of such right by the Holder, the provisions set forth in "*Additional Amounts*" will not apply to any payment in respect of such Bonds that is due after the relevant Redemption Date, and such payment will be made subject to the deduction of any ROC tax (or tax of such other jurisdiction in which the Issuer is then organized or resident for tax purposes) required to be withheld or deducted. To exercise such right the Holder must give notice to the Issuer in the manner set out in the Indenture no later than 15 days prior to the relevant Redemption Date.

Redemption at the Option of the Issuer

At any time after June 30, 2026 and prior to the Maturity Date, the Issuer may, on not less than 30 nor more than 60 days' written notice to the Holders (which notice shall be irrevocable and, for the avoidance of doubt, may only be served by the Issuer after June 30, 2026) and upon written notice to the Trustee and the Agents, redeem the Bonds, in whole or in part, at the Settlement Equivalent of the applicable Early Redemption Amount; provided, however, that no such redemption may be made unless:

- (1) the Closing Price of the Common Shares for 20 out of the 30 consecutive Trading Days (the "Calculation Period") immediately prior to the date on which notice of such redemption is given, is at least 120% of the quotient of the Early Redemption Amount divided by US\$200,000, and then multiplied by the Conversion Price (as defined below); and
- (2) the applicable Redemption Date does not fall within a Closed Period (as defined below).

If there shall occur an event giving rise to a change in the Conversion Price during any Calculation Period, appropriate adjustments for the relevant days, determined by an opinion of an Independent Investment Bank, shall be made for the purpose of calculating the Closing Price for such days. Notice of any such adjustments in the Conversion Price will be given promptly by the Issuer to the Trustee and the Agents.

Notwithstanding the foregoing, the Issuer may redeem the Bonds, in whole but not in part, at any time, on not less than 30 nor more than 60 days' notice, at the Settlement Equivalent of the applicable Early Redemption Amount if more than 90% in principal amount of the Bonds originally issued has been redeemed, repurchased

and canceled or converted; provided that the applicable Redemption Date does not fall within a Closed Period (as defined below).

Notice of any such redemption will be given by the Issuer to the Holders (and other applicable parties) in accordance with the notice provisions of the Indenture as described below under “— Notices”.

Redemption at Maturity

Unless the Bonds have been previously redeemed, repurchased and canceled or converted, the Issuer will redeem the Bonds on the Maturity Date at the Settlement Equivalent of a redemption price equal to 98.51% of the outstanding principal amount thereof. The Bonds may be redeemed prior to the Maturity Date only as described herein.

Redemption Procedures

Payment of the relevant redemption price for a Certificated Bond is conditioned upon delivery of such Bond (together with necessary endorsements) to any Paying Agent. Payment of the relevant redemption price for any Bond will be made on the Redemption Date or, if such Bond is a Certificated Bond and has not been so delivered on or prior to the Redemption Date, at the time of delivery of such Bond. If the Paying Agent holds, in accordance with the terms of the Indenture, cash sufficient to pay the relevant redemption price of such Bond on the Redemption Date, then, immediately after such Redemption Date, such Bond will cease to be outstanding, whether or not such Bond is delivered to a Paying Agent, and all other rights of the Holder shall terminate (other than the right to receive the relevant redemption price).

In the case of any redemption other than on the Maturity Date, notice of redemption to each Holder shall specify the outstanding principal amount of each Bond held by such holder to be redeemed, the Redemption Date, the price at which such Bonds will be redeemed and the place or places of payment and that payment will be made upon presentation and surrender of the Bonds to be redeemed. Such notice shall also specify the Conversion Price then in effect and the date on which the right to convert such Bonds or the portions thereof to be redeemed will expire. Neither the Trustee nor any of the Agents shall be responsible for monitoring or taking any steps to ascertain whether any of the circumstances mentioned above has occurred or for calculating or verifying the calculations of any amount payable under any notice of redemption hereunder and none of them shall be liable to the Holders or the Issuer or any other person for not doing so.

Repurchase of the Bonds

Repurchase in the Event of Delisting

In the event that the Common Shares cease to be listed or admitted to trading on the TWSE (a “Delisting”) each Holder shall have the right (the “Delisting Put Right”), at such Holder’s option to require the Issuer to repurchase, in whole or in part (being US\$200,000 in principal amount or any integral multiple of US\$100,000 in excess thereof), such Holder’s Bonds on the date set by the Issuer for such repurchase (the “Delisting Put Date”), which shall not be less than 30 nor more than 60 days following the date on which the Trustee sends to each Holder a notice after receiving relevant information from the Issuer regarding the Delisting referred to under “— *Repurchase Procedures*” below at the Settlement Equivalent of the applicable Early Redemption Amount with respect to such Holder’s Bonds to be repurchased on the Delisting Put Date (the “Delisting Put Price”).

Repurchase in the Event of Change of Control

If a Change of Control (as defined below) occurs with respect to the Issuer, each Holder shall have the right (the “Change of Control Put Right”), at such Holder’s option, to require the Issuer to repurchase, in whole

or in part (being US\$200,000 in principal amount or any integral multiple of US\$100,000 in excess thereof), such Holder's Bonds on the date set by the Issuer for such repurchase (the "Change of Control Put Date"), which shall be not less than 30 nor more than 60 days following the date on which the Issuer notifies the Holders, the Trustee and the Paying Agent in writing of the Change of Control, at the Settlement Equivalent of the applicable Early Redemption Amount with respect to such Holder's Bonds to be repurchased on the Change of Control Put Date (the "Change of Control Put Price").

Repurchase Procedures

Not less than 30 nor more than 60 days promptly after becoming aware of a Delisting or Change of Control, the Issuer will provide sufficient information to the Trustee and the Paying Agent in sufficient time (including such notice to be provided to Holders) to permit the Trustee and the Paying Agent to provide to each Holder a notice regarding such Delisting Put Right or Change of Control Put Right, as the case may be, which notice shall state, as appropriate:

- (A) the Delisting Put Date or the Change of Control Put Date, as the case may be (each, a "Purchase Date");
- (B) in the case of a Delisting, the date of such Delisting and, briefly, the events causing such Delisting;
- (C) in the case of a Change of Control, the date of such Change of Control and, briefly, the events causing such Change of Control;
- (D) the date by which the Holder Purchase Notice (as defined below) must be given;
- (E) the Delisting Put Price or the Change of Control Put Price, as the case may be, and the method by which such amount will be paid;
- (F) the names and addresses of all Agents;
- (G) briefly, the Conversion Right (as defined below) of the Holders and the then current Conversion Price and the date on which the right to convert such Bond will expire;
- (H) the procedures that Holders must follow and the requirements that Holders must satisfy in order to exercise their repurchase rights and/or Conversion Right; and
- (I) that a Holder Purchase Notice, once validly given, may not be withdrawn.

To exercise its right to require the Issuer to repurchase its Bonds, the Holder must deliver a written irrevocable notice of the exercise of such right (a "Holder Purchase Notice") to any Paying Agent on any Business Day prior to the close of business at the location of such Paying Agent on such day and which day is not less than ten (10) Business Days prior to the Purchase Date.

Payment of the Delisting Put Price upon exercise of the Delisting Put Right or Change of Control Put Price upon exercise of the Change of Control Put Right for any Certificated Bond for which a Holder Purchase Notice has been delivered is conditioned upon delivery of such Certificated Bond (together with any necessary endorsements) to any Paying Agent on any Business Day together with the delivery of such Holder Purchase Notice and will be made promptly following the later of the Purchase Date and the time of delivery of such Certificated Bond. If the Paying Agent holds on the Purchase Date money sufficient to pay the Delisting Put Price or the Change of Control Put Price, as the case may be, of Bonds for which Holder Purchase Notices have been

delivered in accordance with the provisions of the Indenture upon exercise of such right, then, whether or not such Bond is delivered to the Paying Agent, on and after such Purchase Date, (i) such Bond will cease to be outstanding, (ii) such Bond will be deemed paid, and (iii) all other rights of the Holder shall terminate (other than the right to receive the Delisting Put Price or the Change of Control Put Price, as the case may be).

Neither the Trustee nor any Agent shall be required to monitor or to take any steps to ascertain whether a Change of Control, Delisting or any event which could lead to a Change of Control or Delisting has occurred or may occur and each of them shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer and none of them shall have any obligation or duty to verify the accuracy, completeness, content, validity and/or genuineness of any notices or documents in relation to or in connection with a Change of Control or Delisting and none of them shall be liable to the Holders, the Issuer or any other person for any loss arising from their not doing any of the foregoing.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for the full definition of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

“*Affiliate*” means, with respect to any Person (the “Specified Person”), (i) any Person other than the Specified Person directly or indirectly controlling, controlled by or under direct or indirect common control with, the Specified Person or (ii) any Person who is a director or executive officer (A) of the Specified Person, (B) of any Subsidiary of such Specified Person or (C) of any Person described in clause (i) above. For purposes of this definition, the term “control” when used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

“*Agents*” means the Registrar, Paying Agent, Transfer Agent and Conversion Agent, including any successor registrar, paying agent, conversion agent and transfer agent; an “Agent” means all or any of them, as the context requires.

“*Business Day*” means any day except a Saturday, Sunday or other day on which commercial banks in Taipei, Hong Kong, Singapore, London and the City of New York (or, if applicable, in the city where the relevant Paying Agent is located) are authorized by law to close or are otherwise not open for business.

“*Capital Stock*” means, with respect to any Person, any and all shares, ownership interests, participation or other equivalents (however designated), including all common stock and all preferred stock, of such Person.

“*Certificated Bonds*” means the individual certificated Bonds executed and delivered by the Issuer and authenticated by or to the order of the Trustee, which may be delivered in exchange for the Global Bond in certain circumstances.

“*Change of Control*” occurs when:

- (1) any Person or Persons (as defined below) acting together acquires Control of the Issuer if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Issuer on the Closing Date; or
- (2) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer’s assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Issuer or any successor entity.

“*Closing Price*” means for any Trading Day (a) with respect to the Common Shares, the closing price of the Common Shares on the TWSE on such day or, if no reported sales take place on such day, the average of the reported closing bid and offered prices, in either case as reported by the TWSE for such day as furnished by an Independent Investment Bank, and (b) with respect to Capital Stock of the Issuer (other than Common Shares), the closing price for such Capital Stock (other than Common Shares) on the Selected Exchange (as defined under “Trading Day” below); provided that for the purpose of determining the Closing Price used in “— *Redemption at the Option of the Issuer*” above for all Trading Days on or between the ex-rights or ex-dividends date and the record date for the determination of the shareholders entitled to receive such rights or dividends, the Closing Price shall be adjusted upwards to include the value of such rights or dividends.

“*Common Shares*” means shares of the common stock of the Issuer, par value NT\$10.0 per share.

“*Control*” means (i) the right to appoint and/or remove all or the majority of the members of the Issuer’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; or (ii) the acquisition or control of more than 50% of the voting rights of the issued share capital of the Issuer.

“*Conversion Price*” means the initial conversion price of NT\$109.45 per Common Share set forth on the cover of this Offering Circular, subject to adjustment in the manner provided in “— *Conversion — Adjustments to the Conversion Price*” below.

“*Debt*” means, with respect to any Person at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all obligations of such Person as lessee which are capitalized in accordance with the generally accepted accounting principles applicable to such Person, (v) all Debt secured by a Lien on any asset of such Person, whether or not such Debt is otherwise an obligation of such Person, (vi) all obligations of such Person to purchase securities or other property that arise out of or in connection with the sale of the same or substantially similar securities or property, (vii) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument and (viii) all Debt of others guaranteed by such Person.

“*Default*” means any condition or event which, with the giving of notice or lapse of time or both, would become an Event of Default (as defined below).

“*Early Redemption Amount*” means, for each US\$200,000 in principal amount of the Bonds, the amount calculated in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards:

$$\text{Early Redemption Amount} = I \times (1 + r/2)^{d/180}$$

where:

I = Issue price (100% of principal amount) of the Bonds.

r = -1.5% expressed as a decimal.

d = number of days from, and including, March 31, 2026 to, but excluding, the date for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the actual number of days elapsed.

| Semi-Annual Date | Early Redemption Amount (in US Dollars) |
|-------------------------|--|
| September 30, 2026 | 198,500.00 |

“*Fixed Exchange Rate*” means the fixed rate of US\$1.00=NT\$32.027.

“*FSC*” means the Financial Supervisory Commission of the ROC.

“*Holder*”, “*holder*” and “*Bondholder*” in relation to a Bond means the person in whose name a Bond is registered in the Bond register.

“*Independent Investment Bank*” means (i) an independent investment bank of international repute or (ii) leading independent securities company or bank in the ROC (in each case of (i) and (ii), acting as an expert) selected by the Issuer at the expense of the Issuer and notified in writing to the Trustee and the Agents.

“*Lien*” means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such property or asset, including, without limitation, the right of a vendor, lessor or similar party under any conditional sales agreement, capital lease or other title retention agreement relating to such property or asset, and any other right of or arrangement with any creditor to have its claims satisfied out of any property or assets, or the proceeds therefrom prior to any general creditor of the owner thereof.

“*Market Value*” means (i) in the case of Common Shares, the average of the Closing Prices of the Common Shares for the most recent 30 Trading Days, (ii) in the case of Capital Stock (other than Common Shares) which is listed on the Selected Exchange, the average of the Closing Prices of such Capital Stock (other than Common Shares) for the most recent 30 Trading Days and (iii) in the case the market value cannot be determined pursuant to the procedures above, the market value determined by an opinion of an Independent Investment Bank.

“*NT Dollars*” or “*N.T. dollars*” or “*NT\$*” means the lawful currency for the time being of the ROC.

“*Person*” means any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organization, trust, state or agency of a state (in each case whether or not being a separate legal entity), limited liability company, government or political subdivision or agency or instrumentality thereof, or any other entity or organization; provided that in the context of a Change of Control, a Person does not include the Issuer’s board of directors or any other governing board and does not include the Issuer’s wholly-owned direct or indirect Subsidiaries.

“*Prevailing Rate*” for each Rate Calculation Date, means a rate determined by the Issuer in good faith as follows:

- (a) the fixing rate at 11:00 a.m., expressed as the number of NT Dollars per one US Dollar, quoted by Taipei Forex Inc.;
- (b) if no such rate is available under sub-paragraph (a), the prevailing rate determined by the Issuer in good faith on the basis of quotations provided by the Reference Dealers of the specified exchange rate for the Rate Calculation Date as obtained in accordance with the provisions below; and

- (c) if fewer than two quotations are provided under sub-paragraph (b), the exchange rate for the Rate Calculation Date as shall be determined by an Independent Investment Bank in good faith.

In determining the prevailing rate under sub-paragraph (b), the Issuer will request the Taipei office of each of the Reference Dealers to provide a quotation of what the specified screen rate would have been had it been published, reported or available for the Rate Calculation Date, based upon each Reference Dealer's experience in the foreign exchange market for NT Dollars and general activity in such market on the Rate Calculation Date. The quotations used to determine the Prevailing Rate for a Rate Calculation Date will be determined in each case for such Rate Calculation Date, and will be requested at 3:30 p.m. (Taipei time) on such Rate Calculation Date or as soon as practicable after it is determined that the specified screen rate was not available.

If four quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the rates, without regard to the rates having the highest and lowest value. For this purpose, if more than one quotation has the same highest value or lowest value, then the rate of only one of such quotations shall be disregarded. If two or three quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the rates provided.

As soon as practicable and no later than one Business Day after the Prevailing Rate has been determined, the Issuer will notify the Trustee and the Agents in writing of the Prevailing Rate and the applicable Settlement Equivalent on the Rate Calculation Date.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of determining the Prevailing Rate, whether by the Reference Dealers (or any of them), the Issuer or the Independent Investment Bank, will (in the absence of fraud, willful default or gross negligence) be binding on the Issuer and all Bondholders, and for administrative purpose only (without assuming any liability) on the Trustee and Agents.

"Principal Subsidiary" means any consolidated Subsidiary (1) whose revenues, as shown by the latest audited accounts (consolidated in the case of a company which itself has subsidiaries) of such Subsidiary, are at least 15% of the consolidated revenues as shown in the latest audited consolidated accounts of the Issuer or (2) whose total assets, as shown in the latest audited accounts (consolidated in the case of a company which itself has subsidiaries) of such Subsidiary are at least 15% of the consolidated total assets of the Issuer as shown in the latest audited consolidated accounts of the Issuer, including any such Subsidiary as may be acquired or formed from time to time during the term of the Bonds; provided, however, for the purposes of calculation of consolidated assets of the Issuer under (2) only, the interests of the minority shareholders of the Issuer and of its consolidated Subsidiaries shall be excluded, and *"Principal Subsidiaries"* means those companies collectively. An officer's certificate delivered to the Trustee and Holders stating that in the Issuer's opinion, a consolidated Subsidiary is or is not or was or was not at a specified date a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

"Purchase Date" has the meaning specified under the caption "*— Repurchase Procedures*" above.

"Rate Calculation Date" means the day which is five Business Days before the due date of the relevant amount.

"Redemption Date" means, with respect to any Bond, (i) the date fixed for redemption of such Bond pursuant to a notice of redemption given by the Issuer in accordance with the provisions of the Indenture; or (ii) the Maturity Date of such Bond if such Bond has not been redeemed, repurchased and canceled or converted in accordance with its terms prior to the Maturity Date.

“*Reference Dealers*” means four leading dealers engaged in the foreign exchange market of the relevant currency selected by the Issuer.

“*Settlement Equivalent*” for the relevant Rate Calculation Date in respect of any US Dollar-denominated amount payable in respect of the Bonds, means such US Dollar amount converted into NT Dollar amount using the Fixed Exchange Rate, and then converted back to US Dollar amount using the applicable Prevailing Rate on such date.

“*Securities Act*” means the United States Securities Act of 1933, as amended.

“*Subsidiary*” means, with respect to any Person, (a) any entity which is controlled or of which more than 50% of its Capital Stock is owned directly or indirectly by such Person, or (b) any entity which at any time has its accounts consolidated with those of that Person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such Person from time to time, should have its accounts consolidated with those of that Person.

“*Taxing Authority*” means any government or political subdivision or any authority or agency thereof, having the legal power and authority to levy a mandatorily payable charge, assessment or tax.

“*Trading Day*” means (a) with respect to the Common Shares, a day when the TWSE is open for business, *provided, however*, if no transaction price or closing bid and offered prices are reported by the TWSE in respect of the Common Shares for one or more Trading Days, such day or days will be disregarded in any relevant calculation and will be deemed not to have existed when ascertaining any period of consecutive Trading Days and (b) with respect to Capital Stock of the Issuer (other than Common Shares), a day on which any securities exchange or quotation system selected by the Issuer and notified to the Paying Agent for this purpose (the “Selected Exchange”) on which shares of such Capital Stock (other than Common Shares) are quoted or traded is open for trading or quotation; *provided, however*, if no bid price is reported by the Selected Exchange in respect of such Capital Stock (other than Common Shares) for one or more Trading Days, such day or days will be disregarded in any relevant calculation and will be deemed not to have existed when ascertaining any period of consecutive Trading Days.

“*TWSE*” means the Taiwan Stock Exchange Corporation.

“*US Dollars*”, “*U.S. Dollars*” or “*US\$*” means the lawful currency for the time being of the United States of America.

Certain Covenants

Negative Pledge

So long as any Bond remains outstanding, the Issuer shall not, and shall procure that none of its Principal Subsidiaries will, create or permit to subsist any Lien on any of its or, as the case may be, such Principal Subsidiary’s, property, assets or revenues, present or future, to secure for the benefit of the holders of any International Investment Securities (as defined below) (i) payment of any sum owing in respect of any such International Investment Securities, (ii) any payment under any guarantee of any such International Investment Securities or (iii) any payment under any indemnity or other like obligation relating to any such International Investment Securities, unless contemporaneously therewith effective provision is made to secure the Bonds (a) equally and ratably with such International Investment Securities with a similar Lien on the same property, assets or revenues securing such International Investment Securities for so long as such International Investment Securities are secured by such Lien or (b) with such other security, guarantee, indemnity or other arrangement as

shall be approved by registered Holders holding not less than 50% of the principal amount of the outstanding Bonds.

As used herein, “International Investment Securities” means bonds, debentures, notes or other similar investment securities of the Issuer or any other person evidencing indebtedness, with a maturity of not less than one year from the issue date thereof, or any guarantees thereof, which (i) either (A) are by their terms payable, or confer a right to receive payment, in any currency other than NT Dollars or (B) are denominated in NT Dollars and more than 50% of the aggregate principal amount thereof is initially distributed outside the ROC by or with the consent of the Issuer and (ii) are for the time being, or are intended to be or capable of being, quoted, listed, dealt in or traded on any stock exchange or over-the-counter or other securities market outside the ROC.

Consolidation, Amalgamation or Merger

The Issuer shall not consolidate with, merge or amalgamate into or transfer or convey all or substantially all of its properties and assets to, any Person (the consummation of any such event, a “Merger”), unless:

- (i) the corporation formed by such Merger or the Person that acquired such properties and assets shall expressly assume, by an indenture supplemental to the Indenture, all obligations of the Issuer under the Indenture and the performance of every covenant and agreement applicable to it contained therein;
- (ii) immediately after giving effect to any such Merger, no Default or Event of Default shall have occurred or be continuing or would result therefrom;
- (iii) the Issuer at least 20 Business Days prior to the Merger has delivered to the Trustee an officer’s certificate stating that such Merger complies with the provisions of the Indenture relating to this matter and that all conditions precedent therein provided for or relating to such Merger have been complied with;
- (iv) the corporation formed by such Merger, or the Person that acquired such properties and assets, shall expressly agree to (A) indemnify each holder of a Bond against any tax, assessment or governmental charge payable by withholding or deduction thereafter imposed on such holder solely as a consequence of such Merger with respect to the payment of principal of and other amounts on the Bonds and (B) if organized under the laws of a jurisdiction other than the ROC, deliver a substitute undertaking to the Trustee to pay any additional amounts as may be necessary in order that the net amounts received by the holders of the Bonds, after any withholding or deduction of any such tax, assessment or other governmental charge shall equal the respective amounts of the principal of and Additional Amounts on the Bonds, which would have been receivable in respect of the Bonds in the absence of such Merger. No successor corporation or other Person shall have the right to redeem the Bonds unless the Issuer would have been entitled to redeem the Bonds pursuant to the Indenture in the absence of the Merger; and
- (v) the Issuer shall as soon as practicable on or prior to the Merger, deliver to the Trustee an opinion satisfactory to the Trustee of counsel(s) of recognized standing that the condition in paragraph (i) above has been satisfied.

In the event of any such Merger, the provisions described under “— *Additional Amounts*” and “— *Redemption for Taxation Reasons*” above will be applicable to the corporation formed by such Merger or the

Person acquiring such properties and assets as appropriate, and any reference to the Issuer shall be read to include such successor person.

Conversion

Conversion Right

Each Holder will have the right (the “Conversion Right”) during the Conversion Period to convert its Bonds (being US\$200,000 in principal amount or any integral multiple of US\$100,000 in excess thereof), at the option of such converting Holder, upon delivery of an irrevocable notice (the “Conversion Notice”) at the office of the Conversion Agent, on any Business Day at all reasonable times during normal office hours (being between 9.00 a.m. and 3.00 p.m. (London time)) at the location of the Conversion Agent to which such Conversion Notice is delivered, into Common Shares; *provided, however*, that the Conversion Right during any Closed Period (as defined below) shall be suspended and the Conversion Period shall not include any such Closed Period. “Closed Period” means the period during which the Conversion Right may not be exercised, including (i) in the event of free distribution of Common Shares, distribution of cash dividend or capital increase by cash, the period starting from the fifteenth business day in the ROC prior to any closure of the Company's stock transfer books and ending on the record date for the determination of the shareholders entitled to the receipt of dividends in cash or shares, or subscription of new Common Shares due to capital increase by cash; (ii) the period from the record date of any capital reduction to the day immediately preceding the date on which the Common Shares resume trading after such capital reduction; (iii) the period from the commencement of the suspension of the conversion (subscription) in respect of the change of par value of the Common Shares to the day immediately preceding the date on which the reissued Common Shares resume trading after such change of par value of the Common Shares; and (iv) such other periods during which the Company may be required to close its stock transfer books under the ROC laws and regulations as well as the rules of the TWSE applicable from time to time. For the avoidance of doubt, notwithstanding the requirement under the rules of the TWSE that the Company shall close its stock transfer books during (a) the 60-day period immediately preceding the date of any general meeting of shareholders, and (b) the 30-day period immediately preceding the date of any extraordinary meeting of shareholders, the Conversion Right may nevertheless be exercised during such periods; provided, however, that any Holder who elects to convert its Bonds and/or the Conversion Date (as defined below) falls within such 60-day or 30-day period, as applicable, shall not be entitled to attend or vote at the forthcoming general meeting or extraordinary meeting of shareholders, as applicable. The Issuer shall procure that Holders (and the Trustee and the Conversion Agent) are given at least 7 days’ but not more than 60 days’ prior notice of any Closed Period in accordance with the provisions of the Indenture.

The number of Common Shares to be issued upon conversion will be determined by dividing the aggregate principal amount of all the Bonds to be converted by such Holder (translated into NT Dollars at the Fixed Exchange Rate) by the Conversion Price in effect on the Conversion Date (as defined below). Fractions of Common Shares will not be issued on conversion, and the Issuer will pay in US Dollars for any fraction of a Common Share not issued as aforesaid, net of remittance fee and processing fees, rounding to one US Dollar with US\$0.50 being rounded upwards.

The Conversion Price shall at all times be subject to Anti-dilution Adjustment (as defined below). The Issuer shall not take any action that would reduce the Conversion Price below the par value of the Common Shares (currently NT\$10.0 per share), unless, under applicable law then in effect, the Bonds could be converted at such reduced Conversion Price into legally issued, fully-paid and non-assessable Common Shares.

On the Conversion Date, the Conversion Agent shall be entitled to write down and cancel the relevant Bonds subject to such exercised Conversion Right with no further liability. The Trustee and the Agents shall not be required to monitor or assist with the delivery of Common Shares or any cash or any other property or securities related thereto, or for registration of any kind that may arise pursuant to an exercise of a Conversion Right.

Restrictions on Shareholdings by PRC Persons

Under current ROC laws, regulations and policy, a PRC person is not permitted to convert the Bonds and to register as a shareholder of the Issuer unless (i) it is a PRC qualified domestic institutional investor (“QDII”), which will hold less than 10% of the Issuer’s issued shares after conversion of the Bonds, or (ii) it otherwise obtains the approval of the Ministry of Economic Affairs if all the business items of the Company are within the positive list promulgated by the ROC government from time to time and it will hold 10% or more (or other threshold required by the regulators) of the Issuer’s issued shares after conversion of the Bonds. In addition, there are restrictions on the amount remitted to the ROC for investments by QDIIs, separately and jointly. Accordingly, the qualification criteria for a PRC person to make investment and the investment threshold imposed by the FSC and the TWSE might cause a Bondholder who is a PRC person to be unable to convert and hold the Common Shares issuable upon conversion of the Bonds. Under current ROC laws, “PRC person” means (i) an individual holding a passport issued by the PRC, a resident of any area of the PRC under the effective control or jurisdiction of the PRC (but not including a special administrative region of the PRC such as Hong Kong and Macau, if so excluded by applicable laws of the ROC), (ii) any agency or instrumentality of the PRC, and (iii) any corporation, partnership or other entity organized under the laws of any such area, or in countries outside of the ROC or PRC that is directly or indirectly controlled by, or directly or indirectly having more than 30% of its capital owned by, or beneficially owned by any such person, resident, agency, instrumentality, corporation, partnership or entity.

ROC Procedures for Foreign Persons Holding Common Shares

Under current ROC law, a non-ROC converting Holder who is not a PRC person, before exercising the Conversion Right, is required to register with the TWSE for making investments in the ROC securities market. Such non-ROC converting Holder is also required to appoint a local agent in the ROC which meets the qualifications that are set from time to time by the FSC to open a securities trading account with a local brokerage firm and a bank account, to pay ROC taxes, remit funds, exercise shareholders’ rights and perform such other functions as may be designated by such Holder upon conversion. In addition, such non-ROC converting Holder must also appoint a custodian in the ROC to hold the securities and any cash proceeds for safekeeping, to make confirmation, settle trades and report all relevant information. Furthermore, such non-ROC converting Holder is required to appoint an agent (“Tax Guarantor”) in the ROC, which meets the qualifications set from time to time by the Ministry of Finance of the ROC for filing tax returns and making tax payments on their behalf. Without meeting such requirements, such non-ROC converting Holder would not be able to hold or sell or otherwise transfer Common Shares into which the Bonds may be converted on the TWSE or otherwise. For more details, see “Appendix B — Foreign Investment and Exchange Controls in the ROC.”

Delivery of Common Shares upon Conversion

Upon a converting Holder exercising its Conversion Right, the Issuer shall as promptly as practicable issue Common Shares upon conversion of Bonds in accordance with the ROC law.

The Issuer’s delivery to the Bondholder of the number of Common Shares into which the Bonds are convertible, together with any cash payment for any fraction of Common Shares, will be deemed to satisfy the Issuer’s obligation to pay the principal of and other amounts on such Bonds.

See “Risk Factors — Risks Relating to the Bonds and the Shares — A liquid market for the Bonds may not develop, and the market for our Shares may not be liquid.”

Procedures; Conversion Notice; Taxes and Duties

In order to effect a conversion, each Holder must complete, execute and deliver at such Holder's expense during the Conversion Period to the office of the Conversion Agent on any Business Day at all reasonable times during normal office hours (being between 9.00 a.m. and 3.00 p.m. (London time)) at the location of the Conversion Agent, a Conversion Notice, in the form then obtainable from the office of the Conversion Agent, together, in the case of Certificated Bonds, with the certificate representing the Bonds to be converted, and any certificates and other documents as may be required under applicable law and any expenses or other payments required to be paid by the Holder pursuant to the terms of the Indenture. The Conversion Notice shall contain, inter alia, an appointment of a local agent by such converting Holder and the name and address of such local agent and information relating to such Holder's Foreign Investor Investment I.D. or QDII Investment I.D. (if required) and Taiwan Depository & Clearing Corporation ("TDCC") account number. Holders of the Bonds who are unable to make the representations set forth in the Conversion Notice will not be able to receive Common Shares issuable upon conversion of the Bonds. The Conversion Agent will deem any Conversion Notice that does not include a TDCC account number or the Foreign Investor Investment I.D. or QDII Investment I.D. (if one is required) incomplete or incorrect and reject such Conversion Notice.

Any Conversion Notice received after the normal office hours at the office of the Conversion Agent on any Business Day (i.e. after 3:00 pm (London time)), will be deemed received by the Conversion Agent on the next Business Day. Upon receipt of such Conversion Notices (and Bonds duly surrendered), the Conversion Agent shall have to process and transmit such Conversion Notices to the Issuer as soon as reasonably practicable, in any event no later than the Conversion Date.

A Conversion Notice once so delivered may not be withdrawn without the consent in writing of the Issuer. Holders who deposit a Conversion Notice during a Closed Period will not be permitted to convert their Bonds until the first Business Day which is a Trading Day following the last day of that Closed Period which (if all other conditions to conversion have been fulfilled) will be the Conversion Date for such Bonds unless such date shall fall after the expiry of the Conversion Period. If the Conversion Date in respect of the exercise of any Conversion Right is postponed as a result of the foregoing provision to a date that falls after the expiry of the Conversion Period, such Conversion Date shall be deemed to be the final day of such Conversion Period. Such Holders will not be registered as holders of Common Shares until the Conversion Date. The price at which such Bonds will be converted will be the Conversion Price in effect on the Conversion Date.

As conditions precedent to conversion, the Holder must confirm to the Issuer that all stamp, issue, registration and similar taxes and duties (if any) arising on conversion in the country in which the Bond is deposited for conversion, or payable in any jurisdiction consequent upon the issue and delivery of Common Shares or any other property or cash upon conversion to or to the order of a person other than the converting Bondholder have been paid to the relevant authority. Except as aforesaid, the Issuer will pay the expenses arising in the ROC on the issue of Common Shares on conversion of Bonds and all charges of the Conversion Agent in connection therewith as provided in the Indenture. The date on which any Bond and the Conversion Notice (in duplicate) relating thereto, together with any certificates and other documents as may be required under applicable law, are duly deposited and the relevant Bonds duly surrendered with the Conversion Agent without any omission or error and the payments, if any, required to be paid by the Bondholder are made is hereinafter referred to as the "Deposit Date". The "Conversion Date" applicable to a Bond shall mean the next Business Day following the Deposit Date (or the first Business Day which is a Trading Day following the last day of a Closed Period if the related Conversion Notice was deposited during such Closed Period), which day must be a Trading Day and must fall within the Conversion Period. The Holder must therefore satisfy all such conditions on or before the Business Day (which day must be a Trading Day) prior to the end of the Conversion Period.

With effect from the opening of business in the ROC on the Conversion Date, the Issuer will deem the person designated in the Conversion Notice as the person in whose name the Common Shares to be issued upon such conversion are to be registered as the holder of record of the number of Common Shares (disregarding any retroactive adjustment of the Conversion Price referred to below prior to the time such retroactive adjustment

shall have become effective), and at such time the rights of such converting Holder as a Holder with respect to the Bonds deposited for conversion shall cease.

On the Conversion Date, the Issuer will register the converting Holder (or its designee) in the Issuer's register of shareholders as the owner of the number of Common Shares to be issued upon conversion of such Bonds and, subject to any applicable limitations then imposed by ROC laws and regulations, according to the request made in the relevant Conversion Notice, procure that, as soon as practicable, and in any event within five Trading Days from the Conversion Date (subject to changes to ROC laws and regulations) (or where the converting Holder has not appointed a local agent, after such local agent is appointed), there be delivered to the local agent appointed by the converting Holder through book-entry system of TDCC, registered in the name specified for that purpose in the relevant Conversion Notice, together with any other property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the delivery thereof. No physical certificates will be delivered to the converting Holder (or its designee) upon conversion.

Adjustments to the Conversion Price

Anti-dilution. The Conversion Price will be subject to adjustment ("Anti-dilution Adjustment") in the circumstances described below:

- (i) If the Issuer shall issue Common Shares as a dividend in Common Shares or make a free distribution or bonus issue of Common Shares which is treated as a capitalization issue for accounting purposes (including but not limited to capitalization of retained earnings or capital reserves), then the Conversion Price in effect on the record date for the determination of the shareholders entitled to receive such dividend and/or distribution shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \frac{N}{(N + n)}$$

where:

NCP = the Conversion Price after such adjustment.

OCP = the Conversion Price before such adjustment.

N = the number of Common Shares outstanding on the day before the record date for the determination of shareholders entitled to receive such dividend and/or distribution.

n = the number of Common Shares to be distributed to the shareholders as a dividend and/or distribution.

- (ii) If the Issuer shall (a) subdivide its outstanding Common Shares, (b) combine its outstanding Common Shares into a smaller number of Common Shares, or (c) re-classify any of its Common Shares into other securities of the Issuer, then the Conversion Price shall be appropriately adjusted so that the Holder, in respect of the Conversion Date which occurs after the coming into effect of the adjustment described in this subsection (ii), shall be entitled to receive the number of Common Shares and/or other securities of the Issuer which it would have held or have been entitled to receive after the happening of any of the events described above had such Bond been converted immediately prior to the happening of such event (or, if the Issuer has fixed a prior record date for the determination of the shareholders entitled to receive

any such securities issued upon any such subdivision, combination or reclassification, immediately prior to such record date), but without prejudice to the effect of any other adjustment to the Conversion Price made with effect from the date of the happening of such event (or such record date) or any time thereafter.

- (iii) If the Issuer shall grant, issue or offer to the holders of Common Shares rights entitling them to subscribe for or purchase Common Shares, which expression shall include those Common Shares which are required to be offered to employees and persons other than shareholders in connection with such grant, issue or offer, at a consideration per Common Share receivable by the Issuer which is fixed:
- (a) on or prior to the record date mentioned below and is less than the Market Value per Common Share on such record date; or
 - (b) after the record date mentioned below and is less than the Market Value per Common Share on the date the Issuer fixes the said consideration,

then the Conversion Price in effect (in the case of (a) above) on the record date for the determination of the shareholders entitled to receive such rights or (in the case of (b) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{(N + v)}{(N + n)} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

- N = the number of Common Shares outstanding (in the case of (a) above) on the day before such record date or (in the case of (b) above) on the date the Issuer fixes the said consideration.
- n = the number of Common Shares to be issued in connection with such rights issue at the said consideration.
- v = the number of Common Shares which the aggregate consideration receivable by the Issuer would purchase at such Market Value specified in (a) or, as the case may be, (b) above.

Subject as provided below, such adjustment shall become effective immediately after the latest date for the submission of applications of such Common Shares by shareholders entitled to the same pursuant to such rights or (if later) immediately after the Issuer fixes the said consideration but retroactively to the record date mentioned above.

For the avoidance of doubt, if, in connection with a grant, issue or offer to the holders of Common Shares of rights entitling them to subscribe for or purchase Common Shares, any Common Shares which are not subscribed for or purchased by the persons entitled thereto are purchased by other persons after the latest date for the submission of applications for such Common Shares, an adjustment shall be made to the Conversion Price in accordance with the above provisions which

shall become effective immediately after the date the Issuer receives the consideration in full, from such other persons but retroactively to the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Common Shares of rights entitling them to subscribe for or purchase Common Shares, any such Common Shares which are not subscribed for or purchased by such other persons as referred to above or by the persons entitled thereto (or persons to whom shareholders have transferred such rights) who have submitted applications for such Common Shares as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

- (iv) If the Issuer shall grant, issue or offer to the holders of Common Shares warrants entitling them to subscribe for or purchase Common Shares at a consideration per Common Share receivable by the Issuer which is fixed:
- (a) on or prior to the record date for the determination of the shareholders entitled to receive such warrants and is less than the Market Value per Common Share at such record date; or
 - (b) after the record date mentioned above and is less than the Market Value per Common Share on the date the Issuer fixes the said consideration,

then the Conversion Price in effect (in a case within (a) above) on the record date for the determination of the shareholders entitled to receive such warrants or (in a case within (b) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{(N + v)}{(N + n)} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

- N = the number of Common Shares outstanding (in the case of (a) above) on the day before such record date or (in the case of (b) above) on the date the Issuer fixes the said consideration.
- n = the number of Common Shares initially to be issued upon exercise of such warrants at the said consideration where no applications by shareholders entitled to such warrants are required. Where applications by shareholders entitled to such warrants are required, n equals the number of such Common Shares that equals (A) the number of warrants which underwriters have agreed to underwrite as referred to below or, as the case may be, and (B) the number of warrants for which applications are received from shareholders as referred to below except to the extent already adjusted for under (A).
- v = the number of Common Shares which the aggregate consideration receivable by the Issuer would purchase at such Market Value per Common Share specified in (a) or, as the case may be, (b) above.

Subject as provided below, such adjustment shall become effective, where applications by shareholders entitled to the same are required as aforesaid, immediately after the latest date for the submission of such applications or (if later) immediately after the Issuer fixes the said consideration but retroactively to the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Common Shares of warrants entitling them to subscribe for or purchase Common Shares where applications by shareholders entitled to the same are required, any warrants which are not subscribed for or purchased by the shareholders entitled thereto are purchased by other persons after the latest date for the submission of applications for such warrants, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the Issuer receives the consideration in full, from such other persons but retroactively to the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Common Shares of warrants entitling them to subscribe for or purchase Common Shares where applications by shareholders entitled to the same are required, any such warrants which are not subscribed for or purchased by such other persons as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred the right to purchase such warrants) who have submitted applications for such warrants as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

- (v) In case the Issuer or any Subsidiary of the Issuer shall distribute to all holders of Common Shares, any shares of Capital Stock of the Issuer other than Common Shares, evidences of indebtedness or other assets (other than cash distributions described below) of the Issuer, or rights or warrants to subscribe for or purchase any Capital Stock of the Issuer (other than Common Shares) at less than the Market Value of such indebtedness, assets or Capital Stock, determined as of the date on which the board of directors of the Issuer approves such distribution (the "Grant Date"), then in each such case the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{(M - fmv)}{M} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

M = the Market Value per Common Share on the record date for the determination of shareholders entitled to receive such distribution.

fmv = the Fair Market Value on the Grant Date (as determined by an independent financial institution selected by the Issuer, at the expense of the Issuer and promptly notified in writing to the Trustee) of the portion of Capital Stock other than Common Shares, evidences of indebtedness or other assets so distributed applicable to one Common Share less any consideration payable for the same by the relevant Shareholder.

- (vi) In case the Issuer shall, by dividend or otherwise, distribute to all holders of Common Shares cash then, in such case, the Conversion Price shall be adjusted downward, not upward (with such adjustment to be effective on the record date for the determination of the shareholders

entitled to receive such distribution) in accordance with the following formula and rounded to the nearest cent of a NT Dollar;

$$NCP = OCP \times [1 - (C/M)]$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

C = the amount of cash so distributed applicable to one Common Share.

M = the Market Value per Common Share on such record date.

If such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such dividend or distribution had not been approved.

- (vii) (a) If the Issuer shall reduce its share capital other than by means of canceling any Common Shares repurchased for the purpose of holding such Common Shares in treasury and does not distribute any cash in connection with such share capital reduction, then the Conversion Price in effect on the record date of such capital reduction shall be adjusted in accordance with the following formula:

$$NCP = OCP \times (N/n)$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

N = the number of Common Shares outstanding immediately prior to such capital reduction.

n = the number of Common Shares outstanding immediately after such capital reduction.

- (b) If the Issuer shall reduce its share capital other than by means of canceling any Common Shares repurchased for the purpose of holding such Common Shares in treasury and shall distribute cash in connection with such share capital reduction, the Conversion Price then in effect on the record date of such capital reduction shall be adjusted in accordance with the following formula:

$$NCP = OCP \times (1 - C/c) \times (N/n)$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

N and n have the meanings ascribed thereto in clause (a) of this subsection above.

C = the amount of cash distributed per Common Share.

c = the Closing Price on the last Trading Day prior to such capital reduction.

For the avoidance of doubt, no adjustment to the Conversion Price under this subsection will be required if the Issuer cancels any Common Shares repurchased for the purpose of holding such Common Shares in treasury.

- (c) Effective date of adjustment: Such adjustment shall become effective immediately on the record date of such capital reduction.
- (viii) In case a tender or exchange offer made by the Issuer or any Subsidiary of the Issuer for all or any portion of the Common Shares shall expire and such tender or exchange offer shall involve the payment by the Issuer or such Subsidiary of consideration per Common Share having a Fair Market Value (as determined by an independent financial institution selected by the Issuer, at the expense of the Issuer and promptly notified in writing to the Trustee) at the last time (the “Expiration Date”) tenders or exchanges could have been made pursuant to such tender or exchange offer (as it shall have been amended) that exceeds the Market Value per Common Share, as of the Expiration Date, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left[\frac{(N \times M)}{a + [(N - n) \times M]} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

N = the number of Common Shares outstanding (including any tendered or exchanged Common Shares) at the close of business on the Expiration Date.

M = Market Value per Common Share as of the Expiration Date.

a = the Fair Market Value of the aggregate consideration payable to the holders of Common Shares based on the acceptance (up to a maximum specified in the terms of the tender or exchange offer) of all Common Shares validly tendered or exchanged and not withdrawn as of the Expiration Date (the Common Shares deemed so accepted up to any such maximum, being referred to as the “Purchased Shares”).

n = the number of Purchased Shares.

such reduction to become retroactively effective immediately prior to the opening of business on the day following the Expiration Date.

If the Issuer is obligated to purchase Common Shares pursuant to any such tender or exchange offer, but the Issuer is permanently prevented by applicable law from effecting any such purchase or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender or exchange offer had not been made.

- (ix) In case the Issuer issues Common Shares (other than (A) Common Shares issued upon conversion or exchange of any convertible or exchangeable securities (including the Bonds) issued by the Issuer; (B) Common Shares issued upon exercise of any rights or warrants granted, offered or issued by the Issuer; (C) issuance of employee stock bonus; or (D) Common Shares issued in any of the circumstances described in subsections (i) and (ii) or the Issuer or

any Subsidiary of the Issuer shall issue any securities initially convertible into or exchangeable for Common Shares at a price per Common Share less than the Market Value per Common Share determined as of the date on which the board of directors or shareholders' meeting of the Issuer or such Subsidiary, if applicable, approves such issuance, the Conversion Price in effect immediately prior to the date of issue of such Common Shares or convertible or exchangeable securities shall be adjusted and become effective in accordance with the following formula:

$$NCP = OCP \times \left[\frac{(N + v)}{(N + n)} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (i) above.

- N = the number of Common Shares outstanding on the date immediately prior to issuance of such Common Shares or initially convertible or exchangeable securities.
- n = the number of Common Shares issued or issuable upon conversion or exchange of such initially convertible or exchangeable securities.
- v = the number of Common Shares which the aggregate consideration issue price of the total amount of Common Shares would purchase at Market Value; in the case of convertible or exchangeable securities, the number of Common Shares which the conversion price or exchange price of the newly issued securities multiplied by "n" would purchase at Market Value; provided that if the new Common Shares are issued by the Issuer to exchange for the total outstanding shares of an entity to be consolidated with, merged or amalgamated into the Issuer, such "aggregate consideration issue price of the total amount of Common Shares" shall mean the aggregate amount of the fair value per common share of such entity multiplied by "n" and further multiplied by the applicable share swap ratio under such consolidation, merger or amalgamation. The fair value per common share of such entity shall be the net asset value per share of such entity based on the latest audited or reviewed financial statements of such entity prior to the record date set for such consolidation, merger or amalgamation, times the share swap ratio.

If the conversion or exchange right of any such convertible or exchangeable securities expires prior to exercise, the Conversion Price shall be readjusted to reflect the actual securities converted or exchanged.

- (x) In case the Issuer reissues the Common Shares to change the par value of the Common Shares, then the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times (N/n)$$

where:

NCP and OCP have the meanings ascribed thereto in subsection (a) above.

N = the number of Common Shares outstanding immediately prior to such change of par value of the Common Shares.

n = the number of Common Shares outstanding immediately after such change of par value of the Common Shares.

Such adjustment shall become effective immediately on the record date for exchanging the Common Shares with new par value for the Common Shares with original par value.

- (xi) If the Issuer shall declare a dividend in, or make a free distribution or bonus issue of, Common Shares which dividend, issue or distribution is to be paid or made to shareholders as of a record date which is also:

- A. the record date for the issue of any rights or warrants which requires an adjustment of the Conversion Price pursuant to subsections (iii) or (iv) above;
- B. the day immediately before the date of issue of any securities convertible into or exchangeable for Common Shares which requires an adjustment of the Conversion Price pursuant to subsection (ix) above;
- C. the day immediately before the date of a distribution which requires an adjustment of the Conversion Price pursuant to subsection (v) above;
- D. the record date for distribution of cash which requires an adjustment of the Conversion Price pursuant to subsection (vi) above;
- E. the record date of capital reduction which requires an adjustment of the Conversion Price pursuant to subsection (vii) above;
- F. the record date for exchanging the Common Share with new par value for the Common Shares with original par value which requires an adjustment of the Conversion Price pursuant to subsection (x) above;
- G. the Expiration Date with respect to any tender or exchange offer which requires an adjustment to the Conversion Price pursuant to subsection (viii) above; or
- H. the relevant date for an analogous event or circumstance which requires an adjustment to the Conversion Price;

then (except where such dividend, bonus issue or free distribution gives rise to a retroactive adjustment of the Conversion Price under subsections (i) or (ii) above) no adjustment of the Conversion Price in respect of such dividend, bonus issue or free distribution shall be made under

the relevant subsections, but in lieu thereof an adjustment shall be made (A) under subsections (iii), (iv), (ix) or (x) above, as applicable, by including in the denominator of the fraction described therein the aggregate number of Common Shares to be issued pursuant to such dividend, bonus issue or free distribution and (B) under subsections (v), (vi), (vii) and (viii) above, as applicable, by multiplying the Conversion Price after the adjustment under such subsections by a fraction the numerator of which is the number of Common Shares outstanding on the record date and the denominator of which is the sum of such number of Common Shares outstanding and the aggregate number of Common Shares to be issued pursuant to such dividends, bonus issue or free distribution.

- (xii) In case of a Merger of the Issuer, each Bond then outstanding shall, without the consent of any Bondholders, become convertible only into the kind and amount of securities, cash and other property receivable upon such Merger by a holder of the number of Common Shares, into which such Bonds could have been converted immediately prior to such Merger. The corporation formed by such Merger or the Person that acquired such properties and assets shall enter into a supplemental indenture with the Trustee to provide for the continuation of the Conversion Rights to continue after such Merger and such supplemental indenture shall provide for adjustments to the Conversion Price which shall be as nearly equivalent as practicable to the adjustments provided in the Indenture *provided* that where there has been a Change of Control pursuant to such a Merger, a Holder may exercise its Change of Control Put Right as set forth in “— *Repurchase in the Event of Change of Control.*”

If any event or circumstance analogous to the events and circumstances described in subsections (i) through (x) occur, the Conversion Price shall be adjusted as set forth in the analogous subsection in the Indenture.

Provisions Applicable to All Conversions and Adjustments of Conversion Price

No adjustment of the Conversion Price will be required to be made until cumulative adjustments, required to be made in the circumstances set forth above, amount to 1.0% or more of the Conversion Price as last adjusted. However, any adjustment, required to be made in the circumstances set forth above, which is not made because of failure to meet the 1.0% threshold, will be carried forward. Except as otherwise described below, the Conversion Price may at any time be reduced by the Issuer.

The Issuer will not take any action which would reduce the Conversion Price per Common Share below the par value of the Common Shares (currently NT\$10.0 per share), unless, under applicable law then in effect, the Bonds could be converted at such reduced Conversion Price into legally issued, fully-paid and non-assessable Common Shares.

All calculations relating to conversion, including adjustments of the Conversion Price, will be made to the lower 0.001 of a share of securities or other property or nearest NT\$0.01 with NT\$0.005 being rounded upwards, as the case may be.

Whenever the Conversion Price is adjusted, the Issuer will promptly file with the Trustee and Paying Agent an officer's certificate setting forth the date on which such adjustment became effective, the Conversion Price after such adjustment and prior to such adjustment and setting forth a brief statement of the facts requiring such adjustment. Promptly after receipt of such certificate, the Issuer will prepare a notice of such adjustment of the Conversion Price setting forth the adjusted Conversion Price, the Conversion Price prior to such adjustment, a brief statement of the facts requiring such adjustment and the date on which such adjustment became effective and such notice of such adjustment of the Conversion Price shall be given by the Issuer to the Trustee and the Paying Agent and disseminated by the Payment Agent to the Holders.

Events of Default; Notice and Waiver

The Indenture provides that, if one or more of the following events or conditions (each an “Event of Default”) shall have occurred, either (i) the Trustee at its sole and absolute discretion may, or (ii) the Trustee at the written direction of Holders of not less than 25% in aggregate principal amount of the Bonds then outstanding (subject to the Trustee being indemnified and/or secured and/or prefunded by such Holders to its satisfaction) shall, declare the Bonds to be immediately due and payable at the Settlement Equivalent of the Early Redemption Amount, Additional Amounts, if any, and other amounts. In the case of certain events of bankruptcy or insolvency, the Bonds shall automatically become and be immediately due and payable at the Settlement Equivalent of the Early Redemption Amount, Additional Amounts, if any, and other amounts. Under certain circumstances, the Holders of a majority in aggregate principal amount of the outstanding Bonds may rescind any such acceleration with respect to the Bonds and its consequences.

Under the Indenture, Events of Default include:

- (i) default in payment of the principal of or premium (if any) on any Bond, as and when the same becomes due and payable, and continuance of such default for three Business Days;
- (ii) default in the payment of Additional Amounts upon any Bond as and when the same becomes due and payable, and continuance of such default for five Business Days;
- (iii) failure by the Issuer to deliver the Common Shares as and when such Common Shares are required to be delivered following conversion of a Bond, and continuance of such default for five Trading Days;
- (iv) failure on the part of the Issuer duly to observe or perform any of the covenants or agreements provided in the Bonds or the Indenture (other than those referred to in clauses (i), (ii) or (iii) above) which failure cannot be remedied or, if such failure can be remedied, is not remedied within 30 days after the date on which written notice thereof requiring the Issuer to remedy the same shall have been given to the Issuer by the Trustee acting on the written instructions of the Holders of 25% or more in aggregate principal amount of the Bonds then outstanding;
- (v) there shall have been entered against the Issuer or any of its Principal Subsidiaries a final judgment, decree or order by a court of competent jurisdiction for the payment of money in excess of US\$20 million with respect to the Issuer or any of its Principal Subsidiaries (or its equivalent in any other currency or currencies) and 60 days shall have passed since the entry of the order without it being bonded, satisfied, discharged or stayed;
- (vi) (A) the Issuer or any of its Principal Subsidiaries shall fail to make any payment with respect to present or future Debt (other than the Bonds) in an aggregate principal amount in excess of US\$20 million with respect to the Issuer or any of its Principal Subsidiaries (or its equivalent in any other currency or currencies) when and as the same shall become due and payable, if such failure shall continue for more than the period of grace, if any, originally applicable thereto or (B) the Issuer or any of its Principal Subsidiaries shall fail to perform or observe any covenant or agreement to be performed or observed by the Issuer or any of its Principal Subsidiaries contained in any agreement or instrument evidencing Debt (other than the Bonds) in an aggregate principal amount in excess of US\$20 million with respect to the Issuer or any of its Principal Subsidiaries (or its equivalent in any other currency or currencies) and such failure results in the acceleration of the maturity of any amount owing thereunder;

- (vii) a decree or order by a court having jurisdiction shall have been entered under any applicable bankruptcy, insolvency, reorganization or other similar law (A) adjudging the Issuer or any of its Principal Subsidiaries as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Issuer or any of its Principal Subsidiaries or (B) appointing a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or any of its Principal Subsidiaries or of its property or (C) ordering the winding up or liquidation of the affairs of the Issuer or any of its Principal Subsidiaries and in any such case such decree or order shall have continued undischarged and unstayed for a period of 60 days; or
- (viii) the Issuer or any of its Principal Subsidiaries shall voluntarily commence proceedings to be adjudicated a bankrupt or insolvent, or shall consent to the filing of a bankruptcy or insolvency proceeding against it, or shall file a petition or answer or consent seeking reorganization under any applicable bankruptcy, insolvency, reorganization or other similar law or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or its property, or shall make an assignment for the benefit of creditors.

If an Event of Default shall have occurred and be continuing, interest shall accrue on the overdue sum at the rate of 2% per annum from the due date and ending on the date on which payment is made to the Holders in respect thereof (both dates inclusive). Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year consisting of 12 months of 30 days each.

The Holders of a majority in aggregate principal amount of the outstanding Bonds may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee; *provided* that the Trustee may refuse to follow any direction that conflicts with any law or the Indenture or is unduly prejudicial to the rights of other Bondholders (it being understood that the Trustee shall have no duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such holders) or would involve the Trustee in personal liability. The Trustee may also refuse to perform any duty, exercise any right or power, expend or risk its own funds or otherwise incur any financial liability, unless it receives indemnity and/or security and/or pre-funding satisfactory to it against any loss, liability or expense. For the avoidance of doubt, for so long as the Bonds are represented by one or more Global Bond and such Global Bond are registered in the name of the Common Depository or its nominee or held through Euroclear or Clearstream, the Trustee may treat the beneficial owner(s) of the Global Bond as the “Holder” of such principal amount of the Bonds so held by such beneficial owner(s) (as shown in the records of Euroclear or Clearstream at the relevant time) for purposes of the provision of directions or instructions to the Trustee. No Holder will have the right to pursue any remedy with respect to the Indenture or the Bonds, unless:

- (i) such Holder shall have previously given the Trustee written notice of a continuing Event of Default;
- (ii) the Holders of at least 25% in aggregate principal amount of the outstanding Bonds shall have made a written request to the Trustee to pursue such remedy;
- (iii) such Holder or Holders shall have offered to the Trustee security and/or indemnity and/or pre-funding against any loss, liability or expense satisfactory to it;
- (iv) the Trustee shall have failed to comply with the request within 60 days after receipt of such notice, request and provision of security and/or indemnity and/or pre-funding; and

- (v) the Holders of a majority in aggregate principal amount of the outstanding Bonds shall not have given the Trustee a direction inconsistent with such request within 60 days after receipt of such request.

The right of any Holder (i) to receive payment of the principal of and other amounts on the Bonds, Additional Amounts, the Delisting Put Price upon exercise of the Delisting Put Right or the Change of Control Put Price upon exercise of the Change of Control Put Right, or to receive Common Shares on or after any Redemption Date, Purchase Date or Conversion Date, as the case may be, (ii) to convert its Bonds or (iii) to bring suit for the enforcement of any such right, shall not be materially impaired or materially adversely affected without such Holder's consent.

The Holders of a majority in aggregate principal amount of Bonds at the time outstanding may waive any existing Default and its consequences, except (i) any default in any payment on the Bonds, (ii) any default with respect to the Conversion Rights of Holders or (iii) any default with respect to certain covenants or provisions in the Indenture which may not be modified without the consent of the Holder as described in “— *Meeting of Bondholders; Modification and Waiver*” below. When a Default is waived, it is deemed cured and shall cease to exist, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

The Trustee and the Agents shall not be required to take any steps to monitor or ascertain whether a Default or an Event of Default or any event which could lead to the occurrence of a Default or an Event of Default has occurred or may occur, and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so. The Trustee or the Agents shall be entitled to assume that no such event has occurred and that the Issuer is performing all its obligations under the Indenture and the Bonds until they have received written notice to the contrary from the Issuer. The Trustee is entitled to rely conclusively on any opinion of counsel or officer's certificate regarding whether a Default or an Event of Default has occurred.

The Issuer will be required to furnish to the Trustee annually, and within 14 days after any request of the Trustee, a officer's certificate concerning the performance and observance of its obligations under the Bonds or the Indenture (on which the Trustee may rely conclusively on as to such compliance and shall not be liable to any Bondholder or any other person for such reliance). In addition, the Issuer is required to file immediately with the Trustee upon occurrence of any occurrence of such Default or Event of Default or within 14 days following the Trustee's request, an officer's certificate, specifying each such default and the nature and status thereof.

Prescription

Claims in respect of payment of the principal of or other amounts on the Bonds will be prescribed unless made within a period of six years from the relevant due date of payment in respect thereof.

Under ROC laws, claims in respect of the payment of (a) principal and (b) interest (inclusive of redemption premium) and default interest would become unenforceable after 15 years and 5 years, respectively from the relevant due date of payment in respect thereof.

Meeting of Bondholders; Modification and Waiver

The Indenture contains provisions for convening meetings (including by way of teleconference or videoconference call) of the Holders to consider any matter affecting their interests, including the approval of certain amendments or modifications of the Bonds or the provisions of the Indenture upon either the written consent of the Holders of a majority in aggregate principal amount of the outstanding Bonds or the approval at a meeting of the Holders duly called by persons entitled to vote a majority in principal amount of the outstanding Bonds. The quorum at any such meeting shall be two or more persons entitled to vote a majority in principal amount of the outstanding Bonds.

Modifications and amendments of the Indenture or the Bonds may be made by the Issuer and the Trustee with the written consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Bonds; *provided* that no such modification or amendment may, without the consent of the Holders of not less than 75% in aggregate principal amount of the outstanding Bonds:

- (i) change the Maturity Date of the principal of any Bond;
- (ii) reduce the principal of or premium or other amounts on any Bond or increase the then current Conversion Price (except as required by the anti-dilution provisions of the Indenture);
- (iii) change the place or currency of payment of the principal of or other amounts on any Bond or the method of calculating any such payment;
- (iv) impair the right to institute suit for the enforcement of any payment on or after the Maturity Date (or, in the case of a redemption, on or after the Redemption Date) of any Bond;
- (v) alter the obligations of the Issuer under “— *Certain Covenants — Negative Pledge*”, “— *Certain Covenants — Consolidation, Amalgamation or Merger*” or “— *Additional Amounts*” above;
- (vi) materially adversely affect the Conversion Right, the Delisting Put Right or the Change of Control Put Right;
- (vii) modify the obligations of the Issuer to maintain an office or agency (including without limitation the Paying Agent, the Conversion Agent or the Transfer Agent);
- (viii) reduce the above-stated percentage of outstanding Bonds the consent of whose Holders is necessary to modify or amend the Indenture;
- (ix) reduce the percentage or aggregate principal amount of outstanding Bonds the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain Defaults;
- (x) modify any of the percentage voting and quorum provisions described under “—*Meeting of Bondholders; Modification and Waiver*”; or
- (xi) release the Issuer from any obligation under the Indenture other than in accordance with the provisions of the Indenture, or amend or modify any provision relating to such release in a manner that materially adversely affects the rights of the Holders.

Neither the Issuer nor any of its Subsidiaries will, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Bonds, unless such consideration is offered to be paid or agreed to be paid to all Holders that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or amendment.

Without the consent of any Holder, the Issuer together with the Trustee may amend the Indenture to:

- (i) cure any ambiguity, defect, manifest errors or inconsistency in the Indenture or the Bonds;

- (ii) provide for the assumption of the Issuer's obligations under the Bonds and the Indenture by the surviving Person in a Merger effected in accordance with the provisions of the Indenture described under "*Certain Covenants — Consolidation, Amalgamation or Merger*" above;
- (iii) make any other change that does not materially adversely affect the rights of any Holder;
- (iv) make any change necessary to comply with applicable ROC laws and regulations; or
- (v) add to the covenants or obligations of the Issuer under the Indenture or decrease the Conversion Price at the discretion of the Issuer or surrender any right, power or option conferred by the Indenture on the Issuer; or
- (vi) to effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream or any applicable clearing system.

Notices

Whenever the Indenture provides for notice to be given to Holders, such notice will be validly given (except as otherwise expressly provided) if in writing and sent to each Holder entitled thereto, at such Holder's last address as it appears on the Bond register. Any such notice shall be deemed to have been given on the seventh day after being so sent. Notwithstanding the foregoing, so long as the Bonds are represented by the Global Bonds and the Global Bonds are held on behalf of Euroclear and Clearstream, notice to Holders may be given by delivery of the relevant notice to Euroclear and Clearstream or their successor clearing systems for communication by them to entitled accountholders in substitution for notification as required by the foregoing sentence.

Concerning the Trustee and the Agents

Citicorp International Limited has been initially appointed as Trustee under the Indenture and as registrar (the "Registrar") with regard to the Bonds where the Bond register will be maintained solely in electronic form in accordance with the Indenture, and Citibank, N.A., London Branch has been appointed as Paying Agent, as Conversion Agent and as Transfer Agent with regard to the Bonds. The Indenture provides that, prior to the occurrence of an Event of Default, the Trustee will not be liable except for the performance of such duties as are specifically set forth in such Indenture, and no implied covenant, duty or obligation shall be read into the Indenture, the Bonds or any documents to which the Trustee is a party against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will be obligated to use the same degree of care and skill as a prudent person in its exercise of the rights and powers vested in it under the Indenture. The Trustee will not be responsible for any loss, liability, cost, claim, actions, demand, expense or inconvenience which may result from their exercise or non-exercise of any rights or powers conferred under the Indenture for the benefit of the Holders. Whenever in the Indenture, the Bonds or by law, the Trustee shall have discretion or permissive power it may decline to exercise the same in the absence of approval by the Holders. In the exercise of its duties, the Trustee shall not be responsible for the verification of the accuracy or completeness of any certification submitted to it by the Issuer and is entitled to rely exclusively and conclusively on the certification contained therein, and take action based on the information contained in, the certification or legal opinion. Notwithstanding anything described herein, the Trustee has no duty to monitor the performance or compliance of the Issuer in the fulfillment of its obligations under the Indenture and the Bonds. Furthermore, the Trustee shall not be deemed to have any actual or constructive knowledge of any Default or Event of Default unless it has been actually notified in writing of such event.

The Trustee shall not be responsible for the performance by the Issuer or any other person appointed by the Issuer in relation to the Bonds and, unless notified in writing to the contrary, shall assume that the same are

being duly performed. The Trustee shall not be liable to any Holders or any other person for any action taken by the Holders or the Trustee in accordance with the instructions of the Holders. The Trustee is entitled to rely conclusively on all instructions, notices, declarations and certifications or any translations thereof received pursuant to the Indenture or the Bonds without investigating or being responsible for the accuracy, authenticity and validity of these instructions, notices, declarations and certifications or any translations thereof.

Neither the Trustee nor the Agents will be responsible for making calculations or for verifying calculations performed by the Issuer or any other persons unless otherwise expressly specified in the Indenture, or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto, and shall not be liable to the Holders or any other person for not doing so.

The Trustee or any of the Agents may become the owner or pledgee of the Bonds with the same rights it would have if it were not the Trustee or an Agent and may otherwise deal with the Issuer and receive, collect, hold and retain collections from the Issuer with the same rights it would have if it were not the Trustee or an Agent. The Trustee and entities associated with the Trustee shall be permitted to engage in business and other contractual relationships with the Issuer and its Affiliates and Subsidiaries and profit therefrom, without having to account for such profits. The Trustee shall have no liability merely by virtue of the existence of any such relationship other than by reason of its gross negligence or willful default.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture or to institute, conduct or defend any litigation under the Indenture or in relation to the Indenture or the Bonds unless at the written request, order or direction of any of the Holders pursuant to the provisions of the Indenture, unless such Holders shall have instructed the Trustee in writing and offered to the Trustee security and/or indemnity and/or pre-funding satisfactory to the Trustee in its sole discretion against the costs, expenses and liabilities which may be incurred therein or thereby. Each Holder shall be solely responsible for making its own independent appraisal of and investigation into all risks arising under or in connection with the Indenture, and the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Holder shall not rely on the Trustee in respect thereof.

Pursuant to the terms of the Indenture and the Bonds, the Issuer will reimburse the Trustee and the Agents for all properly incurred expenses, and advances properly made, by the Trustee and the Agents and each predecessor Trustee and Agent except to the extent that any such expense was as a result of the Trustee's or the Agent's gross negligence or willful default.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Issuer to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee, the Agents and their respective associated entities are permitted to engage in other transactions with the Issuer and its Affiliates and shall not be obligated to account for any profits therefrom. Without prejudice to the foregoing, the Trustee is permitted to deal (whether on their own or their customers' account) in, or advise on, securities of such other customers and that such dealing or giving of advice will not constitute a conflict of interest for the purposes of the Bonds or the Indenture.

Disclosure Obligations

The Indenture provides that the Issuer may have certain disclosure obligations and reporting obligations under ROC law if:

- (i) the person to be registered as a shareholder of the Issuer is a "related party" of the Issuer under the Regulations Governing the Preparation of Financial Report by Securities Issuers of the ROC and such person beneficially owns Common Shares converted from the Bonds; or

- (ii) the person to be registered as a shareholder owns Common Shares issued upon conversion of the Bonds and the Common Shares so issued on conversion exceed 10% of the total number of Common Shares expected to be issued upon conversion of the Bonds based on the conversion price at the time of issue of the Bonds.

Due to these obligations, the Issuer or if so instructed by the Issuer, the Conversion Agent may ask the converting Holders to disclose the name of the person to be registered as the shareholder and to provide proof of identity and genuineness of any signature and other information and documents before it will convert the Bonds. The conversion of Bonds may be delayed until the Issuer or the Conversion Agent receives the requested information and satisfactory evidence of the compliance with all laws and regulations by the Holders. The information the Holder is required to provide may include the name and nationality of the person to be registered as a shareholder of the Issuer and the total number of Common Shares such person is converting or has converted in the past.

Governing Law and Jurisdiction

The Indenture and the Bonds are governed by, and shall be construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby. In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Bonds, the Issuer has in the Indenture irrevocably and unconditionally submitted to the non-exclusive jurisdiction of the New York State and United States Federal courts located in the Borough of Manhattan, The City of New York. The Issuer has appointed Cogency Global Inc., now located at 122 East 42nd Street, 18th Floor, New York, NY 10168, as its agent for service of process.

Bondholders should note that exercise of a Conversion Right is subject not only to the provisions of the Indenture but also to the applicable ROC laws and regulations.

TAXATION

The following is a summary addresses the principal ROC tax consequences of the ownership and disposition of the Bonds or the Common Shares to a Non-ROC Resident Individual or Non-ROC Resident Entity (each a “Non-ROC Holder”). As used in the preceding sentence, a “Non-ROC Resident Individual” is a foreign national individual who owns the Bonds or the Common Shares and does not reside in the ROC for 183 days or more during any calendar year, and a “Non-ROC Resident Entity” is a corporation or a non-corporate body that owns the Bonds or the Common Shares and is organized under the laws of a jurisdiction other than the ROC and has no fixed place of business or business agent in the ROC.

You should consult your tax advisors concerning the ROC tax consequences of owning the Bonds or the Common Shares and the laws of any relevant taxing jurisdiction to which you are subject.

Bonds

Possible Interest Payments

Payments of interest or premium (if any ever becomes payable on the Bonds) to a Non-ROC Holder constitute interest income derived from the ROC and, therefore, are subject to ROC withholding tax at a rate of 15% at the time of payment unless a lower withholding rate is provided under a tax treaty between the ROC and the jurisdiction where the Non-ROC Holder is a resident. The Company has agreed to pay Additional Amounts in respect of such withholding tax on the payments of interest or premium. See “Description of the Bonds — Additional Amounts”.

Sale

The sale of convertible bonds which were issued and offered by ROC companies outside of the ROC is not subject to ROC securities transaction tax according to a tax directive issued by the ROC Ministry of Finance dated March 23, 2010. Accordingly, the sale of the Bonds will not be subject to the securities transaction tax.

Gains from the sale of property in the ROC are generally subject to ROC income tax. However, under current ROC law, capital gains generated from sale or disposal of corporate bonds issued by ROC companies are exempt from income tax. This exemption applies to capital gains derived from the sale of the Bonds.

Conversion into Common Shares

The conversion of the Bonds into Common Shares is currently not subject to ROC tax. However, securities transaction tax, gift tax and/or income tax may be imposed in relation to the converting holder’s designation of other person to be the holder of Common Shares upon conversion of the Bonds.

Common Shares

Dividends on the Common Shares

Dividends (whether in cash or Common Shares) distributed by the Company out of retained earnings and paid out to Non-ROC Holders of Common Shares are normally subject to ROC income tax collected by way of withholding at the time of distribution. The current rate of withholding for Non-ROC Holders of Common Shares is 21% of the amount of the distribution, unless a lower withholding rate is provided under a tax treaty between the ROC and the jurisdiction where the Non-ROC Holder is a resident.

Distributions of stock dividends declared by the Company out of capital reserves are not subject to withholding tax, except under limited circumstances.

In accordance with the ROC Income Tax Act, a 5% retained earnings tax will be imposed on a company for its annual after-tax earnings generated after January 1, 2018 which are not distributed in the following year. The retained earnings tax so paid will further reduce the retained earnings available for future distribution.

Preemptive Rights

Distributions of statutory subscription rights for the Common Shares in compliance with the ROC Company Act are not subject to ROC tax. Proceeds derived from sales of statutory subscription rights evidenced by securities are subject to securities transactions tax, currently at the rate of 0.3% of the gross amount received. Non-ROC Holders are exempt from income tax on any capital gains from such sales. However, proceeds derived from sales of statutory subscription rights which are not evidenced by securities are subject to income tax at the rate of 20% of the gains realized. Subject to compliance with ROC law, the Company has the sole discretion to determine whether statutory subscription rights shall be evidenced by the issuances of securities.

Sale

Under current ROC law, Non-ROC Holders are exempt from income tax on any capital gains generated from the sale of Common Shares.

The ROC Government imposes a securities transaction tax that will apply to sales of the Common Shares. The transaction tax, which is payable by the seller, is levied on sales of Common Shares at the rate of 0.3% of the gross amount received.

Estate Tax and Gift Tax

ROC estate tax is payable on any property within the ROC of a deceased Non-ROC Resident Individual, and ROC gift tax is payable on any property within the ROC donated by a Non-ROC Resident Individual. Estate tax and gift tax are currently imposed at progressive rates of 10%, 15% and 20%. Under ROC estate and gift tax laws, the Bonds and Common Shares are deemed located in the ROC without regard to the location of the owner.

Tax Treaty

At present, the ROC has double tax treaties with Indonesia, Singapore, New Zealand, Australia, South Africa, Gambia, Senegal, Sweden, Eswatini, Malaysia, North Macedonia, the Netherlands, Belgium, Denmark, the UK, Vietnam, Israel, Paraguay, Hungary, France, India, Slovakia, Switzerland, Germany, Thailand, Kiribati, Luxembourg, Austria, Italy, Japan, Canada, Poland, Czech Republic, Saudi Arabia and South Korea. These tax treaties may provide a reduced withholding tax rate on interests and dividends paid with respect to bonds or shares in ROC companies.

TRANSFER RESTRICTIONS

Transfer Restrictions on the Bonds

Because of the following restrictions, we encourage you to consult a legal counsel prior to making any offer, resale, pledge or other transfer of the Bonds or the Common Shares issuable upon conversion of the Bonds.

The Bonds may not be offered or sold directly or indirectly in the ROC, or to, or for the account or benefit of, any ROC person. The Bonds and the Common Shares issuable upon conversion of the Bonds have not been registered under the Securities Act and the Bonds may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

Except in certain limited circumstances, interests in the Bonds may only be held through interests in the Global Bond. Such interests in the Global Bond will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their respective direct and indirect participants.

Each purchaser of the Bonds, by accepting delivery of the Bonds, will be deemed to have acknowledged and represented to and agreed as follows (terms used herein that are defined in Regulation S are used as defined therein):

1. the Bonds and the Common Shares issuable upon conversion of the Bonds have not been and are not expected to be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer;
2. it is purchasing such Bonds outside the United States in an offshore transaction meeting the requirements of Regulation S;
3. it agrees (or if it is a broker-dealer, its customer has confirmed to it that such customer agrees) that it (or such customer) will not offer, sell, pledge or otherwise transfer such Bonds except as permitted by the applicable legend set forth in paragraph (4) below;
4. it understands that the Regulation S Global Bond and any physical certificate evidencing the Bonds will bear a legend to the following effect, unless the Company determines otherwise in compliance with applicable law, and that it will observe the restrictions contained therein:

THE ZERO COUPON CONVERTIBLE BONDS DUE 2027 (THE “BONDS”) AND THE COMMON SHARES ISSUABLE UPON CONVERSION OF THE BONDS HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE SECURITIES LAWS. EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THE BONDS EVIDENCED HEREBY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS;

5. it understands that the Bonds will be represented initially by a Global Bond; and
6. we, the Trustee, the Initial Purchasers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

PLAN OF DISTRIBUTION

Citigroup Global Markets Limited and UBS AG Hong Kong Branch are the Initial Purchasers of this Offering.

Subject to the terms and conditions stated in a purchase agreement, dated as of March 24, 2026, entered into among the Company and the Initial Purchasers (the “Purchase Agreement”), the Initial Purchasers have agreed to purchase, and the Company has agreed to sell to the Initial Purchasers, the following principal amounts of the Bonds:

| Initial Purchasers | Principal Amount |
|---------------------------------------|-------------------------|
| Citigroup Global Markets Limited..... | US\$600,000,000 |
| UBS AG Hong Kong Branch..... | US\$150,000,000 |
| Total | US\$750,000,000 |

The Purchase Agreement provides that the obligations of the Initial Purchasers to purchase the Bonds included in this Offering are subject to certain conditions, including receipt of certain legal opinions, and entitles the Initial Purchasers to terminate it in certain circumstances prior to payment being made to the Company.

The Initial Purchasers or their respective affiliates may purchase the Bonds for their own account and enter into transactions, including (a) credit derivatives including asset swaps, repackaging and credit default swaps relating to the Bonds and/or the Company’s securities or (b) equity derivatives and stock loan transactions relating to the Common Shares at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counter-parties and separately from any existing sale or resale of the Bonds to which this offering circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). The Initial Purchasers or their respective affiliates may purchase Bonds and be allocated Bonds for asset management and/or proprietary purposes and not with a view to distribution. The Initial Purchasers or any of their respective affiliates is not expected to disclose such transactions or the extent of any such investment, except as required by any legal or regulatory obligation to do so. These transactions may involve a substantial portion of the Bonds.

The Bonds and the Common Shares (to be delivered upon conversion of the Bonds) have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See “Transfer Restrictions.” The Bonds will not be offered or sold directly or indirectly in the ROC, or to, or for the account or benefit of, any ROC person.

Approval in-principle has been received for the listing of the Bonds on the SGX-ST. However, the Company cannot assure you that the prices at which the Bonds will sell in the market after this Offering will not be lower than the initial offering price or that an active trading market for the Bonds will develop and continue after this Offering.

For a period of 60 days following the Closing Date, without the prior written consent of the Initial Purchasers, the Company will not, nor will any person acting on its behalf, (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Common Shares or any securities convertible into or exercisable or exchangeable for Common Shares (collectively, the “Lock-up Securities”), (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Lock-up Securities or (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the

foregoing, whether any such transaction described in clause (a), (b) or (c) above is to be settled by delivery of any Lock-up Securities, in cash or otherwise, other than the Bonds to be sold in this offering and the Common Shares issuable upon conversion of the Bonds, or (d) offer to, agree to or announce any intention to engage in any such transaction described in clause (a), (b) or (c) above other than the sale of the Bonds offered hereby. Notwithstanding the foregoing, the Company may (i) issue or declare stock dividends consistent with past practice; and (ii) implement stock splits.

The Initial Purchasers have performed commercial banking, investment banking and advisory services for us from time to time for which it has received customary fees and reimbursement of expenses. The Initial Purchasers may, from time to time, engage in transactions with and perform services for us in the ordinary course of its business for which it may receive customary fees and reimbursement of expenses.

Pursuant to the Purchase Agreement, the Company has agreed to indemnify the Initial Purchasers against certain losses and liabilities or to contribute to payments that the Initial Purchasers may be required to make in respect thereof.

The Bonds are being sold outside of the United States in reliance on Regulation S.

Restriction on related party subscription under ROC law

The Bonds may not be offered or sold directly or indirectly in the ROC, or to, or for the account or benefit of, any ROC person.

Under applicable ROC laws and regulations, the Company and the Initial Purchaser are prohibited from offering and selling the Bonds to the “related parties” as set forth in the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the persons as specified in Section 36 of the ROC Securities Association Rules Governing Underwriting and Resale of Securities by Securities Firms. Therefore, each subscriber or purchaser of the Bonds described in this offering circular will be deemed to have acknowledged and represented to us and the Initial Purchaser that he, she or it is not: (a) a related party to the Company, (b) a business entity that is invested by us using equity method in the Company’s accounting reporting, (c) a business entity that invests in the Company and uses equity method in its accounting reporting, (d) a company whose chairperson of the board or president is the same as that of the Company or is the spouse thereof, (e) a foundation with one-third or more of its total paid-in fund donated by the Company, (f) our director, president, vice-president, assistant vice president, and other department head under the immediate supervision by the Company’s president, (g) a spouse of the Company’s director or president, (h) a director or employee of any member of the underwriting syndicate or a spouse thereto, and (i) a person subscribing for the Bonds on behalf of or for the benefit of any person set forth in items (b) to (h) above.

Notice to Capital Market Intermediaries and Prospective Investors Pursuant to Paragraph 21 of the Code – Important Notice to CMI (including Private Banks)

This notice to CMI (including Private Banks) is a summary of certain obligations the Code imposes on CMI, which require the attention and cooperation of other CMI (including Private Banks). Certain CMI may also be acting as OCs for this Offering and are subject to additional requirements under the Code.

Paragraph 21.3.3(c) of the Code requires that a CMI should take all reasonable steps to identify whether its investor clients may have any associations with the Issuer, a CMI or a company in the same group of companies as the CMI and provide sufficient information to the OC to enable it to assess whether orders placed by these investors may negatively impact the price discovery process.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, Private Banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the Initial Purchasers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language and/or UK MiFIR product governance language (if applicable) set out elsewhere in this offering circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information should be provided to the OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including Private Banks as the case may be) in the order book and book messages.

CMIs (including Private Banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including Private Banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, the Initial Purchasers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Bonds, Private Banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private Banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Private Banks who disclose that they are placing their order other than on a “principal” basis (i.e. they are acting as an agent) should note that such order may be considered to be an omnibus order pursuant to the Code. Private Banks should be aware that if any of their group companies is a CMI of this Offering, placing an order on a “principal” basis may require the Initial Purchaser to apply the “proprietary orders” of the Code to such order and will require the Initial Purchasers to apply the “rebates” requirements of the Code (if applicable) to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including Private Banks) are requested to provide the following underlying investor information, preferably in Excel Workbook format, in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including Private Banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including Private Banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the

OCs and/or any other third parties as may be required by the Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying with the Code, during the bookbuilding process for the Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the Offering. The Initial Purchasers may be asked to demonstrate compliance with its obligations under the Code, and may request other CMIs (including Private Banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including Private Banks) are required to provide the relevant Initial Purchasers with such evidence within the timeline requested.

Notice to prospective investors in the European Economic Area

Each of the Initial Purchasers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this offering circular to any retail investor in the EEA. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Notice to prospective investors in the United Kingdom

Each of the Initial Purchasers has represented and agreed that: (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (as amended, the “FSMA”) received by it in connection with the issue or the sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to us; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the UK.

Each of the Initial Purchasers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this offering circular to any retail investor in the UK. For the purposes of this provision, the expression “retail investor” means a person who is not a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Notice to prospective investors in Hong Kong

The securities may not be offered or sold in Hong Kong by means of any document other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and no advertisement, invitation or document relating to the securities may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made thereunder.

Notice to prospective investors in Japan

The securities offered in this offering circular have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948) (as amended) (the “FIEA”). Accordingly, the securities have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to, or for the account of, any resident of Japan, or to others for re-offering or re-sale, directly or indirectly in Japan or to, for the benefit of, any resident of Japan, except pursuant to any exemption from the registration requirements of the FIEA and otherwise in compliance with the FIEA and other applicable provisions of Japanese laws, regulations and governmental guidelines. As used in this paragraph, “resident of Japan” means any person residing in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to prospective investors in Singapore

Each dealer has acknowledged that this offering circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each dealer has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the offering circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore.

Investors should note that there may be restrictions on the secondary sale of the Bonds under Section 276 of the SFA.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notice to prospective investors in the PRC

This offering circular is not intended to constitute a public offer of the Bonds, whether by way of sale or subscription, in the PRC. The Bonds are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC other than to QDIIs in the PRC. Pursuant to the Measures for the Administration of Overseas Securities Investment by Qualified Domestic Institutional Investors, with the exception of QDIIs in the PRC, the Bonds may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

SUMMARY OF CERTAIN MATERIAL DIFFERENCES BETWEEN TAIWAN IFRS AND IFRS

Our audited consolidated financial statements as of and for the years ended December 31, 2023 and 2024 and as of and for the years ended December 31, 2024 and 2025 are prepared and presented in accordance with the Taiwan IFRS. Taiwan IFRS differs in certain material respects from IFRS. Certain material differences between Taiwan IFRS applicable to us and IFRS are summarized below. The summary should not be taken as inclusive of all Taiwan IFRS/IFRS differences. Additionally, no attempt has been made to quantify all differences or identify all disclosure, presentation or classification differences that would affect the manner in which events and transactions are presented in the financial statements or notes thereto. Further, no attempt has been made to identify future differences between Taiwan IFRS and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate Taiwan IFRS and IFRS have significant projects ongoing that could affect future comparisons such as this one.

If we were to prepare a complete reconciliation between Taiwan IFRS and IFRS additional accounting and disclosure differences might have come to our attention.

| Subject | Taiwan IFRS | IFRS |
|---|---|---|
| Tax on undistributed earnings | Under Taiwan IFRS, companies in the ROC are subject to 10% surtax on profits earned and retained since December 31, 1997. If the retained profits are distributed to the shareholders in the fiscal year following the year of earnings, the surtax could be avoided. If the earnings are not fully distributed to the shareholders, surtax is recorded as income tax expenses in the fiscal year when shareholders' decision on distribution is made. In addition, starting from 2018, the rate of the corporate surtax applicable to the unappropriated earnings is reduced from 10% to 5%. | Under IFRS, current and deferred tax assets and liabilities are measured at the tax rate applicable to the undistributed profits. Consequently, tax on undistributed earnings should be accrued during the period in which the earnings arise and adjusted to the extent of the distributions approved by the shareholders in the following year. |
| Disclosure of goodwill from business combinations | Taiwan IFRS requires additional disclosure if there is a significant difference between the actual operation conditions after a business combination and the expected benefits at the acquisition date. | Under IFRS, there is no such additional disclosure required as Taiwan IFRS. |
| Disclosure of related party transactions | Taiwan IFRS requires additional disclosure of the names of the related parties and the relationships with whom the company has significant transactions. If the transaction amount or balance with a specific related party is 10% or more of the | Under IFRS, in considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form. However, there is no such |

| Subject | Taiwan IFRS | IFRS |
|----------------|---|--|
| | <p>company's respective total transaction amount or balance, such transactions should be separately disclosed by the name of each related party. Furthermore, Taiwan IFRS also stipulates that other companies or institutions of which the chairman of the company's board of directors or president serves as the chairman of the board of directors or the president of the company or its subsidiaries, or is the spouse or second immediate family member of the chairman of the company's board of directors or president of the company or its subsidiaries, are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists.</p> | <p>additional disclosure required as Taiwan IFRS</p> |

The information set forth above does not in any way attempt to quantify the effects of the aforementioned differences between Taiwan IFRS and IFRS and the impact that such differences would have on net income or a shareholder's equity under IFRS.

INDEPENDENT AUDITORS

The consolidated financial statements as of and for the years ended December 31, 2023, 2024 and 2025 included in this offering circular have been audited by Deloitte & Touche, independent auditors, to the extent and for the periods indicated in their report appearing herein. Such reports express an unqualified opinion on the financial statements. Deloitte & Touche is located at 20th Floor, Taipei Nan Shan Plaza, No. 100, Songren Rd., Xinyi District, Taipei 110421, Taiwan. Deloitte & Touche is a member of the Taiwan CPA Association.

GENERAL INFORMATION

We are incorporated as a company limited by shares in the ROC on September 29, 1987. Our registered office is located at No. 8, Keya 1st Rd., Daya Dist., Central Taiwan Science Park, Taichung City 428303, Taiwan, the ROC. As of the date of this offering circular, our authorized share capital registered with the NSTC was NT\$67,000,000,000, divided into 6,700,000,000 Shares of capital stock with a par value of NT\$10.00 per Share, and our paid-in share capital was NT\$45,000,001,930, divided into 4,500,000,193 Common Shares.

Our business scope as provided under the Article 2 of our Articles of Incorporation is research and development, ODM, production and manufacture, repair, and sale of the following products: (i) Integrated circuits. (ii) Semiconductor memory parts and components and their systems products. (iii) Semiconductor components and system products for use in computer systems. (iv) Semiconductor components and system products for use in digital communications. (v) Semiconductor components and system products for use in peripherals. (vi) Other semiconductor components. (vii) Design of computer software programs and data processing. (viii) Import and export trade related to the business of the Company. Our articles of incorporation do not contain any provision that would have an effect of delaying, deferring or preventing a change in control of the Company.

Our Legal Entity Identifier is 254900STBMBTLA91J410.

The Bonds have been accepted for clearance and settlement by Euroclear and Clearstream. Relevant trading information is set forth below.

| | <u>ISIN</u> | <u>Common Code</u> |
|-------------|--------------|--------------------|
| Bonds | XS3322329080 | 332232908 |

Approval in-principle has been received for the listing of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this offering circular.

The Company has obtained all necessary consents, approvals and authorizations in connection with the issue of the Bonds, including the approvals of the CBC and the FSC that have been duly obtained and are, and will be on the Closing Date, in full force and effect.

The issue of the Bonds was authorized by the resolutions of the Company's board of directors passed on February 10, 2026.

Except as disclosed, there has been no significant change in the Company's financial or trading position since December 31, 2025 or any material adverse change in the Company's financial position or prospects since December 31, 2025.

Neither the Company nor any of its subsidiaries is involved in any litigation or arbitration proceedings which may have, or have had during the period recently preceding the date of this offering circular, a material adverse effect on the Company's financial position, nor, so far as the Company or any of its subsidiaries is aware, are any such proceedings pending or threatened except as may be otherwise disclosed or referred to herein.

No company in which the Company has a direct or indirect holding of more than 50% of capital or issued shares holds any Common Shares.

Copies (and certified English translations where the documents are not in English) of the following documents may be inspected, free of charge, at the specified offices of the Company, so long as the Bonds remain outstanding:

- the Company's Articles of Incorporation;
- the Indenture relating to the Bonds;
- the Purchase Agreement relating to the Bonds;
- this offering circular; and
- any supplements to this offering circular.

For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Bond is exchanged for individual definitive Bonds, the Company will appoint and maintain a paying agent in Singapore upon the issue of debt securities in definitive form and where the Bonds may be presented or surrendered for payment or redemption. In addition, in the event that the Global Bond is exchanged for individual definitive Bonds, announcement of such exchange will be made by the Company or on its behalf through the SGX-ST. Such announcement will include all material information with respect to the delivery of the individual definitive Bonds, including details of the paying agent in Singapore. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds will be traded on the SGX-ST in a minimum board lot size of US\$200,000.

INDEX TO FINANCIAL STATEMENTS

Audited consolidated financial statements as of and for the years ended December 31, 2024 and 2025

| | |
|--|------|
| Independent Auditors' Report | F-4 |
| Consolidated Balance Sheets as of December 31, 2024 and 2025 | F-8 |
| Consolidated Statements of Comprehensive Income for the years ended December 31, 2024 and 2025 ... | F-9 |
| Consolidated Statements of Changes in Equity for the years ended December 31, 2024 and 2025..... | F-11 |
| Consolidated Statements of Cash Flows for the years ended December 31, 2024 and 2025 | F-12 |
| Notes to Consolidated Financial Statements for the years ended December 31, 2024 and 2025 | F-14 |

Audited consolidated financial statements as of and for the years ended December 31, 2023 and 2024

| | |
|---|------|
| Independent Auditors' Report | F-84 |
| Consolidated Balance Sheets as of December 31, 2023 and 2024 | F-88 |
| Consolidated Statements of Comprehensive Income for the years ended December 31, 2023 and 2024 .. | F-89 |
| Consolidated Statements of Changes in Equity for the years ended December 31, 2023 and 2024..... | F-91 |
| Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2024 | F-92 |
| Notes to Consolidated Financial Statements for the years ended December 31, 2023 and 2024 | F-94 |

**Winbond Electronics Corporation and
Subsidiaries**

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

WINBOND ELECTRONICS CORPORATION

By

YU-CHENG CHIAO
Chairman

February 10, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Winbond Electronics Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Occurrence of Sales Revenue from Specific Series of Flash Memory Products

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

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

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

Handwritten signatures of Kuo-Tyan Hong and Wen-Yea Shyu. The signature of Kuo-Tyan Hong is on the left, and the signature of Wen-Yea Shyu is on the right.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 11, 2026

Notice to Readers

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

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

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

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

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

(Continued)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

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

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

(Concluded)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

| | Equity Attributable to Owners of the Parent | | | | | | 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 AT JANUARY 1, 2024 | \$ 41,800,002 | \$ 10,135,865 | \$ 4,772,874 | \$ 22,702,753 | \$ (1,007,855) | \$ 13,893,178 | \$ 92,296,817 | \$ 8,163,361 | \$ 100,460,178 |
| Net income for the year ended December 31, 2024 | - | - | - | 601,001 | - | - | 601,001 | 108,620 | 709,621 |
| Other comprehensive income (loss) for the year ended December 31, 2024 | - | - | - | 65,270 | 101,140 | (8,020,305) | (7,853,895) | (12,357) | (7,866,252) |
| Total comprehensive income (loss) for the year ended December 31, 2024 | - | - | - | 666,271 | 101,140 | (8,020,305) | (7,252,894) | 96,263 | (7,156,631) |
| Issuance of ordinary shares for cash | 3,200,000 | 3,503,392 | - | - | - | - | 6,703,392 | - | 6,703,392 |
| Share-based payment (Notes 24 and 27) | - | 60,712 | - | - | - | - | 60,712 | - | 60,712 |
| Changes in ownership interests in subsidiaries | - | (921) | - | - | - | - | (921) | 941 | 20 |
| Adjustments of the difference between the carrying amount and consideration in disposal or acquisition of interests in subsidiaries | - | - | - | (155,618) | - | - | (155,618) | (138,200) | (293,818) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income (Note 13) | - | - | - | (1,247) | - | 1,247 | - | - | - |
| Cash dividends distributed by subsidiaries to non-controlling interests | - | - | - | - | - | - | - | (614,432) | (614,432) |
| BALANCE AT DECEMBER 31, 2024 | 45,000,002 | 13,699,048 | 4,772,874 | 23,212,159 | (906,715) | 5,874,120 | 91,651,488 | 7,507,933 | 99,159,421 |
| Appropriation of 2024 earnings Legal reserve appropriated | - | - | 50,941 | (50,941) | - | - | - | - | - |
| Net income (loss) for the year ended December 31, 2025 | - | - | - | 3,961,929 | - | - | 3,961,929 | (784,481) | 3,177,448 |
| Other comprehensive income (loss) for the year ended December 31, 2025 | - | - | - | 54,074 | (358,059) | 12,637,947 | 12,333,962 | (384,250) | 11,949,712 |
| Total comprehensive income (loss) for the year ended December 31, 2025 | - | - | - | 4,016,003 | (358,059) | 12,637,947 | 16,295,891 | (1,168,731) | 15,127,160 |
| Changes in ownership interests in subsidiaries | - | 53,150 | - | - | - | - | 53,150 | 49,077 | 102,227 |
| Adjustments of the difference between the carrying amount and consideration in disposal or acquisition of interests in subsidiaries | - | - | - | (64,224) | - | - | (64,224) | (114,831) | (179,055) |
| Changes in equity of associates accounted for using equity method | - | (338) | - | - | - | - | (338) | - | (338) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income (Note 8) | - | - | - | (243,994) | - | 243,994 | - | - | - |
| Cash dividends distributed by subsidiaries to non-controlling interests | - | - | - | - | - | - | - | (79,284) | (79,284) |
| BALANCE AT DECEMBER 31, 2025 | \$ 45,000,002 | \$ 13,751,860 | \$ 4,823,815 | \$ 26,869,003 | \$ (1,264,774) | \$ 18,756,061 | \$ 107,935,967 | \$ 6,194,164 | \$ 114,130,131 |

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

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

(Continued)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

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

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

(Concluded)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

Amendments to IAS 21 “Lack of Exchangeability”

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

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

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

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

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

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

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

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

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

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

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

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

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

| <u>New, Amended and Revised Standards and Interpretations</u> | <u>Effective Date Announced by IASB (Note 1)</u> |
|--|--|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| IFRS 18 “Presentation and Disclosure in Financial Statements” | January 1, 2027 (Note 2) |
| IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19) | January 1, 2027 |
| Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency” | January 1, 2027 |

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

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

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

Basis of Consolidation

a. Principles for preparing consolidated financial statements

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

Attribution of total comprehensive income to non-controlling interests

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

Changes in the Group's ownership interests in existing subsidiaries

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

b. Subsidiaries included in consolidated financial statements

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

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

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

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

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

Classification of Current and Non-current Assets and Liabilities

Current assets include:

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

Current liabilities include:

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

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

Foreign Currencies

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

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

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

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

Cash Equivalents

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

Financial Instruments

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

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

a. Financial assets measurement category

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

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

1) Financial asset at FVTPL

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

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

2) Financial assets at amortized cost

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

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

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

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

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

3) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets

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

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

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

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

c. Derecognition of financial assets

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

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

d. Equity instruments

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

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

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

e. Financial liabilities

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

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

f. Derecognition of financial liabilities

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

g. Convertible bonds

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

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

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

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

h. Derivative financial instruments

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

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

Inventories

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

Investments in Associates

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

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

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

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

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

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

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

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

Property, Plant and Equipment

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

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

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

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

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

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

Investment Properties

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

Intangible Assets

a. Intangible assets acquired separately

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

b. Derecognition of intangible assets

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

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

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

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

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

Provisions

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

a. Warranties

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

b. Contingent liabilities acquired in a business combination

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

c. Carbon fee provision

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

Revenue Recognition

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

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

Leasing

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

a. The Group as lessor

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

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

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

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

b. The Group as lessee

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

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

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

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

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

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

Borrowing Costs

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

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

Government Grants

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

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

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

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

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

Employee Share Options

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

Taxation

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

a. Current tax

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

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

b. Deferred tax

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

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

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

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

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

c. Current and deferred taxes

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

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

6. CASH AND CASH EQUIVALENTS

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

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

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

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

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

(Continued)

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

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

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

- b. The Group entered into derivative financial instruments contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The derivative financial instruments contracts entered into by the Group did not meet the criteria of hedge accounting; therefore, the Group did not apply hedge accounting treatment.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity Instruments at FVTOCI

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

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

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

9. ACCOUNTS RECEIVABLE

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

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

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

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

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

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

December 31, 2025

| | Not Overdue | Overdue under 30 Days | Overdue 31-90 Days | Overdue 91-180 Days | Overdue Over 180 Days | Total |
|--|----------------------|--------------------------|-----------------------|------------------------|--------------------------|----------------------|
| Expected credit loss rate | 0.1%-2% | 2% | 10% | 20% | 50% | |
| Gross carrying amount | \$ 16,118,273 | \$ 199,452 | \$ 15,506 | \$ 124 | \$ 9,861 | \$ 16,343,216 |
| Loss allowance (lifetime ECL) | (289,644) | (3,989) | (1,551) | (25) | - | (295,209) |
| Loss allowance (individual customer ECL) | - | - | - | - | (9,861) | (9,861) |
| Amortized cost | <u>\$ 15,828,629</u> | <u>\$ 195,463</u> | <u>\$ 13,955</u> | <u>\$ 99</u> | <u>\$ -</u> | <u>\$ 16,038,146</u> |

December 31, 2024

| | Not Overdue | Overdue under 30 Days | Overdue 31-90 Days | Overdue 91-180 Days | Overdue Over 180 Days | Total |
|--|---------------------|--------------------------|-----------------------|------------------------|--------------------------|----------------------|
| Expected credit loss rate | 0.1%-2% | 2% | 10% | 20% | 50% | |
| Gross carrying amount | \$ 9,838,641 | \$ 320,573 | \$ 23,178 | \$ 796 | \$ 11,118 | \$ 10,194,306 |
| Loss allowance (lifetime ECL) | (164,977) | (6,411) | (2,318) | (159) | (694) | (174,559) |
| Loss allowance (individual customer ECL) | - | - | - | - | (9,730) | (9,730) |
| Amortized cost | <u>\$ 9,673,664</u> | <u>\$ 314,162</u> | <u>\$ 20,860</u> | <u>\$ 637</u> | <u>\$ 694</u> | <u>\$ 10,010,017</u> |

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

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

10. FINANCE LEASE RECEIVABLES

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

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

11. OTHER RECEIVABLES

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

12. INVENTORIES

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

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

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

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

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

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

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

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

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

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

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

14. PROPERTY, PLANT AND EQUIPMENT

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

(Continued)

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

(Concluded)

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

b. Information about capitalized interest

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

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

b. Lease liabilities

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

Ranges of discount rate for lease liabilities are as follows:

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

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

c. Material lease-in activities and terms

The Company and NTC leased lands from Science Park Bureau, and the lease term will expire in 2027, 2037 and 2043, respectively, which can be extended after the expiration of the lease periods.

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

The Group leased office spaces in the United States, China, Hong Kong, Japan, Israel, India, Korea and part in Taiwan, and the lease terms will expire between 2026 and 2032.

d. Subleases

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

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

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

e. Other lease information

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

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

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

16. INVESTMENT PROPERTIES

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

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

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

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

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

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

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

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

17. INTANGIBLE ASSETS

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

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

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

18. BORROWINGS

a. Short-term borrowings

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

On May 17, 2021, NTCJ entered into a syndicated loan with CTBC and a group of financial institutions to pay outstanding debt and enrich operating capital, and the line of credit amounted to JPY30 billion. The syndicated loan in 2024 was secured by property, plant and equipment and investment properties of NTCJ; refer to Notes 14 and 16 to the consolidated financial statements. This syndicated loan also requires the Company to act as a joint guarantor and hold ownership of NTCJ with NTC by no less than 100% with maintenance and operational control as stated in the agreement. According to the financial covenants, the Company and NTCJ are required to maintain their financial ratios not lower than a specific threshold over the effective period, on June 30 and December 31, and there is no breach of the terms of the contract. The financial ratios mentioned above are computed based on the Company's annual audited and semi-annually reviewed consolidated financial statements, and on NTCJ's annual audited individual financial statements.

b. Long-term borrowings

| | Period | Interest Rate | December 31 | |
|---|-----------------------|---------------|----------------------|----------------------|
| | | | 2025 | 2024 |
| <u>Secured borrowings</u> | | | | |
| Bank of Taiwan syndicated loan (V) | 2019.09.19-2026.09.19 | 2.98% | \$ 21,000,000 | \$ 29,400,000 |
| Bank of Taiwan syndicated loan (VI) (Note 28) | 2023.12.15-2030.12.15 | 2.61%-2.91% | 15,260,000 | 6,300,000 |
| CTBC bank syndicated loan | 2025.07.16-2032.07.16 | 2.80% | 5,000,000 | - |
| <u>Unsecured borrowings</u> | | | | |
| The Export - Import Bank of ROC | 2020.08.25-2027.08.25 | - | - | 857,143 |
| Government preferential loan (Note 28) | 2020.12.28-2028.11.15 | 1.38%-1.88% | <u>3,413,288</u> | <u>4,694,273</u> |
| | | | 44,673,288 | 41,251,416 |
| Less: Current portion | | | (22,991,607) | (9,966,699) |
| Less: Syndication agreement management fee | | | (86,731) | (45,427) |
| Less: Government loan discount (Note 28) | | | <u>(61,313)</u> | <u>(111,572)</u> |
| | | | <u>\$ 21,533,637</u> | <u>\$ 31,127,718</u> |

1) Bank of Taiwan Syndicated Loan (V)

- a) On January 14, 2019, the Company entered into a syndicated loan, with a group of financial institutions to build up and procure equipment for its fab. The credit line amounted to NT\$42 billion. The principal will be repaid every six months from September 19, 2023 until maturity.
- b) The amounts of 12-inch building, fab facilities, machinery and equipment and related ancillary equipment pledged as collateral for bank borrowings are disclosed in Note 14 to the consolidated financial statements.
- c) The Company is required to maintain certain semi-annual and annual financial covenants, including current ratio, debt ratio, interest coverage ratio, and total equity during the tenures of the loans. The Company was in compliance with the agreed financial ratio requirements. The computations of financial ratios mentioned above are determined based on the annual audited and semi-annual reviewed consolidated financial statements.

2) Bank of Taiwan Syndicated Loan (VI)

- a) On April 12, 2023, the Company entered into a syndicated loan with a group of financial institutions to procure equipment and related ancillary equipment for its fab. The credit line was divided into parts A and B, which amounted to NT\$15 billion and NT\$20 billion, respectively; the total line of credit should not exceed NT\$20 billion.
- b) Part A will be repaid every month from December 15, 2026 until maturity; part B will be repaid every six months from December 15, 2026 until maturity.
- c) The amounts of 12-inch building, fab facilities, machinery and equipment and related ancillary equipment pledged as collateral for bank borrowings are disclosed in Note 14 to the consolidated financial statements.
- d) The Company is required to maintain certain semi-annual and annual financial covenants, including current ratio, debt ratio, interest coverage ratio, and total equity during the tenures of the loans. The Company was in compliance with the agreed financial ratio requirements. The computations of financial ratios mentioned above are determined based on the annual audited and semi-annual reviewed consolidated financial statements.

3) CTBC Bank Syndicated Loan

- a) On May 8, 2025, the Company entered into a syndicated loan with a group of financial institutions to repay outstanding financial borrowings and to strengthen medium-term working capital. The credit line amounted to NT\$25 billion. The principal will be repaid every six months from July 16, 2028 until maturity.
 - b) The amounts of 12-inch building and related ancillary equipment pledged as collateral for bank borrowings are disclosed in Note 14 to the consolidated financial statements.
 - c) The Company is required to maintain certain semi-annual and annual financial covenants, including current ratio, debt ratio, interest coverage ratio, and total equity during the tenures of the loans. The Company was in compliance with the agreed financial ratio requirements. The computations of financial ratios mentioned above are determined based on the annual audited and semi-annual reviewed consolidated financial statements.
- 4) The proceeds of the unsecured borrowings from the Export-Import Bank of ROC were provided to NTC for acquiring Panasonic Semiconductor Solutions Co., Ltd. NTC made an early full repayment of the loan in September 2025.

19. BONDS PAYABLE

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

a. Domestic secured bonds

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

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

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

b. Overseas unsecured convertible bonds

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

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

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

20. PROVISIONS

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

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

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

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

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

b. Defined benefit plan

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

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

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

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

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

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

(Continued)

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

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

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

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

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

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

| | December 31 | |
|-----------------------------------|--------------------|-------------|
| | 2025 | 2024 |
| Discount rates | 1.40%-5.74% | 1.60%-5.94% |
| Expected rates of salary increase | 1.50%-3.50% | 2.00%-3.50% |

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

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

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

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

22. EQUITY

a. Share capital

Ordinary shares

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

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

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

b. Capital surplus

| | <u>December 31</u> | |
|---|----------------------|----------------------|
| | <u>2025</u> | <u>2024</u> |
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital | | |
| Arising from issuance of share capital | \$ 11,050,593 | \$ 11,050,593 |
| Arising from treasury share transactions | 2,342,036 | 2,342,036 |
| Arising from conversion of bonds | 136,352 | 136,352 |
| <u>May only be used to offset a deficit</u> | | |
| Arising from changes in percentage of ownership interest in subsidiaries | 206,371 | 153,221 |
| Arising from share of changes in capital surplus of associates | <u>16,508</u> | <u>16,846</u> |
| | <u>\$ 13,751,860</u> | <u>\$ 13,699,048</u> |

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

c. Retained earnings and dividend policy

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

From the pre-tax net profit of the current year, before deducting remuneration of employees and remuneration of directors, no more than 1% shall be allocated as remuneration of directors and no less than 1% as remuneration of employees. No less than 3% of the employee remuneration shall be allocated as remuneration for rank-and-file employees. The remuneration of employees may be distributed in stock or cash upon resolution of the board of directors and may be distributed to the employees of subsidiaries of the Company meeting certain criteria.

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

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

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

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

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

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

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

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

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

The appropriations of earnings and cash dividends per share for 2024 and 2023 were as follows:

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

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

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

The appropriation of earnings for 2025 was as follows:

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

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

d. Other equity items

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

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

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

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

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

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

e. Non-controlling interests

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

23. REVENUE

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

24. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION, AND AMORTIZATION

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

| | For the Year Ended December 31, 2024 | | | |
|------------------------------|--|---|--|----------------------|
| | Classified as Operating Costs | Classified as Operating Expenses | Classified as Non-operating Income and Losses | Total |
| Short-term employee benefits | <u>\$ 4,381,272</u> | <u>\$ 11,332,069</u> | <u>\$ -</u> | <u>\$ 15,713,341</u> |
| Post-employment benefits | <u>\$ 204,812</u> | <u>\$ 689,592</u> | <u>\$ -</u> | <u>\$ 894,404</u> |
| Share-based payment | <u>\$ 27,605</u> | <u>\$ 33,107</u> | <u>\$ -</u> | <u>\$ 60,712</u> |
| Depreciation | <u>\$ 11,059,796</u> | <u>\$ 1,076,626</u> | <u>\$ 135,998</u> | <u>\$ 12,272,420</u> |
| Amortization | <u>\$ 4,829</u> | <u>\$ 370,650</u> | <u>\$ 35,392</u> | <u>\$ 410,871</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 compensation to employees may be distributed in shares or cash upon resolution of the board of directors and reported to the shareholders' meeting. Personal salary is determined by responsibilities and professional skills. Bonus and compensation are in relation to individual's

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

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

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

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

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

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

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

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

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

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

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

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

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

b. Income tax recognized in other comprehensive income

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

c. Current tax assets and liabilities

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

d. Deferred tax assets

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

e. Deferred tax liabilities

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

f. Tax return assessments

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

g. Pillar Two Income Tax Act

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

26. EARNINGS PER SHARE

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

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

27. SHARE-BASED PAYMENT ARRANGEMENTS

The Company was approved by the FSC on June 14, 2024 to issue 320,000 thousand shares for cash capital increase. The board of directors resolved to retain 10% of the issued shares for employees' subscription (including NTC's employees). The number of shares retained for employees' subscriptions was confirmed on August 11, 2024. The fair value of such share options subscribed for by the Company's employees on the grant date was measured using the Black-Scholes Option Pricing Model and amounted to NT\$60,712 thousand which was recorded as compensation costs with a corresponding increase in capital surplus.

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

| Agreement | Grant Date | Number of Shares Confirmed on Grant Date | Vesting Conditions |
|---|------------|--|--------------------|
| Cash capital increase reserved for employee share options | 2024.8.11 | 31,954 thousand shares | Vested immediately |

b. The fair value of share options acquired by employees on grant day, August 11, 2024, was measured using the Black-Scholes Option Pricing Model. Relevant information is as follows:

| Share Price (NT\$) | Exercise Price (NT\$) | Expected Price Volatility | Expected Vesting Period | Risk-free Interest Rate | Fair Value Per Share (NT\$) |
|--------------------|-----------------------|---------------------------|-------------------------|-------------------------|-----------------------------|
| \$22.90 | \$21 | 29.87% | 2 days | 1.27% | \$1.9 |

28. GOVERNMENT GRANTS

The Company received government preferential loans of NT\$5,131,600 thousand at a below-market interest rates. These loans will be used for the purchase of machinery and equipment and to support working capital. The first installment will be made in the 36th-37th month of the principal, and each month thereafter, the principal will be repaid in 48-49 equal installments. The Company also received Part A of Bank of Taiwan Syndicated Loan (VI) of NT\$1,770,000 thousand at a below-market interest rates. The total fair value of the loans was estimated by using the prevailing market interest rates. The difference between the proceeds and the fair value of the loans is the benefit derived from the below-market interest rates which has been recognized as deferred revenue. The deferred revenue will be recognized as other income over time. For the years ended December 31, 2025 and 2024, the other income under government grants were NT\$50,260 thousand and NT\$58,831 thousand, respectively. The interest expense under loans were NT\$155,336 thousand and NT\$167,223 thousand, respectively.

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

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

29. CAPITAL MANAGEMENT

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

30. FINANCIAL INSTRUMENT

a. Fair value of financial instruments

1) Valuation techniques and assumptions used in fair value measurement

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

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

2) Fair value measurements recognized in the consolidated balance sheets

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

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

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

Fair value hierarchy as of December 31, 2025

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

Fair value hierarchy as of December 31, 2024

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

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

Fair value hierarchy as of December 31, 2025

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

Fair value hierarchy as of December 31, 2024

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

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

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

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

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

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

b. Categories of financial instruments

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

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

c. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

Substantially all the Group's sales are denominated in U.S. dollar, and more than half of its capital expenditures are in currencies other than NT dollar, primarily U.S. dollar and Japanese yen. As a result, any significant adverse fluctuations in the exchanges rate of NT dollar against these currencies, in particular a weakening of U.S. dollar against NT dollar, would negatively affect the Group's revenue and operating profit when expressed in NT dollars. The Group uses forward foreign exchange contracts to hedge the exchange rate risk within approved policy parameters utilizing forward foreign exchange contracts.

The sensitivity analysis of foreign currency risk focuses on monetary items denominated in foreign currencies as of the end of the reporting period. It estimates the potential adverse impact resulting from exchange rate fluctuations. Based on a sensitivity analysis performed on the Group's total monetary assets and liabilities for the years ended December 31, 2025 and 2024, a hypothetical adverse foreign currency exchange rate change of 1% would have decreased (increased) its net income (loss) by NT\$138,027 thousand and NT\$69,688 thousand respectively. The amounts did not consider the impact of hedge contracts and hedged item.

b) Interest rate risk

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

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

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

The sensitivity analyses below were determined based on the Group's exposure to interest rates for fair value of variable-rate derivatives instruments at the end of the reporting period. If interest rates had been higher by 100 basis points, the Group's cash outflows would have increased by NT\$474,100 thousand and NT\$433,630 thousand for the years ended December 31, 2025 and 2024, respectively.

2) Credit risk

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

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

3) Liquidity risk

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

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

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

Additional information about the maturity analysis for lease liabilities:

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

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

Additional information about the maturity analysis for lease liabilities:

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

31. RELATED PARTY TRANSACTIONS

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

| <u>Related Party</u> | <u>Relationship with the Group</u> |
|---|--|
| Walsin Lihwa Corporation (“Walsin Lihwa”) | Investor that exercises significant influence over the Group |
| ThCC | Associate |
| Chin Xin | Associate |
| TPSCo. | Associate |
| Nyquest Technology Co., Ltd. (“Nyquest”) | Related party in substance |
| Walton Advanced Engineering Inc. (“Walton”) | Related party in substance |
| Walton Advanced Engineering Ltd. (Suzhou) (“Walton (Suzhou)”) | Related party in substance |
| Chin Cherng Construction Co., Ltd. (“Chin Cherng”) | Related party in substance |
| Walsin Technology Corporation (“Walsin Technology”) | Related party in substance |
| Waltech Advanced Engineering (Suzhou) Ltd. (“Waltech (Suzhou)”) | Related party in substance |
| Taiwan Cement Corporation (“Taiwan Cement”) | Related party in substance |
| United Industrial Gases Co., Ltd. (“United Industrial Gases”) | Related party in substance |
| Walsin (Nanjing) Development Co., Ltd. (“Walsin (Nanjing) Development”) | Related party in substance |
| Infopower Technologies Private Limited | Related party in substance |
| Energy Helper TCC Corporation (“Energy Helper TCC”) | Related party in substance |
| Su, Yuan-Mou | Chairman of NTC |

b. Operating activities

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

Price and terms were determined in accordance with mutual agreements.

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

Price and terms were determined in accordance with mutual agreements.

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

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

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

c. Disposal of property, plant and equipment

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

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

d. Lease arrangements - the Group is lessee

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

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

Lease arrangements - sublease arrangement under operating leases

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

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

For the Year Ended December 31
2025 2024

3) Lease income

| | | |
|---------------------|------------|------------|
| Associate TPSCo. | \$ 134,478 | \$ 136,836 |
|---------------------|------------|------------|

Lease arrangements under finance leases

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

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

f. Acquisition of financial assets

For the year ended December 31, 2025:

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

For the year ended December 31, 2024: None.

g. Guarantee

Acquisition of guarantee

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

h. Compensation of key management personnel

For the Year Ended December 31
2025 2024

| | | |
|--------------------------------|-------------------|-------------------|
| Short-term employment benefits | \$ 496,200 | \$ 429,934 |
| Post-employment benefits | 12,672 | 16,546 |
| Termination benefits | - | 3,265 |
| Share-based payment | - | 5,221 |
| | <u>\$ 508,872</u> | <u>\$ 454,966</u> |

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

32. PLEDGED AND COLLATERALIZED ASSETS

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

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

| | December 31 | |
|-----|--------------------|--------------|
| | 2025 | 2024 |
| USD | \$ 155 | \$ - |
| JPY | \$ - | \$ 1,116,637 |

b. Unrecognized commitments were as follows:

| | December 31 | |
|--|--------------------|--------------|
| | 2025 | 2024 |
| Acquisition of property, plant and equipment | \$ 11,716,282 | \$ 1,945,070 |

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

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

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

(Continued)

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

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

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

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

For the years ended December 31, 2025 and 2024, refer to the consolidated statements of comprehensive income for details on realized and unrealized net foreign exchange profit (loss). It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

36. OTHER ITEMS: NONE

37. ADDITIONAL DISCLOSURE

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

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

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

c. Information on investment in mainland China

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

38. SEGMENT INFORMATION

a. Basic information about operating segment

1) Classification of operating segments

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

a) Segment of Customized Memory Solution product

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

b) Segment of Flash Memory product

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

c) Segment of Logic IC product

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

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

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

b. Segment revenues and operating results

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

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

c. Geographical information

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

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

d. Major customer information

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

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

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

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

| No. | Endorser/Guarantor | Endorsee/Guarantee | | Limit on Endorsement/ Guarantee Given on Behalf of Each Party | Maximum Amount Endorsed/ Guaranteed During the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collateral | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China |
|-----|--------------------|--------------------|---|--|--|--|-------------------------|--|---|---|---|---|--|
| | | Name | Relationship | | | | | | | | | | |
| 0 | WEC | NTCJ | NTC's indirect subsidiary with 100% ownership | \$ 12,336,022 (Note 1) | \$ 6,024,000 (Note 3) | \$ 6,024,000 (Note 3) | \$ - | \$ - | 5.58 | \$ 53,967,983 (Note 5) | Y | N | N |
| 1 | NTC | NTCJ | Subsidiary | 13,117,836 (Note 2) | 2,619,150 (Note 4) | 2,619,150 (Note 4) | 629,924 | - | 19.97 | 13,117,836 (Note 6) | Y | N | N |

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

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

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

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

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

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD

DECEMBER 31, 2025

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

| Held Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2025 | | | | Note |
|-------------------|--|--|--|-------------------|-----------------|-----------------------------|--------------|------|
| | | | | Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| WEC | <u>Shares</u> Walsin Lihwa Corporation | The investee's chairman are relatives within the second degree of relationship of WEC's chairman. As WEC's corporate director, the investee held 22.11% ownership interest in WEC. | Current financial assets at FVTOCI | 267,175,782 | \$ 8,496,190 | 6 | \$ 8,496,190 | |
| | Hannstar Display Corporation | The investee's chairman are relatives within the second degree of relationship of WEC's chairman. | " | 150,000,210 | 1,170,001 | 5 | 1,170,001 | |
| | Walsin Technology Corporation | The investee's chairman are relatives within the second degree of relationship of WEC's chairman. | " | 5,300,117 | 620,114 | 1 | 620,114 | |
| | Walton Advanced Engineering Inc. | The investee's chairman are relatives within the second degree of relationship of WEC's chairman. WEC as the investee's director. | " | 50,062,641 | 2,863,583 | 10 | 2,863,583 | |
| | <u>Shares</u> IQM Quantum Computers | None | Non-current financial assets at FVTPL | 14,741 | 248,357 | 1 | 248,357 | |
| | <u>Shares</u> CHIA-HO Green Energy Corporation | WEC's chairman as a director of the investee's parent company | Non-current financial assets at FVTOCI | 55,500,000 | 554,524 | 15 | 554,524 | |
| | Kai-Hong Energy Co., Ltd | WEC as the investee's supervisor | " | 12,698,800 | 116,780 | 7 | 116,780 | |
| WECA | <u>Beneficiary certificates</u> JVP VIII, L.P. | None | Non-current financial assets at FVTOCI | - | USD 20,829 | 7 | USD 20,829 | |
| | JVP X Funds | None | " | - | USD 17,514 | 8 | USD 17,514 | |
| WECJ | <u>Shares</u> Progress Technologies Group Inc. | None | Non-current financial assets at FVTOCI | 512,800 | JPY 624,078 | 7 | JPY 624,078 | |
| NTC | <u>Shares</u> United Industrial Gases Co., Ltd. | NTC as the investee's director | Non-current financial assets at FVTOCI | 8,800,000 | 677,600 | 4 | 677,600 | |

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

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2025

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

| Company Name | Related Party | Relationship | Ending Balance | Turnover Rate | Overdue | | Amount Received in Subsequent Period | Allowance for Impairment Loss |
|--------------|---------------|---|----------------|---------------|---------|--------------|--------------------------------------|-------------------------------|
| | | | | | Amount | Action Taken | | |
| WEC | WEHK | Direct subsidiary with 100% ownership | \$ 2,295,738 | 10.49 | \$ - | - | \$ 1,312,940 | \$ - |
| | WECJ | Direct subsidiary with 100% ownership | 671,534 | 6.80 | - | - | - | - |
| | WECA | Indirect subsidiary with 100% ownership | 155,197 | 8.37 | - | - | 94,101 | - |
| WECA | WEC | Parent company | USD 7,290 | (Note) | - | - | USD 4,563 | - |
| NTC | NTHK | NTC's direct subsidiary with 100% ownership | 1,259,226 | 5.81 | - | - | 559,170 | - |
| NTSG | NTCJ | NTC's indirect subsidiary with 100% ownership | USD 4,795 | 11.44 | - | - | USD 4,795 | - |
| NTCJ | NTSG | NTC's direct subsidiary with 100% ownership | JPY 765,113 | 8.70 | - | - | JPY 765,113 | - |
| | NTHK | NTC's direct subsidiary with 100% ownership | JPY 1,614,298 | 10.15 | - | - | JPY 1,614,298 | - |
| | NTC | Parent company | JPY 1,364,076 | 17.08 | - | - | JPY 1,364,076 | - |
| NTIL | NTC | Parent company | ILS 19,369 | (Note) | - | - | ILS 19,369 | - |

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

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

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

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

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

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

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(Amounts in Thousands of New Taiwan Dollars and Foreign Dollars)

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

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 1) | Carrying Amount as of December 31, 2025 | Accumulated Repatriation of Investment Income as of December 31, 2025 |
|------------------|--|---------------------------------|---|---|---------------------|--------|---|-----------------------------------|--|---------------------------------|---|---|
| | | | | | Outward | Inward | | | | | | |
| WECN | Design, development and marketing of VLSI integrated ICs | \$ 276,435 (USD 9,000) | Through investing in WEHK in the third area, which then invested in the investee in mainland China indirectly | \$ 276,435 (USD 9,000) | \$ - | \$ - | \$ 276,435 (USD 9,000) | \$ 11,485 | 100.00 | \$ 11,485 | \$ 358,883 | \$ 35,880 |
| NTSH | Provide projects for sale in China and repairing, testing, consulting of software and equipment leasing business | 68,036 (USD 2,000) | Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly | 68,036 (USD 2,000) | - | - | 68,036 (USD 2,000) | 2,237 | 52.78 | 1,181 | 53,464 | - |
| NTSZ | Computer software service (except I.C. design), wholesale business for computer, supplement and software | 197,670 (USD 6,000) | Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly | 197,670 (USD 6,000) | - | - | 197,670 (USD 6,000) | 3,564 | 52.78 | 1,881 | 133,823 | - |
| NTNJ | Provide development of semiconductor and technology, consult service and sale | 28,800 (USD 900) (Note 2) | Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly | - (Note 2) | - | - | - (Note 2) | 2,571 | 52.78 | 1,357 | 13,045 | - |

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

Note 2: NTHK directly injected the capital in NTNJ.

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

| Company | Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2025 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4) |
|---------|---|--|--|
| WEC | \$ 276,435 (USD9,000) | \$ 276,435 (USD9,000) | \$ 68,478,078 |
| NTC | 282,135 (USD8,500) (Note 3) | 282,135 (USD8,500) (Note 3) | 7,870,702 |

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

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

- Refer to Table 4 for significant transactions with the investee in mainland China directly and indirectly through investing in companies in the third area.
- Handling endorsement, guarantee and collateral to the investee in mainland China directly and indirectly through investing in companies in the third area: None.
- Refer to Table 1 for financing of funds to investee in mainland China directly and indirectly through investing in companies in the third area.
- Other transactions with significant influence on profit or loss for the period or financial performance: None.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (Amounts in Thousands of New Taiwan Dollars)

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

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

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

**Winbond Electronics Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

WINBOND ELECTRONICS CORPORATION

By

YU-CHENG CHIAO
Chairman

February 18, 2025

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Winbond Electronics Corporation

Opinion

We have audited the accompanying consolidated financial statements of Winbond Electronics Corporation (the "Company") and its subsidiaries (collectively referred as the "Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Occurrence of Sales Revenue from Specific Series of Flash Memory Products

The sales revenue of Winbond Electronics Corporation and its subsidiaries is mainly derived from the sale of Customized Memory Solution products, Flash Memory products and Logic IC products. As the gross profit and the proportion of sales revenue from the specific series of flash memory products are higher than those of other product series, and given that the net income of the specific series is significant to the net income for the year ended December 31, 2024, we considered the occurrence of sales revenue from the specific series of products a key audit matter of the Company's consolidated financial statements for the year ended December 31, 2024.

The audit procedures that we have performed in response to the above-mentioned key audit matter included understanding the design and implementation of the key internal controls and testing the effectiveness of the relevant controls over sales revenue, selecting samples and performing tests of details on revenue items to verify the occurrence of the transactions.

Other Matter

We have also audited the parent company only financial statements of Winbond Electronics Corporation as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



Deloitte & Touche
Taipei, Taiwan
Republic of China

February 18, 2025

Notice to Readers

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

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| ASSETS | 2024 | | 2023 | |
|--|-----------------------|------------|-----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 14,100,396 | 8 | \$ 16,962,598 | 9 |
| Current financial assets at fair value through profit or loss (Notes 4 and 7) | 201,804 | - | 408,987 | - |
| Current financial assets at fair value through other comprehensive income (Notes 4 and 8) | 8,318,400 | 5 | 12,760,052 | 7 |
| Accounts receivable, net (Notes 4 and 9) | 10,010,017 | 6 | 9,738,820 | 5 |
| Accounts receivable due from related parties, net (Note 32) | 28,329 | - | 44,707 | - |
| Finance lease receivables - current (Notes 4, 10 and 32) | 22,506 | - | 92,088 | - |
| Other receivables (Notes 11 and 32) | 700,684 | - | 710,059 | - |
| Inventories (Notes 4, 5 and 12) | 24,201,163 | 13 | 23,869,969 | 13 |
| Other current assets | 1,932,190 | 1 | 1,918,109 | 1 |
| Total current assets | <u>59,515,489</u> | <u>33</u> | <u>66,505,389</u> | <u>35</u> |
| NON-CURRENT ASSETS | | | | |
| Non-current financial assets at fair value through profit or loss (Notes 4 and 7) | - | - | 76,763 | - |
| Non-current financial assets at fair value through other comprehensive income (Notes 4 and 8) | 3,442,851 | 2 | 3,117,125 | 2 |
| Investments accounted for using equity method (Notes 4 and 13) | 7,390,428 | 4 | 10,951,997 | 6 |
| Property, plant and equipment (Notes 4 and 14) | 100,252,092 | 56 | 102,147,688 | 53 |
| Right-of-use assets (Notes 4, 15 and 32) | 1,984,623 | 1 | 2,050,173 | 1 |
| Investment properties (Notes 4 and 16) | 1,369,827 | 1 | 1,549,000 | 1 |
| Intangible assets (Notes 4 and 17) | 815,589 | 1 | 603,829 | - |
| Deferred income tax assets (Notes 4 and 25) | 1,665,713 | 1 | 2,116,898 | 1 |
| Finance lease receivables - non-current (Notes 4, 10 and 32) | - | - | 23,289 | - |
| Other non-current assets (Notes 6 and 32) | 1,347,536 | 1 | 1,645,793 | 1 |
| Total non-current assets | <u>118,268,659</u> | <u>67</u> | <u>124,282,555</u> | <u>65</u> |
| TOTAL | <u>\$ 177,784,148</u> | <u>100</u> | <u>\$ 190,787,944</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Note 18) | \$ 2,119,990 | 1 | \$ 1,064,280 | 1 |
| Current financial liabilities at fair value through profit or loss (Notes 4 and 7) | 142,481 | - | 786 | - |
| Notes and accounts payable | 5,506,722 | 3 | 5,983,415 | 3 |
| Accounts payable due to related parties (Note 32) | 1,554,595 | 1 | 1,314,474 | 1 |
| Payables on machinery and equipment | 2,064,502 | 1 | 9,282,165 | 5 |
| Other payables (Note 32) | 8,170,293 | 5 | 7,619,337 | 4 |
| Current tax liabilities (Notes 4 and 25) | 280,031 | - | 805,011 | - |
| Lease liabilities - current (Notes 4, 15 and 32) | 287,101 | - | 255,282 | - |
| Long-term borrowings and bonds payable - current portion (Notes 18 and 19) | 19,960,335 | 11 | 8,980,184 | 5 |
| Other current liabilities (Note 32) | 1,675,665 | 1 | 727,825 | - |
| Total current liabilities | <u>41,761,715</u> | <u>23</u> | <u>36,032,759</u> | <u>19</u> |
| NON-CURRENT LIABILITIES | | | | |
| Bonds payable (Note 19) | - | - | 9,980,978 | 5 |
| Long-term borrowings (Notes 18 and 28) | 31,127,718 | 18 | 36,024,538 | 19 |
| Provisions - non-current (Notes 4 and 20) | 1,970,859 | 1 | 2,402,789 | 1 |
| Lease liabilities - non-current (Notes 4, 15 and 32) | 1,803,971 | 1 | 1,895,615 | 1 |
| Net defined benefit liabilities - non-current (Notes 4 and 21) | 1,278,185 | 1 | 1,683,585 | 1 |
| Other non-current liabilities (Note 32) | 682,279 | - | 2,307,502 | 1 |
| Total non-current liabilities | <u>36,863,012</u> | <u>21</u> | <u>54,295,007</u> | <u>28</u> |
| Total liabilities | <u>78,624,727</u> | <u>44</u> | <u>90,327,766</u> | <u>47</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 4 and 22) | | | | |
| Share capital | 45,000,002 | 25 | 41,800,002 | 22 |
| Capital surplus | 13,699,048 | 8 | 10,135,865 | 5 |
| Retained earnings | | | | |
| Legal reserve | 4,772,874 | 3 | 4,772,874 | 3 |
| Unappropriated earnings | 23,212,159 | 13 | 22,702,753 | 12 |
| Exchange differences on translation of the financial statements of foreign operations | (906,715) | - | (1,007,855) | - |
| Unrealized gains on financial assets measured at fair value through other comprehensive income | 5,874,120 | 3 | 13,893,178 | 7 |
| Total equity attributable to owners of the parent | 91,651,488 | 52 | 92,296,817 | 49 |
| NON-CONTROLLING INTERESTS (Note 22) | <u>7,507,933</u> | <u>4</u> | <u>8,163,361</u> | <u>4</u> |
| Total equity | <u>99,159,421</u> | <u>56</u> | <u>100,460,178</u> | <u>53</u> |
| TOTAL | <u>\$ 177,784,148</u> | <u>100</u> | <u>\$ 190,787,944</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 FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

| | 2024 | | 2023 | |
|--|-------------------|-----------|--------------------|------------|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4, 23 and 32) | \$ 81,609,768 | 100 | \$ 75,006,078 | 100 |
| OPERATING COSTS (Notes 12 and 32) | <u>57,608,659</u> | <u>71</u> | <u>52,610,352</u> | <u>70</u> |
| GROSS PROFIT | <u>24,001,109</u> | <u>29</u> | <u>22,395,726</u> | <u>30</u> |
| OPERATING EXPENSES (Note 32) | | | | |
| Selling expenses | 2,283,103 | 3 | 2,128,764 | 3 |
| General and administrative expenses | 4,792,444 | 6 | 4,915,171 | 6 |
| Research and development expenses | 16,406,503 | 20 | 16,957,826 | 23 |
| Expected credit (gain) loss (Note 9) | <u>11,576</u> | <u>-</u> | <u>24,197</u> | <u>-</u> |
| Total operating expenses | <u>23,493,626</u> | <u>29</u> | <u>24,025,958</u> | <u>32</u> |
| INCOME (LOSS) FROM OPERATIONS | <u>507,483</u> | <u>-</u> | <u>(1,630,232)</u> | <u>(2)</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Interest income (Note 32) | 334,399 | - | 334,058 | - |
| Dividend income (Note 32) | 363,064 | - | 548,920 | 1 |
| Other income (Notes 15, 28 and 32) | 377,018 | 1 | 341,761 | - |
| Share of profit (loss) of associates | 221,165 | - | 456,040 | 1 |
| Gains (losses) on disposal of property, plant and equipment (Note 32) | 1,019,587 | 1 | 716,701 | 1 |
| Gains (losses) on disposal of intangible assets | - | - | (591) | - |
| Gains (losses) on foreign exchange (Note 35) | 596,702 | 1 | 170,900 | - |
| Gains (losses) on financial instruments at fair value through profit or loss | (758,204) | (1) | (276,176) | - |
| Interest expense (Notes 15, 28 and 32) | (1,206,792) | (1) | (991,919) | (1) |
| Other expenses (Note 32) | <u>(342,758)</u> | <u>-</u> | <u>(367,125)</u> | <u>(1)</u> |
| Total non-operating income and expenses | <u>604,181</u> | <u>1</u> | <u>932,569</u> | <u>1</u> |
| INCOME (LOSS) BEFORE INCOME TAX | 1,111,664 | 1 | (697,663) | (1) |
| INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 25) | <u>402,043</u> | <u>-</u> | <u>(732,112)</u> | <u>(1)</u> |
| NET INCOME | <u>709,621</u> | <u>1</u> | <u>34,449</u> | <u>-</u> |

(Continued)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

| | 2024 | | 2023 | |
|---|-----------------------|-------------|-----------------------|------------|
| | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| Components of other comprehensive income (loss) that will not be reclassified to profit or loss: | | | | |
| Gains on remeasurement of defined benefit plans (Note 21) | \$ 62,332 | - | \$ 139,302 | - |
| Unrealized losses from investments in equity instruments at fair value through other comprehensive income | (4,360,223) | (5) | (1,592,356) | (2) |
| Share of other comprehensive income (loss) of associates accounted for using equity method | (3,641,686) | (5) | 774,469 | 1 |
| Income tax expense related to remeasurement of defined benefit plans | (563) | - | (4,206) | - |
| Components of other comprehensive income (loss) that will be reclassified to profit or loss: | | | | |
| Exchange differences on translation of the financial statements of foreign operations | <u>73,888</u> | <u>-</u> | <u>(621,874)</u> | <u>(1)</u> |
| Other comprehensive loss | <u>(7,866,252)</u> | <u>(10)</u> | <u>(1,304,665)</u> | <u>(2)</u> |
| TOTAL COMPREHENSIVE LOSS | <u>\$ (7,156,631)</u> | <u>(9)</u> | <u>\$ (1,270,216)</u> | <u>(2)</u> |
| NET INCOME (LOSS) ATTRIBUTABLE TO: | | | | |
| Owners of the parent | \$ 601,001 | 1 | \$ (1,146,522) | (2) |
| Non-controlling interests | <u>108,620</u> | <u>-</u> | <u>1,180,971</u> | <u>2</u> |
| | <u>\$ 709,621</u> | <u>1</u> | <u>\$ 34,449</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO: | | | | |
| Owners of the parent | \$ (7,252,894) | (9) | \$ (2,236,126) | (3) |
| Non-controlling interests | <u>96,263</u> | <u>-</u> | <u>965,910</u> | <u>1</u> |
| | <u>\$ (7,156,631)</u> | <u>(9)</u> | <u>\$ (1,270,216)</u> | <u>(2)</u> |
| EARNINGS (LOSSES) PER SHARE (Note 26) | | | | |
| Basic | <u>\$ 0.14</u> | | <u>\$ (0.29)</u> | |
| Diluted | <u>\$ 0.14</u> | | <u>\$ (0.29)</u> | |

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

(Concluded)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)**

| | Equity Attributable to Owners of the Parent | | | | | | | | Non-controlling Interests | Total Equity |
|---|---|-----------------|-------------------|----------------------------|---|---|---------------|--------------|------------------------------|--------------|
| | Share Capital | Capital Surplus | Retained Earnings | | Exchange Differences on Translation of the Financial Statements of Foreign Operations | Other Equity | | Total | | |
| | | | Legal Reserve | Unappropriated Earnings | | Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income | | | | |
| BALANCE AT 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 | | | | | | | | | | |
| Legal reserve appropriated | - | - | 1,338,709 | (1,338,709) | - | - | - | - | - | |
| Cash dividends | - | - | - | (3,980,000) | - | - | (3,980,000) | - | (3,980,000) | |
| Total appropriations | - | - | 1,338,709 | (5,318,709) | - | - | (3,980,000) | - | (3,980,000) | |
| Net income (loss) for the year ended December 31, 2023 | - | - | - | (1,146,522) | - | - | (1,146,522) | 1,180,971 | 34,449 | |
| Other comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | 116,035 | (353,203) | (852,436) | (1,089,604) | (215,061) | (1,304,665) | |
| Total comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | (1,030,487) | (353,203) | (852,436) | (2,236,126) | 965,910 | (1,270,216) | |
| Issuance of ordinary shares for cash | 2,000,000 | 2,389,599 | - | - | - | - | 4,389,599 | - | 4,389,599 | |
| Share-based payment (Notes 24 and 27) | - | 70,017 | - | - | - | - | 70,017 | - | 70,017 | |
| Changes in ownership interests in subsidiaries | - | (97,592) | - | - | - | - | (97,592) | 60,405 | (37,187) | |
| Changes in equity of associates accounted for using equity method | - | (12,077) | - | - | - | - | (12,077) | - | (12,077) | |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income (Notes 8 and 13) | - | - | - | 270,997 | - | (270,997) | - | - | - | |
| Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | (1,433,674) | (1,433,674) | |
| BALANCE AT DECEMBER 31, 2023 | 41,800,002 | 10,135,865 | 4,772,874 | 22,702,753 | (1,007,855) | 13,893,178 | 92,296,817 | 8,163,361 | 100,460,178 | |
| Net income for the year ended December 31, 2024 | - | - | - | 601,001 | - | - | 601,001 | 108,620 | 709,621 | |
| Other comprehensive income (loss) for the year ended December 31, 2024 | - | - | - | 65,270 | 101,140 | (8,020,305) | (7,853,895) | (12,357) | (7,866,252) | |
| Total comprehensive income (loss) for the year ended December 31, 2024 | - | - | - | 666,271 | 101,140 | (8,020,305) | (7,252,894) | 96,263 | (7,156,631) | |
| Issuance of ordinary shares for cash | 3,200,000 | 3,503,392 | - | - | - | - | 6,703,392 | - | 6,703,392 | |
| Share-based payment (Notes 24 and 27) | - | 60,712 | - | - | - | - | 60,712 | - | 60,712 | |
| Changes in ownership interests in subsidiaries | - | (921) | - | - | - | - | (921) | 941 | 20 | |
| Adjustments of the difference between the carrying amount and consideration in disposal or acquisition of interests in subsidiaries | - | - | - | (155,618) | - | - | (155,618) | (138,200) | (293,818) | |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income (Note 13) | - | - | - | (1,247) | - | 1,247 | - | - | - | |
| Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | (614,432) | (614,432) | |
| BALANCE AT DECEMBER 31, 2024 | \$ 45,000,002 | \$ 13,699,048 | \$ 4,772,874 | \$ 23,212,159 | \$ (906,715) | \$ 5,874,120 | \$ 91,651,488 | \$ 7,507,933 | \$ 99,159,421 | |

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| | 2024 | 2023 |
|--|-------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income (loss) before income tax | \$ 1,111,664 | \$ (697,663) |
| Adjustments for: | | |
| Depreciation expense | 12,272,420 | 11,469,317 |
| Amortization expense | 414,563 | 387,093 |
| Carbon offset | 54 | 42 |
| Expected credit (gain) loss recognized on accounts receivable | 11,576 | 24,197 |
| (Gains) losses on financial assets and liabilities at fair value through profit or loss | (2,326) | (81) |
| Interest expense | 1,206,792 | 991,919 |
| Interest income | (334,399) | (334,058) |
| Dividend income | (363,064) | (548,920) |
| Share-based payment | 60,712 | 70,017 |
| Share of (profit) loss of associates | (221,165) | (456,040) |
| (Gains) losses on disposal of property, plant and equipment | (1,019,587) | (716,701) |
| (Gains) losses on disposal of intangible assets | - | 591 |
| (Gains) on lease modification | (9,372) | (26,036) |
| Other income under government grants | (70,304) | (56,527) |
| Others | 2,133 | - |
| Changes in operating assets and liabilities | | |
| (Increase) decrease in financial assets and liabilities at fair value through profit or loss | 360,674 | (218,431) |
| (Increase) decrease in accounts receivable | (676,774) | (1,140,548) |
| (Increase) decrease in accounts receivable due from related parties | 16,378 | 690,952 |
| (Increase) decrease in other receivables | 56,248 | (212,685) |
| (Increase) decrease in inventories | (331,194) | (2,966,122) |
| (Increase) decrease in other current assets | (537,965) | 44,861 |
| (Increase) decrease in other non-current assets | 52,487 | (260,421) |
| Increase (decrease) in notes and accounts payable | 329,649 | 1,361,016 |
| Increase (decrease) in accounts payable due to related parties | 240,121 | 125,546 |
| Increase (decrease) in other payables | 397,026 | (1,982,214) |
| Increase (decrease) in other current liabilities | (84,466) | (158,514) |
| Increase (decrease) in other non-current liabilities | (680,941) | (283,693) |
| Cash flows generated by (used in) operations | 12,200,940 | 5,106,897 |
| Interest received | 342,963 | 321,487 |
| Dividends received | 454,485 | 768,329 |
| Interest paid | (1,349,720) | (1,126,230) |
| Income taxes paid | (522,788) | (1,469,010) |
| Net cash flows generated by (used in) operating activities | <u>11,125,880</u> | <u>3,601,473</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisitions of investments accounted for using equity method | - | (89,586) |
| Proceeds from disposal of financial assets at fair value through profit or loss | - | 26,418 |

(Continued)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

| | 2024 | 2023 |
|--|----------------------|----------------------|
| Acquisitions of financial assets at fair value through other comprehensive income | \$ (136,792) | \$ (69,086) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 30,000 | 287,024 |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | 450 | 2,000 |
| Acquisitions of property, plant and equipment | (17,056,675) | (13,786,982) |
| Proceeds from disposal of property, plant and equipment | 1,030,341 | 767,554 |
| Increase (decrease) in unearned receipts - disposal of assets | (95,862) | 95,862 |
| Acquisitions of government grants | 21,000 | - |
| (Increase) decrease in refundable deposits | (40,922) | (75,799) |
| (Increase) decrease in other receivables - time deposits | (278) | 48,830 |
| Acquisitions of intangible assets | (476,202) | (327,194) |
| Acquisitions of intangible assets - carbon credits | - | (5,083) |
| (Increase) decrease in finance lease receivables | <u>67,120</u> | <u>94,491</u> |
| Net cash flows generated by (used in) investing activities | <u>(16,657,820)</u> | <u>(13,031,551)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase (decrease) in short-term borrowings | 1,105,310 | 70,080 |
| Proceeds from long-term borrowings | 5,000,000 | 12,239,430 |
| Repayments of long-term borrowings | (8,980,184) | (4,700,000) |
| Cash dividends paid | - | (3,980,000) |
| Change in non-controlling interests | (614,432) | (1,433,674) |
| Proceeds from issuance of ordinary shares | 6,703,392 | 4,389,599 |
| Acquisitions of additional interests in subsidiaries | (293,818) | - |
| Repayments of lease liabilities | (314,823) | (300,051) |
| Increase (decrease) in guarantee deposits | <u>(78,529)</u> | <u>64,943</u> |
| Net cash flows generated by (used in) financing activities | <u>2,526,916</u> | <u>6,350,327</u> |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | <u>142,822</u> | <u>(360,587)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>(2,862,202)</u> | <u>(3,440,338)</u> |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>16,962,598</u> | <u>20,402,936</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 14,100,396</u> | <u>\$ 16,962,598</u> |

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

(Concluded)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on February 18, 2025.

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

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

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

| <u>New, Amended and Revised Standards and Interpretations</u> | <u>Effective Date Announced by IASB</u> |
|---|---|
| Amendments to IAS 21 “Lack of Exchangeability” | January 1, 2025 (Note) |

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

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

| <u>New, Amended and Revised Standards and Interpretations</u> | <u>Effective Date Announced by IASB (Note)</u> |
|--|--|
| Annual Improvements to IFRS Accounting Standards - Volume 11 | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity” | January 1, 2026 |
| 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 17 and IFRS 9 - Comparative Information” | January 1, 2023 |
| IFRS 18 “Presentation and Disclosure in Financial Statements” | January 1, 2027 |
| IFRS 19 “Subsidiaries without Public Accountability: Disclosures” | January 1, 2027 |

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

1) IFRS 18 “Presentation and Disclosure in Financial Statements”

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

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

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

The amendments mainly amend the requirements for the classification of financial assets, including if a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if:

- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
- In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

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

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

The Group shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

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

Basis of Consolidation

a. Principles for preparing consolidated financial statements

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

Attribution of total comprehensive income to non-controlling interests

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

Changes in the Group's ownership interests in existing subsidiaries

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

b. Subsidiaries included in consolidated financial statements

| Investor | Investee | Main Business | % of Ownership | |
|-------------|--|---|-------------------|-------------------|
| | | | December 31, 2024 | December 31, 2023 |
| The Company | Winbond International Corporation ("WIC") | Investment holding | 100.00 | 100.00 |
| The Company | Winbond Electronics Corporation Japan ("WECJ") | Research, development, sales and after-sales service of semiconductor | 100.00 | 100.00 |
| The Company | Winbond Electronics (HK) Limited ("WEHK") | Sales of semiconductor and investment holding | 100.00 | 100.00 |
| The Company | Winbond Technology Ltd. ("WTL") | Design and service of semiconductor | 100.00 | 100.00 |
| The Company | Callisto Holding Limited ("Callisto") | Electronic commerce and investment holding | 100.00 | 100.00 |
| The Company | Winbond Electronics Germany GmbH ("WEG") | Marketing service of semiconductor | 100.00 | 100.00 |
| The Company | Winbond Electronics India Private Limited ("WEIL") | Sales and service of semiconductor | 99.99 | 99.99 |
| The Company | Atfields Manufacturing Technology Corporation ("AMTC") | Manufacture of semiconductor and smart factory solutions | 100.00 | 100.00 |
| The Company | Miraxia Edge Technology Corporation ("METC") | Software and hardware integration design of semiconductor | 100.00 | 100.00 |
| The Company | Nuvoton Technology Corporation ("NTC", Note 1) | Research, design, development, manufacture and marketing of Logic IC, 6-inch wafer product, test, and OEM | 52.06 | 51.21 |
| WIC | Winbond Electronics Corporation America ("WECA") | Design, sales and service of semiconductor | 100.00 | 100.00 |
| WEHK | Winbond Electronics (Suzhou) Limited ("WECN") | Design, development and marketing of VLSI integrated ICs | 100.00 | 100.00 |
| Callisto | Callisto Technology Limited ("CTL") | Electronic commerce and investment holding | 100.00 | 100.00 |
| METC | Miraxia Technology Taiwan Corporation ("MTTC") | Development of software and services for automotive and industrial control | 100.00 | 100.00 |
| NTC | Marketplace Management Limited ("MML") | Investment holding | 100.00 | 100.00 |
| NTC | Nuvoton Technology Corporation America ("NTCA") | Design, sales and service of semiconductor | 100.00 | 100.00 |
| NTC | Nuvoton Investment Holding Ltd. ("NIH") | Investment holding | 100.00 | 100.00 |
| NTC | Nuvoton Electronics Technology (H.K.) Limited ("NTHK") | Sales of semiconductor | 100.00 | 100.00 |
| NTC | Song Yong Investment Corporation ("SYI") | Investment holding | 100.00 | 100.00 |

(Continued)

| Investor | Investee | Main Business | % of Ownership | |
|----------|--|--|----------------|--------|
| | | | 2024 | 2023 |
| NTC | Nuvoton Technology India Private Limited (“NTIPL”) | Design, sales and service of semiconductor | 100.00 | 100.00 |
| NTC | Nuvoton Technology Singapore Pte. Ltd. (“NTSG”) | Design, sales and service of semiconductor | 100.00 | 100.00 |
| NTC | Nuvoton Technology Korea Limited (“NTKL”) | Design, sales and service of semiconductor | 100.00 | 100.00 |
| NTC | Nuvoton Technology Holdings Japan (“NTHJ”) | Investment holding | 100.00 | 100.00 |
| NTC | Nuvoton Technology Germany GmbH (“NTG”) | Customer service and technical support of semiconductor | 100.00 | 100.00 |
| MML | Goldbond LLC (“GLLC”, Note 2) | Investment holding | - | 100.00 |
| GLLC | Nuvoton Electronics Technology (Shanghai) Limited (“NTSH”, Note 3) | Provide projects for sale in China and repairing, testing, consulting of software and equipment leasing business | - | 100.00 |
| NTSH | Song Zhi Electronics Technology (Suzhou) (“Song Zhi Suzhou”, Note 4) | Provide development of semiconductor and technology, consult service and equipment leasing business | - | 100.00 |
| NIH | Nuvoton Technology Israel Ltd. (“NTIL”) | Design and service of semiconductor | 100.00 | 100.00 |
| NTHK | Nuvoton Electronics Technology (Shenzhen) Limited (“NTSZ”) | Computer software service (except I.C. design), wholesale business for computer, supplement and software | 100.00 | 100.00 |
| NTHK | Nuvoton Electronics Technology (Nanjing) Limited (“NTNJ”, Note 5) | Provide development of semiconductor and technology, consult service and sale | 100.00 | - |
| NTHK | Nuvoton Electronics Technology (Shanghai) Limited (“NTSH”, Note 3) | Provide projects for sale in China and repairing, testing, consulting of software and equipment leasing business | 100.00 | - |
| NTHJ | Nuvoton Technology Corporation Japan (“NTCJ”) | Design, sales and service of semiconductor | 100.00 | 100.00 |

(Concluded)

Note 1: The Company acquired 3,600 thousand shares of NTC in the open market in August 2024. As of December 31, 2024, the Company held 52.06% ownership interest of NTC.

Note 2: GLLC completed the liquidation and legal procedures in December 2024.

Note 3: GLLC sold 100% ownership interest of NTSH to NTHK in May 2024. The transaction was a reorganization under common control.

Note 4: Song Zhi Suzhou completed the liquidation and legal procedures in October 2024.

Note 5: NTHK established NTNJ in China in January 2024 with a 100% ownership interest.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

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

Current liabilities include:

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

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

Business Combinations Involving Reorganization under Common Control

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

Foreign Currencies

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

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

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

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

Cash Equivalents

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

Financial Instruments

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

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

a. Financial assets measurement category

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

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

1) Financial asset at FVTPL

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

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

2) Financial assets at amortized cost

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

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

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

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

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

3) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets

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

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

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

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

c. Derecognition of financial assets

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

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

d. Equity instruments

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

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

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

e. Financial liabilities

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

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

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

f. Derecognition of financial liabilities

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

g. Derivative financial instruments

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

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

Inventories

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

Investments in Associates

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

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

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

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

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

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

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

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

Property, Plant and Equipment

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

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

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

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

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

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

Investment Properties

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

Intangible Assets

a. Intangible assets acquired separately

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

b. Derecognition of intangible assets

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

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

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

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

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

Provisions

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

a. Warranties

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

b. Contingent liabilities acquired in a business combination

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

Revenue Recognition

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

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

Leasing

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

a. The Group as lessor

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

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

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

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

b. The Group as lessee

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

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

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

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

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

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

Borrowing Costs

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

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

Government Grants

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

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

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

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

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

Share-based Payment Arrangements

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

Taxation

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

a. Current tax

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

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

b. Deferred tax

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

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

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

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

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

c. Current and deferred taxes

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

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

6. CASH AND CASH EQUIVALENTS

| | December 31 | |
|----------------------------|----------------------|----------------------|
| | 2024 | 2023 |
| Cash and deposits in banks | \$ 13,150,396 | \$ 16,199,098 |
| Repurchase agreements | <u>950,000</u> | <u>763,500</u> |
| | <u>\$ 14,100,396</u> | <u>\$ 16,962,598</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:

| | December 31 | |
|---------------|--------------------|-------------------|
| | 2024 | 2023 |
| Time deposits | <u>\$ 302,152</u> | <u>\$ 301,821</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):

| | December 31 | |
|---------------|--------------------|-----------------|
| | 2024 | 2023 |
| Time deposits | <u>\$ 7,662</u> | <u>\$ 7,384</u> |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | December 31 | |
|---|--------------------|-------------------|
| | 2024 | 2023 |
| <u>Financial assets at FVTPL - current</u> | | |
| Derivative financial assets | | |
| Forward exchange contracts | \$ - | \$ 218,979 |
| Non-derivative financial assets | | |
| Domestic listed shares | 15,467 | 14,994 |
| Overseas unlisted shares | 65,570 | 61,410 |
| Mutual funds | <u>120,767</u> | <u>113,604</u> |
| | <u>\$ 201,804</u> | <u>\$ 408,987</u> |
| <u>Financial assets at FVTPL - non-current</u> | | |
| Mandatorily measured at FVTPL | | |
| Foreign currency warrants | <u>\$ -</u> | <u>\$ 76,763</u> |
| <u>Financial liabilities at FVTPL - current</u> | | |
| Derivative financial liabilities | | |
| Forward exchange contracts | \$ 129,161 | \$ 786 |
| Swap contracts | <u>13,320</u> | <u>-</u> |
| | <u>\$ 142,481</u> | <u>\$ 786</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>December 31, 2024</u> | | | |
| Sell forward exchange contracts | USD to NTD | 2025.01.03-2025.03.21 | USD197,500/NTD6,383,660 |
| Sell forward exchange contracts | USD to JPY | 2025.01.14-2025.02.14 | USD27,300/JPY4,149,572 |
| Swap contracts | USD to NTD | 2025.01.03 | USD15,000/NTD478,455 |
| <u>December 31, 2023</u> | | | |
| Sell forward exchange contracts | USD to NTD | 2024.01.03-2024.03.15 | USD300,000/NTD9,412,386 |
| Sell forward exchange contracts | USD to JPY | 2024.01.12-2024.02.14 | USD28,200/JPY4,041,691 |
| Buy forward exchange contracts | NTD to USD | 2024.01.05-2024.03.07 | NTD4,063,899/USD131,000 |
| Buy forward exchange contracts | NTD to EUR | 2024.01.22-2024.01.25 | NTD2,406,005/EUR71,412 |

- 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 257 thousand preference shares of Autotalks Ltd. through the conversion of share warrants in September 2024. The investment in equity instruments is held for long-term strategic purposes and expected profitability. Accordingly, these preference shares were recorded in financial assets at FVTOCI.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity Instruments at FVTOCI

| | December 31 | |
|--------------------------|----------------------|----------------------|
| | 2024 | 2023 |
| Domestic listed shares | \$ 8,402,276 | \$ 12,894,135 |
| Domestic unlisted shares | 1,291,558 | 1,184,259 |
| Overseas unlisted shares | 749,160 | 625,180 |
| Beneficiary certificates | <u>1,318,257</u> | <u>1,173,603</u> |
| | <u>\$ 11,761,251</u> | <u>\$ 15,877,177</u> |
| Current | \$ 8,318,400 | \$ 12,760,052 |
| Non-current | <u>3,442,851</u> | <u>3,117,125</u> |
| | <u>\$ 11,761,251</u> | <u>\$ 15,877,177</u> |

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

For the year ended December 31, 2023, 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 was realized and transferred to retained earnings, refer to Note 22 to the consolidated financial statements.

9. ACCOUNTS RECEIVABLE

| | December 31 | |
|-------------------------------------|----------------------|---------------------|
| | 2024 | 2023 |
| <u>Accounts receivable</u> | | |
| At amortized cost | | |
| Gross carrying amount | \$ 10,194,306 | \$ 9,908,308 |
| Less: Allowance for impairment loss | <u>(184,289)</u> | <u>(169,488)</u> |
| | <u>\$ 10,010,017</u> | <u>\$ 9,738,820</u> |

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

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

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

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

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

December 31, 2024

| | Not Overdue | Overdue under 30 Days | Overdue 31-90 Days | Overdue 91-180 Days | Overdue Over 180 Days | Total |
|--|---------------------|----------------------------------|-------------------------------|--------------------------------|----------------------------------|----------------------|
| Expected credit loss rate | 0.1%-2% | 2% | 10% | 20% | 50%-100% | |
| Gross carrying amount | \$ 9,838,641 | \$ 320,573 | \$ 23,178 | \$ 796 | \$ 11,118 | \$ 10,194,306 |
| Loss allowance (lifetime ECL) | (164,977) | (6,411) | (2,318) | (159) | (694) | (174,559) |
| Loss allowance (individual customer ECL) | - | - | - | - | (9,730) | (9,730) |
| Amortized cost | <u>\$ 9,673,664</u> | <u>\$ 314,162</u> | <u>\$ 20,860</u> | <u>\$ 637</u> | <u>\$ 694</u> | <u>\$ 10,010,017</u> |

December 31, 2023

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

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

| | For the Year Ended December 31 | |
|---------------------------------|---------------------------------------|-------------------|
| | 2024 | 2023 |
| Balance at January 1 | \$ 169,488 | \$ 146,030 |
| Recognized impairment loss | 11,576 | 24,197 |
| Effect of exchange rate changes | <u>3,225</u> | <u>(739)</u> |
| Balance at December 31 | <u>\$ 184,289</u> | <u>\$ 169,488</u> |

10. FINANCE LEASE RECEIVABLES

| | December 31 | |
|------------------------------------|--------------------|-------------------|
| | 2024 | 2023 |
| <u>Undiscounted lease payments</u> | | |
| Year 1 | \$ 22,610 | \$ 93,586 |
| Year 2 | <u>-</u> | <u>23,397</u> |
| | 22,610 | 116,983 |
| Less: Unearned finance income | <u>(104)</u> | <u>(1,606)</u> |
| Finance lease receivables | <u>\$ 22,506</u> | <u>\$ 115,377</u> |
| Current | \$ 22,506 | \$ 92,088 |
| Non-current | <u>-</u> | <u>23,289</u> |
| | <u>\$ 22,506</u> | <u>\$ 115,377</u> |

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

11. OTHER RECEIVABLES

| | December 31 | |
|--------------------------------|--------------------|-------------------|
| | 2024 | 2023 |
| Business tax refund receivable | \$ 498,991 | \$ 508,712 |
| Current tax assets (Note 25) | 53,501 | 15,293 |
| Interest receivable | 11,424 | 21,516 |
| Time deposits (Note 6) | 7,662 | 7,384 |
| Others | <u>129,106</u> | <u>157,154</u> |
| | <u>\$ 700,684</u> | <u>\$ 710,059</u> |

12. INVENTORIES

| | December 31 | |
|----------------------------|----------------------|----------------------|
| | 2024 | 2023 |
| Finished goods | \$ 2,633,126 | \$ 3,413,806 |
| Work-in-process | 19,626,791 | 18,163,933 |
| Raw materials and supplies | 1,895,968 | 2,281,194 |
| Inventories in transit | <u>45,278</u> | <u>11,036</u> |
| | <u>\$ 24,201,163</u> | <u>\$ 23,869,969</u> |

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

| | For the Year Ended December 31 | |
|---|---------------------------------------|----------------------|
| | 2024 | 2023 |
| Inventories sold | \$ 53,804,852 | \$ 44,348,640 |
| Recognition of inventory write-downs and scrap of inventories, etc. | 1,703,825 | 3,166,060 |
| Unallocated production overhead | <u>2,099,982</u> | <u>5,095,652</u> |
| Operating costs | <u>\$ 57,608,659</u> | <u>\$ 52,610,352</u> |

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

| | December 31 | |
|---|---------------------|----------------------|
| | 2024 | 2023 |
| Associates that are not individually material | | |
| Chin Xin Investment Co., Ltd. (“Chin Xin”) | \$ 5,240,577 | \$ 8,842,850 |
| Tower Partners Semiconductor Co., LTD. (“TPSCo.”) | 1,887,907 | 1,824,673 |
| Theaceae Conservation Corporation (“ThCC”) | <u>261,944</u> | <u>284,474</u> |
| | <u>\$ 7,390,428</u> | <u>\$ 10,951,997</u> |

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

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

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

For the years ended December 31, 2024 and 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\$1,247 thousand and NT\$82,484 thousand were realized and transferred to retained earnings, refer to Note 22 to the consolidated financial statements.

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

14. PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings | Machinery and Equipment | Other Equipment | Construction in Progress and Equipment under Installation | Total |
|--|---------------------|----------------------|-------------------------|---------------------|---|-----------------------|
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2024 | \$ 2,997,080 | \$ 66,017,865 | \$ 216,054,778 | \$ 9,100,361 | \$ 1,937,580 | \$ 296,107,664 |
| Additions | 284,787 | 1,069,816 | 6,252,657 | 413,746 | 2,035,603 | 10,056,609 |
| Disposals | - | (220,553) | (8,625,007) | (149,829) | - | (8,995,389) |
| Reclassified | 296,370 | 1,528,710 | 513,309 | 274,138 | (2,581,788) | 30,739 |
| Effect of exchange rate changes | (54,290) | (512,419) | (1,034,071) | (63,292) | (12,532) | (1,676,604) |
| Balance at December 31, 2024 | <u>\$ 3,523,947</u> | <u>\$ 67,883,419</u> | <u>\$ 213,161,666</u> | <u>\$ 9,575,124</u> | <u>\$ 1,378,863</u> | <u>\$ 295,523,019</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2024 | \$ - | \$ 38,671,022 | 148,361,182 | \$ 6,927,772 | \$ - | \$ 193,959,976 |
| Depreciation expense | - | 2,371,480 | 8,730,434 | 719,658 | - | 11,821,572 |
| Disposals | - | (218,940) | (8,617,473) | (148,222) | - | (8,984,635) |
| Reclassified | - | 8,598 | - | 155 | - | 8,753 |
| Effect of exchange rate changes | - | (462,034) | (1,009,005) | (63,700) | - | (1,534,739) |
| Balance at December 31, 2024 | <u>\$ -</u> | <u>\$ 40,370,126</u> | <u>\$ 147,465,138</u> | <u>\$ 7,435,663</u> | <u>\$ -</u> | <u>\$ 195,270,927</u> |
| Carrying amount at December 31, 2024 | <u>\$ 3,523,947</u> | <u>\$ 27,513,293</u> | <u>\$ 65,696,528</u> | <u>\$ 2,139,461</u> | <u>\$ 1,378,863</u> | <u>\$ 100,252,092</u> |
| <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 | 34,120 | 660,862 | 16,240,891 | 395,281 | 2,416,177 | 19,747,331 |
| Disposals | - | (28,437) | (9,553,666) | (335,712) | - | (9,917,815) |
| Reclassified | - | 18,769,796 | 34,507,959 | 882,940 | (54,163,328) | (2,633) |
| Effect of exchange rate changes | (123,687) | (1,096,237) | (2,830,374) | (196,802) | (1,354) | (4,248,454) |
| Balance at December 31, 2023 | <u>\$ 2,997,080</u> | <u>\$ 66,017,865</u> | <u>\$ 216,054,778</u> | <u>\$ 9,100,361</u> | <u>\$ 1,937,580</u> | <u>\$ 296,107,664</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 | - | 2,276,837 | 8,108,994 | 646,386 | - | 11,032,217 |
| Disposals | - | (27,464) | (9,507,311) | (332,187) | - | (9,866,962) |
| Reclassified | - | (4,557) | - | 4,557 | - | - |
| Effect of exchange rate changes | - | (986,474) | (2,755,723) | (185,678) | - | (3,927,875) |
| Balance at December 31, 2023 | <u>\$ -</u> | <u>\$ 38,671,022</u> | <u>\$ 148,361,182</u> | <u>\$ 6,927,772</u> | <u>\$ -</u> | <u>\$ 193,959,976</u> |
| Carrying amount at December 31, 2023 | <u>\$ 2,997,080</u> | <u>\$ 27,346,843</u> | <u>\$ 67,693,596</u> | <u>\$ 2,172,589</u> | <u>\$ 1,937,580</u> | <u>\$ 102,147,688</u> |

a. As of December 31, 2024 and 2023, the carrying amounts of NT\$61,750,901 thousand and NT\$61,427,153 thousand of property, plant and equipment were pledged to secure long-term borrowings and corporate bonds.

b. Information about capitalized interest

| | <u>For the Year Ended December 31</u> | |
|-------------------------------------|---------------------------------------|-------------|
| | <u>2024</u> | <u>2023</u> |
| Capitalized interest amounts | \$ 217,597 | \$ 213,770 |
| Interest rates under capitalization | 2.68%-2.84% | 2.43%-2.78% |

15. LEASE ARRANGEMENTS

a. Right-of-use assets

| | <u>December 31</u> | |
|--|---------------------------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| <u>Carrying amount</u> | | |
| Land | \$ 1,480,566 | \$ 1,559,391 |
| Buildings | 353,647 | 323,814 |
| Machinery and equipment | 103,214 | 118,495 |
| Other equipment | <u>47,196</u> | <u>48,473</u> |
| | <u>\$ 1,984,623</u> | <u>\$ 2,050,173</u> |
| | <u>For the Year Ended December 31</u> | |
| | <u>2024</u> | <u>2023</u> |
| Additions to right-of-use assets | <u>\$ 279,955</u> | <u>\$ 185,283</u> |
| Depreciation charge for right-of-use assets | | |
| Land | \$ 114,054 | \$ 111,059 |
| Buildings | 165,395 | 149,815 |
| Machinery and equipment | 11,420 | 12,398 |
| Other equipment | <u>28,948</u> | <u>25,894</u> |
| | <u>\$ 319,817</u> | <u>\$ 299,166</u> |
| Income from the subleasing of right-of-use assets (recorded in "other income") | <u>\$ 1,993</u> | <u>\$ 2,115</u> |

b. Lease liabilities

| | <u>December 31</u> | |
|------------------------|---------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| <u>Carrying amount</u> | | |
| Current | <u>\$ 287,101</u> | <u>\$ 255,282</u> |
| Non-current | <u>\$ 1,803,971</u> | <u>\$ 1,895,615</u> |

Ranges of discount rate for lease liabilities are as follows:

| | <u>December 31</u> | |
|-------------------------|--------------------|-------------|
| | <u>2024</u> | <u>2023</u> |
| Land | 1.76%-2.60% | 1.76%-2.47% |
| Buildings | 0.14%-7.46% | 0.14%-5.24% |
| Machinery and equipment | 0.48%-0.80% | 0.48%-0.80% |
| Other equipment | 0.14%-5.23% | 0.14%-5.10% |

For the years ended December 31, 2024 and 2023, the interest expense under lease liabilities amounted to NT\$51,390 thousand and NT\$49,697 thousand, respectively.

c. Material lease-in activities and terms

The Company and NTC leased lands from Science Park Bureau, and the lease term will expire in 2027, 2037 and 2043, respectively, which can be extended after the expiration of the lease periods.

NTC leased a land from Taiwan Sugar Corporation under a twenty-year term from October 2014 to September 2034, which can be extended after expiration of the lease periods. The chairman of NTC is a joint guarantor of such lease, refer to Note 32 to the consolidated financial statements.

The Group leased office spaces in the United States, China, Hong Kong, Japan, Israel, India, Korea and part in Taiwan, and the lease terms will expire between 2025 and 2032.

d. Subleases

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

| | December 31 | |
|--------|--------------------|-----------------|
| | 2024 | 2023 |
| Year 1 | \$ 1,975 | \$ 2,105 |
| Year 2 | <u>1,975</u> | <u>2,105</u> |
| | <u>\$ 3,950</u> | <u>\$ 4,210</u> |

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

e. Other lease information

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2024 | 2023 |
| Expenses relating to short-term leases | <u>\$ 129,721</u> | <u>\$ 262,751</u> |
| Expenses relating to low-value asset leases | <u>\$ 706</u> | <u>\$ 654</u> |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | <u>\$ 5,297</u> | <u>\$ 11,395</u> |
| Total cash outflow for leases | <u>\$ 499,901</u> | <u>\$ 622,795</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

| | December 31 | |
|----------------------------|---------------------|---------------------|
| | 2024 | 2023 |
| Investment properties, net | <u>\$ 1,369,827</u> | <u>\$ 1,549,000</u> |

As of December 31, 2024, the fair values of investment properties held by NTC were NT\$2,397,194 thousand, and the fair values of NT\$2,197,194 thousand were evaluated by independent appraisal agencies, others were evaluated based on Level 3, a commonly used evaluation model, by NTC's management.

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2024 | 2023 |
| <u>Cost</u> | | |
| Balance at January 1 | \$ 7,165,730 | \$ 7,662,122 |
| Effect of exchange rate changes | (234,054) | (496,392) |
| Balance at December 31 | <u>6,931,676</u> | <u>7,165,730</u> |
| <u>Accumulated depreciation and impairment</u> | | |
| Balance at January 1 | 5,616,730 | 5,863,962 |
| Depreciation expense | 130,235 | 136,023 |
| Effect of exchange rate changes | (185,116) | (383,255) |
| Balance at December 31 | <u>5,561,849</u> | <u>5,616,730</u> |
| Investment properties, net | <u>\$ 1,369,827</u> | <u>\$ 1,549,000</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:

| | December 31 | |
|-------------------|--------------------|---------------------|
| | 2024 | 2023 |
| Year 1 | \$ 142,541 | \$ 146,532 |
| Year 2 | 140,872 | 143,790 |
| Year 3 | 138,535 | 143,872 |
| Year 4 | 136,042 | 143,894 |
| Year 5 | 135,386 | 140,886 |
| More than 5 years | <u>304,617</u> | <u>455,304</u> |
| | <u>\$ 997,993</u> | <u>\$ 1,174,278</u> |

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

As of December 31, 2024 and 2023, the carrying amounts of NT\$290,024 thousand and NT\$324,873 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, 2024 | \$ 20,040,063 | \$ 1,299,040 | \$ 5,804 | \$ 21,344,907 |
| Additions | 488,218 | 109,154 | - | 597,372 |
| Disposals | (16,778,916) | (58,393) | - | (16,837,309) |
| Carbon offset | - | - | (54) | (54) |
| Reclassified | 34,265 | (34,317) | - | (52) |
| Effect of exchange rate changes | <u>7,849</u> | <u>(34,961)</u> | <u>-</u> | <u>(27,112)</u> |
| Balance at December 31, 2024 | <u>\$ 3,791,479</u> | <u>\$ 1,280,523</u> | <u>\$ 5,750</u> | <u>\$ 5,077,752</u> |
| <u>Accumulated amortization and impairment</u> | | | | |
| Balance at January 1, 2024 | \$ 19,682,066 | \$ 1,059,012 | \$ - | \$ 20,741,078 |
| Amortization expenses | 276,777 | 98,701 | - | 375,478 |
| Disposals | (16,778,916) | (58,393) | - | (16,837,309) |
| Effect of exchange rate changes | <u>13,639</u> | <u>(30,723)</u> | <u>-</u> | <u>(17,084)</u> |
| Balance at December 31, 2024 | <u>\$ 3,193,566</u> | <u>\$ 1,068,597</u> | <u>\$ -</u> | <u>\$ 4,262,163</u> |
| Carrying amount at December 31, 2024 | <u>\$ 597,913</u> | <u>\$ 211,926</u> | <u>\$ 5,750</u> | <u>\$ 815,589</u> |
| <u>Cost</u> | | | | |
| Balance at January 1, 2023 | \$ 19,977,381 | \$ 1,327,601 | \$ 763 | \$ 21,305,745 |
| Additions | 29,588 | 155,509 | 5,083 | 190,180 |
| Disposals | - | (71,955) | - | (71,955) |
| Carbon offset | - | - | (42) | (42) |
| Reclassified | 41,255 | (42,628) | - | (1,373) |
| Effect of exchange rate changes | <u>(8,161)</u> | <u>(69,487)</u> | <u>-</u> | <u>(77,648)</u> |
| Balance at December 31, 2023 | <u>\$ 20,040,063</u> | <u>\$ 1,299,040</u> | <u>\$ 5,804</u> | <u>\$ 21,344,907</u> |
| <u>Accumulated amortization and impairment</u> | | | | |
| Balance at January 1, 2023 | \$ 19,418,642 | \$ 1,104,500 | \$ - | \$ 20,523,142 |
| Amortization expenses | 268,435 | 91,658 | - | 360,093 |
| Disposals | - | (71,364) | - | (71,364) |
| Effect of exchange rate changes | <u>(5,011)</u> | <u>(65,782)</u> | <u>-</u> | <u>(70,793)</u> |
| Balance at December 31, 2023 | <u>\$ 19,682,066</u> | <u>\$ 1,059,012</u> | <u>\$ -</u> | <u>\$ 20,741,078</u> |
| Carrying amount at December 31, 2023 | <u>\$ 357,997</u> | <u>\$ 240,028</u> | <u>\$ 5,804</u> | <u>\$ 603,829</u> |

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

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

18. BORROWINGS

a. Short-term borrowings

| | December 31 | | | |
|-----------------------------|--------------------|---------------------|--------------------|---------------------|
| | 2024 | | 2023 | |
| | Interest Rate % | Amount | Interest Rate % | Amount |
| <u>Secured borrowings</u> | | | | |
| Bank loans | 1.55%-1.70% | \$ 1,490,290 | 1.17%-1.18% | \$ 847,080 |
| <u>Unsecured borrowings</u> | | | | |
| Bank lines of credit | 1.17%-1.25% | <u>629,700</u> | 1.00%-1.01% | <u>217,200</u> |
| | | <u>\$ 2,119,990</u> | | <u>\$ 1,064,280</u> |

On May 17, 2021, NTCJ entered into a syndicated loan with CTBC and a group of financial institutions to pay outstanding debt and enrich operating capital, and the line of credit amounted to JPY30 billion. This syndicated loan is secured by property, plant and equipment and investment properties of NTCJ; refer to Notes 14 and 16 to the consolidated financial statements. This syndicated loan also requires the Company to act as a joint guarantor and hold ownership of NTCJ with NTC by no less than 100% with maintenance and operational control as stated in the agreement. According to the financial covenants, 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 annual consolidated financial statements.

b. Long-term borrowings

| | Period | Interest Rate | December 31 | |
|---|-----------------------|---------------|----------------------|----------------------|
| | | | 2024 | 2023 |
| <u>Secured borrowings</u> | | | | |
| Bank of Taiwan syndicated loan (V) | 2019.09.19-2026.09.19 | 2.87% | \$ 29,400,000 | \$ 37,800,000 |
| Bank of Taiwan syndicated loan (VI) (Note 28) | 2023.12.15-2030.12.15 | 2.43%-2.73% | 6,300,000 | 1,300,000 |
| <u>Unsecured borrowings</u> | | | | |
| The Export - Import Bank of ROC | 2020.08.25-2027.08.25 | 2.10% | 857,143 | 1,000,000 |
| Government preferential loan (Note 28) | 2020.12.28-2028.11.15 | 1.38%-1.58% | <u>4,694,273</u> | <u>5,131,600</u> |
| | | | 41,251,416 | 45,231,600 |
| Less: Current portion | | | (9,966,699) | (8,980,184) |
| Less: Syndication agreement management fee | | | (45,427) | (80,820) |
| Less: Government loan discount (Note 28) | | | <u>(111,572)</u> | <u>(146,058)</u> |
| | | | <u>\$ 31,127,718</u> | <u>\$ 36,024,538</u> |

1) Bank of Taiwan Syndicated Loan (V)

- a) On January 14, 2019, the Company entered into a syndicated loan, with a group of financial institutions to build up and procure equipment for its fab. The credit line amounted to NT\$42 billion. The principal will be repaid every six months from September 19, 2023 until maturity.
- b) The amounts of 12-inch building, fab facilities, machinery and equipment and related ancillary equipment pledged as collateral for bank borrowings are disclosed in Note 14 to the consolidated financial statements.
- c) The Company is required to maintain certain financial covenants, including current ratio, debt ratio, interest coverage ratio, and total equity, on June 30 and December 31 during the tenures 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 annually audited and semi-annually reviewed consolidated financial statements.

2) Bank of Taiwan Syndicated Loan (VI)

- a) On April 12, 2023, the Company entered into a syndicated loan with a group of financial institutions to procure equipment and related ancillary equipment for its fab. The credit line was divided into parts A and B, which amounted to NT\$15 billion and NT\$20 billion, respectively; the total line of credit should not exceed NT\$20 billion.
 - b) Part A will be repaid every month from December 15, 2026 until maturity; part B will be repaid every six months from December 15, 2026 until maturity.
 - c) The amounts of 12-inch building, fab facilities, machinery and equipment and related ancillary equipment pledged as collateral for bank borrowings are disclosed in Note 14 to the consolidated financial statements.
 - d) The Company is required to maintain certain financial covenants, including current ratio, debt ratio, interest coverage ratio, and total equity, on June 30 and December 31 during the tenures 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 annually audited and semi-annually reviewed consolidated financial statements.
- 3) The proceeds of the unsecured borrowings from the Export-Import Bank of ROC were provided to NTC for acquiring Panasonic Semiconductor Solutions., Co., Ltd.

19. BONDS PAYABLE

| | December 31 | |
|------------------------|--------------------|---------------------|
| | 2024 | 2023 |
| Domestic secured bonds | \$ 9,993,636 | \$ 9,980,978 |
| Less: Current portion | <u>(9,993,636)</u> | <u>-</u> |
| | <u>\$ -</u> | <u>\$ 9,980,978</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

| | December 31 | |
|-----------------------------|---------------------|---------------------|
| | 2024 | 2023 |
| <u>Non-current</u> | | |
| Employee benefits | \$ 1,093,623 | \$ 1,360,661 |
| Decommissioning liabilities | 461,360 | 477,406 |
| Warranties | <u>415,876</u> | <u>564,722</u> |
| | <u>\$ 1,970,859</u> | <u>\$ 2,402,789</u> |

| | Employee Benefits | Decommissioning Liabilities | Warranties | Total |
|--|--------------------------|------------------------------------|-------------------|---------------------|
| Balance at January 1, 2024 | \$ 1,360,661 | \$ 477,406 | \$ 564,722 | \$ 2,402,789 |
| Decreased | (226,192) | - | (143,127) | (369,319) |
| Effects of foreign currency exchange differences | <u>(40,846)</u> | <u>(16,046)</u> | <u>(5,719)</u> | <u>(62,611)</u> |
| Balance at December 31, 2024 | <u>\$ 1,093,623</u> | <u>\$ 461,360</u> | <u>\$ 415,876</u> | <u>\$ 1,970,859</u> |

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

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

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

b. Defined benefit plan

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

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

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

| | December 31 | |
|---|---------------------|---------------------|
| | 2024 | 2023 |
| Present value of the defined benefit obligation | \$ 3,984,891 | \$ 4,174,363 |
| Fair value of the plan assets | <u>(2,706,706)</u> | <u>(2,490,778)</u> |
| Net defined benefit liabilities, non-current | <u>\$ 1,278,185</u> | <u>\$ 1,683,585</u> |

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

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liabilities (Assets) |
|-------------------------------|--|--|---|
| Balance at January 1, 2024 | \$ 4,174,363 | \$ (2,490,778) | \$ 1,683,585 |
| Service cost | | | |
| Current service cost | 80,799 | - | 80,799 |
| Net interest expense (income) | 75,469 | (56,725) | 18,744 |
| Others | <u>-</u> | <u>1,150</u> | <u>1,150</u> |
| Recognized in profit or loss | <u>156,268</u> | <u>(55,575)</u> | <u>100,693</u> |

(Continued)

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liabilities (Assets) |
|---|--|--|---|
| Remeasurement | | | |
| Actuarial (gain) loss | | | |
| - realized rate greater than the discounted rate | \$ (9) | \$ (156,194) | \$ (156,203) |
| - changes in financial assumptions | 42,409 | (45) | 42,364 |
| - experience adjustments | <u>88,409</u> | <u>(36,902)</u> | <u>51,507</u> |
| Recognized in other comprehensive income | <u>130,809</u> | <u>(193,141)</u> | <u>(62,332)</u> |
| Contributions from the employer | - | (100,821) | (100,821) |
| Benefits paid | (464,916) | 178,564 | (286,352) |
| Paid by the Group | (21,719) | - | (21,719) |
| Effect of exchange rate changes | <u>10,086</u> | <u>(44,955)</u> | <u>(34,869)</u> |
| Balance at December 31, 2024 | <u>\$ 3,984,891</u> | <u>\$ (2,706,706)</u> | <u>\$ 1,278,185</u> |
| Balance at January 1, 2023 | \$ 4,306,648 | \$ (2,414,054) | \$ 1,892,594 |
| Service cost | | | |
| Current service cost | 80,772 | - | 80,772 |
| Net interest expense (income) | 78,071 | (54,792) | 23,279 |
| Others | <u>-</u> | <u>872</u> | <u>872</u> |
| Recognized in profit or loss | <u>158,843</u> | <u>(53,920)</u> | <u>104,923</u> |
| Remeasurement | | | |
| Actuarial (gain) loss | | | |
| - realized rate greater than the discounted rate | - | (27,902) | (27,902) |
| - changes in financial assumptions | 60,198 | 26 | 60,224 |
| - experience adjustments | <u>(130,896)</u> | <u>(40,728)</u> | <u>(171,624)</u> |
| Recognized in other comprehensive income | <u>(70,698)</u> | <u>(68,604)</u> | <u>(139,302)</u> |
| Contributions from the employer | - | (91,036) | (91,036) |
| Benefits paid | (119,055) | 117,152 | (1,903) |
| Effect of exchange rate changes | <u>(101,375)</u> | <u>19,684</u> | <u>(81,691)</u> |
| Balance at December 31, 2023 | <u>\$ 4,174,363</u> | <u>\$ (2,490,778)</u> | <u>\$ 1,683,585</u> (Concluded) |

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

| | For the Year Ended December 31 | |
|-------------------------------------|---------------------------------------|-------------------|
| | 2024 | 2023 |
| Operating costs | \$ 14,545 | \$ 19,470 |
| Selling expenses | 1,712 | 1,892 |
| General and administrative expenses | 13,820 | 17,435 |
| Research and development expenses | <u>70,616</u> | <u>66,126</u> |
| | <u>\$ 100,693</u> | <u>\$ 104,923</u> |

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

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

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

| | December 31 | |
|-----------------------------------|--------------------|-------------|
| | 2024 | 2023 |
| Discount rates | 1.60%-5.94% | 1.40%-3.30% |
| Expected rates of salary increase | 2.00%-3.50% | 1.00%-3.50% |

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

| | December 31 | |
|--|--------------------|--------------------|
| | 2024 | 2023 |
| Discount rates | | |
| 0.25%-0.50% increase | <u>\$ (63,203)</u> | <u>\$ (68,893)</u> |
| 0.25%-0.50% decrease | <u>\$ 70,735</u> | <u>\$ 76,088</u> |
| Expected rates of salary increase/decrease | | |
| 0.25%-0.50% increase | <u>\$ 68,968</u> | <u>\$ 73,121</u> |
| 0.25%-0.50% decrease | <u>\$ (62,384)</u> | <u>\$ (67,829)</u> |

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

| | December 31 | |
|---|--------------------|-------------------|
| | 2024 | 2023 |
| The expected contribution to the plan for the next year | <u>\$ 129,465</u> | <u>\$ 125,194</u> |
| The average duration of defined benefit obligation | 6.70-11.34 years | 7.00-11.60 years |

22. EQUITY

a. Share capital

Ordinary shares

| | <u>December 31</u> | |
|---|----------------------|----------------------|
| | <u>2024</u> | <u>2023</u> |
| Number of shares authorized (in thousands) | <u>6,700,000</u> | <u>6,700,000</u> |
| Shares authorized | <u>\$ 67,000,000</u> | <u>\$ 67,000,000</u> |
| Number of shares issued and fully paid (in thousands) | <u>4,500,000</u> | <u>4,180,000</u> |
| Shares issued | <u>\$ 45,000,002</u> | <u>\$ 41,800,002</u> |

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

On May 2, 2024, the Company's board of directors resolved to issue 320,000 thousand shares with a par value of NT\$10 for capital increase and the price of the issue at premium NT\$21 per share. The issuance of shares was approved by the Financial Supervisory Commission, Taiwan, R.O.C. on June 14, 2024. The subscription date of the capital increase, which was determined by the chairman, was set on August 15, 2024. The relevant issuance costs amounted to NT\$16,608 thousand and were recognized as the deduction of capital surplus - from the issuance of share capital.

b. Capital surplus

| | <u>December 31</u> | |
|--|----------------------|----------------------|
| | <u>2024</u> | <u>2023</u> |
| <u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u> | | |
| Arising from issuance of share capital | \$ 11,050,593 | \$ 7,486,489 |
| Arising from treasury share transactions | 2,342,036 | 2,342,036 |
| Arising from conversion of bonds | 136,352 | 136,352 |
| <u>May only be used to offset a deficit</u> | | |
| Arising from changes in percentage of ownership interest in subsidiaries | 153,221 | 154,142 |
| Arising from share of changes in capital surplus of associates | <u>16,846</u> | <u>16,846</u> |
| | <u>\$ 13,699,048</u> | <u>\$ 10,135,865</u> |

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

c. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

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

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

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

The appropriations of earnings and cash dividends per share for 2023 and 2022 were as follows:

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

Cash dividends appropriated for 2022 were resolved by the board of directors on March 14, 2023; legal reserve appropriated for 2022 was resolved by the shareholders on May 30, 2023.

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

The appropriation of earnings for 2024 was as follows:

| | <u>For the Year Ended</u> |
|---------------------------------|---------------------------|
| | <u>December 31, 2024</u> |
| Legal reserve appropriated | <u>\$ 50,941</u> |
| Cash dividends | <u>\$ -</u> |
| Cash dividends per share (NT\$) | \$ - |

The above-mentioned appropriation for cash dividends has been resolved by the board of directors on February 18, 2025 not to be distributed. The other appropriations will be resolved by the shareholders in their meeting to be held on May 27, 2025.

d. Other equity items

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

| | <u>For the Year Ended December 31</u> | |
|--|---------------------------------------|-----------------------|
| | <u>2024</u> | <u>2023</u> |
| Balance at January 1 | \$ (1,007,855) | \$ (654,652) |
| Exchange differences arising on translating the financial statements of foreign operations | <u>101,140</u> | <u>(353,203)</u> |
| Balance at December 31 | <u>\$ (906,715)</u> | <u>\$ (1,007,855)</u> |

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

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

| | <u>For the Year Ended December 31</u> | |
|---|--|----------------------|
| | 2024 | 2023 |
| Balance at January 1 | \$ 13,893,178 | \$ 15,016,611 |
| Unrealized gains (losses) on revaluation of financial assets at FVTOCI | (4,378,619) | (1,626,905) |
| Share of unrealized gains (losses) on revaluation of financial assets at FVTOCI of associates accounted for using equity method | (3,641,686) | 774,469 |
| Disposal of investments in equity instruments designated at FVTOCI | <u>1,247</u> | <u>(270,997)</u> |
| Balance at December 31 | <u>\$ 5,874,120</u> | <u>\$ 13,893,178</u> |

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

e. Non-controlling interests

| | <u>For the Year Ended December 31</u> | |
|---|--|---------------------|
| | 2024 | 2023 |
| Balance at January 1 | \$ 8,163,361 | \$ 8,570,720 |
| Share attributable to non-controlling interests | | |
| Profit for the year | 108,620 | 1,180,971 |
| Exchange differences on translation of the financial statements of foreign operations | (27,252) | (268,671) |
| Remeasurement of defined benefit plans | (3,501) | 19,061 |
| Unrealized gains (losses) on financial assets measured at FVTOCI | 18,396 | 34,549 |
| Cash dividends issued by subsidiaries to non-controlling interests | (614,432) | (1,433,674) |
| Acquisition of non-controlling interests in subsidiaries | (138,200) | - |
| Changes in ownership interests in subsidiaries | <u>941</u> | <u>60,405</u> |
| Balance at December 31 | <u>\$ 7,507,933</u> | <u>\$ 8,163,361</u> |

23. REVENUE

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

24. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION, AND AMORTIZATION

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

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

The remuneration policies of the Company were as follows:

a. Directors:

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

b. Managers:

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

c. Employees:

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

For the year ended December 31, 2024, the employees' compensation and remuneration of directors were as follows: (There was no estimation of employees' compensation and remuneration of the directors in 2023 due to a net loss before income tax.)

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

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

The compensation to employees and remuneration to the directors of 2022 were approved by the Company's board of directors on March 14, 2023, were as below: (There was no employees' compensation and remuneration of the directors in 2023 due to a net loss before income tax.)

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

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

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

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

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

| | <u>For the Year Ended December 31</u> | |
|---|---------------------------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| Current income tax (benefit) expense | | |
| Current tax expense | \$ (121,509) | \$ 153,623 |
| Adjustment for prior years | 87,947 | (25,128) |
| Deferred income tax | | |
| Change in current year | <u>435,605</u> | <u>(860,607)</u> |
| Income tax (benefit) expense recognized in profit or loss | <u>\$ 402,043</u> | <u>\$ (732,112)</u> |

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

| | <u>For the Year Ended December 31</u> | |
|---|---------------------------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| Income tax (benefit) expense from continuing operations at the statutory rate | \$ 387,166 | \$ 340,720 |
| Tax effect of adjustment item | | |
| Permanent differences | (161,485) | (445,580) |
| Others | 125,660 | (300,319) |
| Income tax on unappropriated earnings | - | 383,566 |
| Loss carryforwards, investment credits and deductible temporary differences | (39,000) | (684,015) |
| Adjustment for prior years' income tax expense | 87,947 | (25,128) |
| Others | <u>1,755</u> | <u>(1,356)</u> |
| Tax (benefit) expense recognized in profit or loss | <u>\$ 402,043</u> | <u>\$ (732,112)</u> |

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

b. Current tax assets and liabilities

| | <u>December 31</u> | |
|------------------------------|--------------------|-------------------|
| | <u>2024</u> | <u>2023</u> |
| Current tax assets (Note 11) | <u>\$ 53,501</u> | <u>\$ 15,293</u> |
| Current tax liabilities | <u>\$ 280,031</u> | <u>\$ 805,011</u> |

c. Deferred tax assets

As of December 31, 2024 and 2023, deferred income tax assets of NT\$1,665,713 thousand and NT\$2,116,898 thousand, respectively, were mainly generated from idle capacity, unrealized inventory losses and asset impairment losses.

d. Deferred tax liabilities

As of December 31, 2024 and 2023, deferred income tax liabilities of NT\$62,373 thousand and NT\$77,953 thousand, respectively, were mainly generated from unrealized valuation gains or losses on financial assets at FVTOCI.

e. Tax return assessments

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

f. Pillar Two Income Tax Act

Some of the subsidiaries of the Company are incorporated in Japan, where the regional Pillar Two income tax legislation has come into effect. Under the legislation, the Company's Japanese subsidiaries are required to pay a top-up tax in Japan on the profits of each of their subsidiaries that are taxed below the effective tax rate of 15%. As of December 31, 2024, the Group has no material current tax exposure from countries that have enforced the Pillar Two income tax legislation. However, the Group will continue to assess the potential impact of the Pillar Two income tax legislation on its future financial performance.

26. EARNINGS (LOSSES) PER SHARE

| | For the Year Ended December 31 | | | | | |
|---|---|---|---|--|---|--|
| | 2024 | | | 2023 | | |
| | Amounts (Numerator) | | Earnings Per Share (NT\$) | Amounts (Numerator) | | Losses Per Share (NT\$) |
| | Net Income After Income Tax (Attributable to Owners of the Parent) | Shares (Denominator) (In Thousands) | Net Income After Income Tax (Attributable to Owners of the Parent) | Net Loss After Income Tax (Attributable to Owners of the Parent) | Shares (Denominator) (In Thousands) | Net Loss After Income Tax (Attributable to Owners of the Parent) |
| Basic earnings (losses) per share | | | | | | |
| Net income (loss) attributed to ordinary shareholders | \$ 601,001 | 4,301,530 | <u>\$ 0.14</u> | \$ (1,146,522) | 4,009,041 | <u>\$ (0.29)</u> |
| Effect of dilutive potential ordinary shares | | | | | | |
| Employees' compensation | - | 905 | | - | - | |
| Diluted earnings (losses) per share | | | | | | |
| Net income (loss) attributed to ordinary shareholders | <u>\$ 601,001</u> | <u>4,302,435</u> | <u>\$ 0.14</u> | <u>\$ (1,146,522)</u> | <u>4,009,041</u> | <u>\$ (0.29)</u> |

For the years ended December 31, 2024 and 2023, the issuance of ordinary shares for cash was included in the computation of the weighted average number of shares outstanding, which were 4,301,530 thousand shares and 4,009,041 thousand shares, respectively. The Company may settle the compensation or bonuses paid to employees by cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share (EPS), if the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the number of shares to be distributed to employees is resolved in the following year.

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

27. SHARE-BASED PAYMENT ARRANGEMENTS

The Company was approved by the FSC on June 14, 2024 and September 25, 2023 to issue 320,000 thousand and 200,000 thousand shares for cash capital increase, respectively. The board of directors resolved to retain 10% of the issued shares for employees' subscriptions (including NTC's employees). The number of shares retained for employees' subscriptions was confirmed on August 11, 2024 and November 2, 2023, respectively. The fair value of such share options subscribed for by the Company's employees on the grant date was measured using the Black-Scholes Option Pricing Model and amounted to NT\$60,712 thousand and NT\$70,017 thousand, which were recorded as compensation costs with a corresponding increase in capital surplus, respectively.

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

| Agreement | Grant Date | Number of Shares Confirmed on Grant Date | Vesting Conditions |
|---|------------|--|--------------------|
| Cash capital increase reserved for employee share options | 2024.8.11 | 31,954 thousand shares | Vested immediately |

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

b. The fair value of share options acquired by employees on grant day, August 11, 2024 and November 2, 2023, respectively, were measured using the Black-Scholes Option Pricing Model. Relevant information is as follows:

| Share Price (NT\$) | Exercise Price (NT\$) | Expected Price Volatility | Expected Vesting Period | Risk-free Interest Rate | Fair Value Per Share (NT\$) |
|--------------------|-----------------------|---------------------------|-------------------------|-------------------------|-----------------------------|
| \$22.90 | \$21 | 29.87% | 2 days | 1.27% | \$1.9 |

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

28. GOVERNMENT GRANTS

The Company received government preferential loans of NT\$5,131,600 thousand at a below-market interest rate. It will be used for the purchase of machinery and equipment and for supporting working capital. The first installment will be made in the 36th-37th month of the principal, and each month thereafter, the principal will be repaid in 48-49 equal installments. The Company also received Part A of Bank of Taiwan Syndicated Loan (VI) of NT\$1,770,000 thousand at a below-market interest rate. The total fair value of the loans was estimated by using the prevailing market interests rate. The total difference between the proceeds and the fair value of the loans is the benefit derived from the below-market rate of interest which has been recognized as deferred revenue. The deferred revenue will be recognized as other income over time. For the years ended December 31, 2024 and 2023, the other income under government grants were NT\$58,831 thousand and NT\$56,527 thousand, respectively. The interest expense under loans were NT\$167,223 thousand and NT\$125,251 thousand, respectively.

Additionally, the Company applied for the “IC Design Summit Grant Program” from the Ministry of Economic Affairs’ Industrial Technology Department, which was approved in September 2024. The total approved grant was NT\$555,500 thousand, with the grant program starting from April 1, 2024 to September 30, 2027. As of December 31, 2024, a total of NT\$81,086 thousand has been received, and NT\$57,118 thousand was recognized as other income under government grant for the year ended December 31, 2024. The Company has established a dedicated account for the grant, and monthly withdrawals must be based on the expenses summary report, with the withdrawal amount not exceeding the actual expenses incurred. The dedicated account for the grant will be closed once the project is completed. Starting from April 1, 2025, each grant installment (with a six-month period) will be disbursed by the Ministry of Economic Affairs after the actual expense report has been reviewed.

Additionally, the Company participated in the Industrial Development Administration, Ministry of Economic Affairs’ “Post-Pandemic Low Carbon Transformation Grant Program” to collaborate with 13 suppliers and outsourcing manufacturers to develop a carbon reduction plan. The grant program started from September 1, 2023 to August 31, 2025, with annual progress reviews. The Ministry of Economic Affairs will allocate the grant after reviewing the actual expenses summary report. As of December 31, 2024, a total of NT\$6,635 thousand has been received, and NT\$4,201 thousand was recognized as other income under government grants for the year ended December 31, 2024.

29. BUSINESS COMBINATIONS UNDER COMMON CONTROL

a. Subsidiaries acquired

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

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

b. Assets acquired and liabilities assumed

| | AMTC | WEIL |
|---|-------------------|-------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 197,863 | \$ 22,027 |
| Accounts receivable and other receivables | 104,826 | 515 |
| Inventories | 11,310 | - |
| Other current assets | 3,235 | 294 |
| Non-current assets | | |
| Financial assets at FVTOCI | - | 11,644 |
| Property, plant and equipment | 1,976 | - |
| Intangible assets | 540 | - |
| Deferred income tax assets | 13,798 | - |
| Other non-current assets | - | <u>72,939</u> |
| Total assets | <u>\$ 333,548</u> | <u>\$ 107,419</u> |

(Continued)

| | AMTC | WEIL |
|-------------------------------------|-------------------|-------------------|
| Current liabilities | | |
| Accounts payable and other payables | \$ 86,298 | \$ 115 |
| Current tax liabilities | - | 365 |
| Other current liabilities | <u>10,198</u> | <u>-</u> |
| Total liabilities | <u>\$ 96,496</u> | <u>\$ 480</u> |
| Net assets | <u>\$ 237,052</u> | <u>\$ 106,939</u> |
| | | (Concluded) |

c. Equity transaction difference under common control

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

30. CAPITAL MANAGEMENT

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

31. FINANCIAL INSTRUMENT

a. Fair value of financial instruments

1) Valuation techniques and assumptions used in fair value measurement

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

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes publicly traded stock and mutual funds).
- The fair values of derivative foreign exchange contracts are measured using quoted middle and discount rates of foreign exchange contracts matching the foreign exchange rate on the maturity date of the contracts.

- Domestic and overseas unlisted equity instrument at FVTPL and FVTOCI were all measured based on Level 3. Fair values of the above equity instruments were determined using discounted cash flow of income approach and comparable listed company approach, refer to strike price of similar business at active market, implied value multiple of the price and relevant information. Significant unobservable inputs included PE ratio, value multiple and market liquidity discount.

2) Fair value measurements recognized in the consolidated balance sheets

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

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

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

Fair value hierarchy as of December 31, 2024

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

Fair value hierarchy as of December 31, 2023

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

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

Fair value hierarchy as of December 31, 2024

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|-------------------|----------------|------------------|-------------------|
| <u>Financial assets</u> | | | | |
| <u>Financial assets at FVTPL</u> | | | | |
| Non-derivative financial assets | | | | |
| Domestic listed securities | \$ 15,467 | \$ - | \$ - | \$ 15,467 |
| Overseas unlisted securities | - | - | 65,570 | 65,570 |
| Mutual funds | <u>120,767</u> | <u>-</u> | <u>-</u> | <u>120,767</u> |
| | <u>\$ 136,234</u> | <u>\$ -</u> | <u>\$ 65,570</u> | <u>\$ 201,804</u> |

(Continued)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------------------|-------------------|---------------------|----------------------------------|
| <u>Financial assets at FVTOCI</u> | | | | |
| Equity securities | | | | |
| Domestic listed securities | \$ 8,402,276 | \$ - | \$ - | \$ 8,402,276 |
| Domestic and overseas unlisted securities | - | 29,400 | 2,011,318 | 2,040,718 |
| Beneficiary certificates | - | - | 1,318,257 | 1,318,257 |
| | <u>\$ 8,402,276</u> | <u>\$ 29,400</u> | <u>\$ 3,329,575</u> | <u>\$ 11,761,251</u> |
| <u>Financial liabilities</u> | | | | |
| <u>Financial liabilities at FVTPL</u> | | | | |
| Derivative financial liabilities | <u>\$ -</u> | <u>\$ 142,481</u> | <u>\$ -</u> | <u>\$ 142,481</u> (Concluded) |

Fair value hierarchy as of December 31, 2023

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

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

The financial assets measured at Level 3 fair value were non-derivative financial assets classified as financial assets at FVTPL and equity investments classified as financial assets at FVTOCI. Reconciliations for the years ended December 31, 2024 and 2023 were as follows:

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2024 | 2023 |
| Balance at January 1 | \$ 3,097,755 | \$ 3,099,560 |
| Additions | 136,792 | 69,086 |
| Disposals | (30,000) | - |
| Recognized in other comprehensive income | 125,696 | (68,680) |
| Recognized in profit or loss | 2,362 | (12) |
| Proceeds from capital reduction of investment | (450) | (2,000) |
| Effect of exchange rate changes | <u>62,990</u> | <u>(199)</u> |
| Balance at December 31 | <u>\$ 3,395,145</u> | <u>\$ 3,097,755</u> |

b. Categories of financial instruments

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

| | December 31 | | | |
|--|----------------------------|-------------------|----------------------------|-------------------|
| | 2024 | | 2023 | |
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| <u>Financial assets</u> | | | | |
| Measured at amortized cost | | | | |
| Cash and cash equivalents | \$ 14,100,396 | \$ 14,100,396 | \$ 16,962,598 | \$ 16,962,598 |
| Accounts receivable (included related parties) | 10,038,346 | 10,038,346 | 9,783,527 | 9,783,527 |
| Finance lease receivables (current and non-current) | 22,506 | 22,506 | 115,377 | 115,377 |
| Other receivables | 700,684 | 700,684 | 710,059 | 710,059 |
| Refundable deposits (recorded in other non-current assets) | 485,859 | 485,859 | 580,508 | 580,508 |
| Financial assets at FVTPL (current and non-current) | 201,804 | 201,804 | 485,750 | 485,750 |
| Financial assets at FVTOCI (current and non-current) | 11,761,251 | 11,761,251 | 15,877,177 | 15,877,177 |
| <u>Financial liabilities</u> | | | | |
| Measured at amortized cost | | | | |
| Short-term borrowings | 2,119,990 | 2,119,990 | 1,064,280 | 1,064,280 |
| Notes and accounts payable (included related parties) | 7,061,317 | 7,061,317 | 7,297,889 | 7,297,889 |
| Payable on equipment and other payables | 10,234,795 | 10,234,795 | 16,901,502 | 16,901,502 |
| Bonds payable (included current portion) | 9,993,636 | 9,993,636 | 9,980,978 | 9,980,978 |
| Long-term borrowings (included current portion) | 41,094,417 | 41,094,417 | 45,004,722 | 45,004,722 |
| Guarantee deposits (recorded in other non-current liabilities) | 395,140 | 395,140 | 1,968,423 | 1,968,423 |
| Financial liabilities at FVTPL | 142,481 | 142,481 | 786 | 786 |

c. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and an increase in net income and equity if New Taiwan dollars strengthen by 1% against foreign currencies. For a 1% weakening of New Taiwan dollars against U.S. dollars, there would be impact on net income with an increase in the amounts of NT\$61,507 thousand and NT\$37,917 thousand for the years ended December 31, 2024 and 2023, respectively.

b) Interest rate risk

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

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

| | December 31 | |
|------------------------------|--------------------|-------------|
| | 2024 | 2023 |
| Cash flow interest rate risk | | |
| Financial assets | \$ 8,413 | \$ 8,413 |
| Financial liabilities | 43,371,406 | 46,295,880 |

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 percentage point, the Group's cash outflows would have increased by NT\$433,630 thousand and NT\$462,875 thousand for the years ended December 31, 2024 and 2023, respectively.

2) Credit risk

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

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

3) Liquidity risk

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

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

| | December 31, 2024 | | | |
|------------------------------------|--------------------------|----------------------|----------------------|----------------------|
| | Within 1 Year | 1-2 Years | Over 2 Years | Total |
| Non-interest bearing | \$ 17,296,112 | \$ 395,140 | \$ - | \$ 17,691,252 |
| Lease liabilities | 332,371 | 270,273 | 1,810,682 | 2,413,326 |
| Variable interest rate liabilities | 12,086,689 | 22,829,321 | 8,455,396 | 43,371,406 |
| Fixed interest rate liabilities | <u>10,000,000</u> | <u>-</u> | <u>-</u> | <u>10,000,000</u> |
| | <u>\$ 39,715,172</u> | <u>\$ 23,494,734</u> | <u>\$ 10,266,078</u> | <u>\$ 73,475,984</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>\$ 602,644</u> | <u>\$ 509,747</u> | <u>\$ 1,300,935</u> |

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

Additional information about the maturity analysis for lease liabilities:

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

32. RELATED PARTY TRANSACTIONS

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

| <u>Related Party</u> | <u>Relationship with the Group</u> |
|---|--|
| Walsin Lihwa Corporation (“Walsin Lihwa”) | Investor that exercises significant influence over the Group |
| ThCC | Associate |
| Chin Xin | Associate |
| TPSCo. | Associate |
| Nyquest Technology Co., Ltd. (“Nyquest”) | Related party in substance |
| Walton Advanced Engineering Inc. (“Walton”) | Related party in substance |
| Walton Advanced Engineering Ltd. (Suzhou) (“Walton (Suzhou)”) | Related party in substance |
| Chin Cherng Construction Co., Ltd. (“Chin Cherng”) | Related party in substance |
| Walsin Technology Corporation (“Walsin Technology”) | Related party in substance |
| United Industrial Gases Co., Ltd. (“United Industrial Gases”) | Related party in substance |
| Waltech Advanced Engineering (Suzhou) Ltd. (“Waltech (Suzhou)”) | Related party in substance |
| Taiwan Cement Corporation (“Taiwan Cement”) | Related party in substance |
| Walsin (Nanjing) Development Co., Ltd. (“Walsin (Nanjing) Development”) | Related party in substance |
| Infopower Technologies Private Limited | Related party in substance |

b. Operating activities

| | <u>For the Year Ended December 31</u> | |
|----------------------------|---------------------------------------|-------------------|
| | <u>2024</u> | <u>2023</u> |
| 1) Operating revenue | | |
| Associate | \$ 247,980 | \$ 274,774 |
| Related party in substance | <u>106,406</u> | <u>145,914</u> |
| | <u>\$ 354,386</u> | <u>\$ 420,688</u> |

Price and terms were determined in accordance with mutual agreements.

| | <u>For the Year Ended December 31</u> | |
|-----------------------|---------------------------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| 2) Purchases of goods | | |
| Associate | | |
| TPSCo. | <u>\$ 3,745,639</u> | <u>\$ 3,822,301</u> |

Price and terms were determined in accordance with mutual agreements.

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2024 | 2023 |
| 3) Manufacturing expenses | | |
| Related party in substance | \$ 5,080,217 | \$ 5,194,380 |
| Associate | <u>1,709,399</u> | <u>1,865,936</u> |
| | <u>\$ 6,789,616</u> | <u>\$ 7,060,316</u> |
| 4) Operating expenses | | |
| Associate | \$ 254,488 | \$ 279,288 |
| Related party in substance | 61,652 | 31,237 |
| Investor that exercises significant influence over the Group | <u>11,054</u> | <u>11,139</u> |
| | <u>\$ 327,194</u> | <u>\$ 321,664</u> |
| 5) Dividend income | | |
| Investor that exercises significant influence over the Group | | |
| Walsin Lihwa | \$ 272,280 | \$ 445,550 |
| Related party in substance | | |
| United Industrial Gases. | 59,840 | 59,840 |
| Others | <u>24,300</u> | <u>38,436</u> |
| | <u>\$ 356,420</u> | <u>\$ 543,826</u> |
| 6) Other income and expenses | | |
| Associate | | |
| TPSCo. | \$ 8,253 | \$ (2,569) |
| Others | 106 | 81 |
| Related party in substance | | |
| Walton | 5,973 | 490 |
| Waltech (Suzhou) | (3,952) | (82,442) |
| Others | <u>128</u> | <u>809</u> |
| | <u>\$ 10,508</u> | <u>\$ (83,631)</u> |
| | | |
| | December 31 | |
| | 2024 | 2023 |
| 7) Accounts receivable | | |
| Associate | \$ 24,349 | \$ 24,082 |
| Related party in substance | <u>3,980</u> | <u>20,625</u> |
| | <u>\$ 28,329</u> | <u>\$ 44,707</u> |

| | December 31 | |
|--|---------------------|---------------------|
| | 2024 | 2023 |
| 8) Accounts payable | | |
| Related party in substance | \$ 1,056,797 | \$ 928,614 |
| Associate | <u>497,798</u> | <u>385,860</u> |
| | <u>\$ 1,554,595</u> | <u>\$ 1,314,474</u> |
| 9) Other receivables | | |
| Associate | \$ 34,235 | \$ 36,518 |
| Related party in substance | <u>1,089</u> | <u>555</u> |
| | <u>\$ 35,324</u> | <u>\$ 37,073</u> |
| 10) Other payables and other current liabilities | | |
| Related party in substance | \$ 369,785 | \$ 270,284 |
| Associate | 196,709 | 100,102 |
| Investor that exercises significant influence over the Group | <u>1,449</u> | <u>2,614</u> |
| | <u>\$ 567,943</u> | <u>\$ 373,000</u> |
| 11) Refundable deposits (recorded in “other non-current assets”) | | |
| Related party in substance | \$ 1,722 | \$ 1,722 |
| Investor that exercises significant influence over the Group | <u>203</u> | <u>203</u> |
| | <u>\$ 1,925</u> | <u>\$ 1,925</u> |
| 12) Guarantee deposits (recorded in “other non-current liabilities”) | | |
| Related party in substance | <u>\$ -</u> | <u>\$ 244,800</u> |

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

c. Disposal of property, plant and equipment

| | Disposal Price | | Gain (Loss) on Disposal | |
|----------------------------|---------------------------|-------------|--------------------------------|-------------|
| | For the Year Ended | | For the Year Ended | |
| | December 31 | | December 31 | |
| | 2024 | 2023 | 2024 | 2023 |
| Associate | \$ 687 | \$ - | \$ 687 | \$ - |
| Related party in substance | <u>2</u> | <u>5</u> | <u>2</u> | <u>5</u> |
| | <u>\$ 689</u> | <u>\$ 5</u> | <u>\$ 689</u> | <u>\$ 5</u> |

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

d. Lease arrangements - the Group is lessee

| | <u>For the Year Ended December 31</u> | | | |
|--|--|-----------------|-----------------------------------|--------------|
| | <u>2024</u> | | <u>2023</u> | |
| 1) Acquisition of right of use assets | | | | |
| Related party in substance | \$ <u>30,315</u> | | \$ <u>-</u> | |
| | <u>Disposal of Right-of-use Assets</u> | | <u>Gain (Loss) on Disposal of</u> | |
| | <u>For the Year Ended</u> | | <u>Right-of-use Assets</u> | |
| | <u>December 31</u> | | <u>For the Year Ended</u> | |
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Investor that exercises significant influence over the Group | \$ <u>-</u> | \$ <u>5,845</u> | \$ <u>-</u> | \$ <u>36</u> |
| | <u>December 31</u> | | | |
| | <u>2024</u> | | <u>2023</u> | |
| 2) Lease liabilities | | | | |
| Related party in substance | \$ <u>19,827</u> | | \$ <u>-</u> | |
| | <u>For the Year Ended December 31</u> | | | |
| | <u>2024</u> | | <u>2023</u> | |
| 3) Interest expense | | | | |
| Related party in substance | \$ <u>712</u> | | \$ <u>-</u> | |

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

Lease arrangements - sublease arrangement under operating leases

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

| | <u>December 31</u> | |
|-------------------------------------|--------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| 1) Operating lease receivables | | |
| Associate | | |
| TPSCo. | \$ <u>12,410</u> | \$ <u>12,842</u> |
| 2) Future lease payment receivables | | |
| Associate | | |
| TPSCo. | \$ <u>981,545</u> | \$ <u>1,155,776</u> |

For the Year Ended December 31
2024 **2023**

3) Lease income

| | | |
|---------------------|------------|------------|
| Associate TPSCo. | \$ 136,836 | \$ 175,386 |
|---------------------|------------|------------|

Lease arrangements under finance leases

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

As of December 31, 2024 and 2023, the balance of finance lease receivables were NT\$22,506 thousand and NT\$115,377 thousand, respectively. No impairment loss was recognized for the years ended December 31, 2024 and 2023. The amounts of interest income under finance leases for the year ended December 31, 2024 and 2023 were NT\$1,464 thousand and NT\$3,236 thousand, respectively.

f. Acquisition of financial assets

For the year ended December 31, 2024: None.

For the year ended December 31, 2023

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

g. Guarantee

Acquisition of guarantee

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

h. Compensation of key management personnel

| | For the Year Ended December 31 | |
|--------------------------------|---------------------------------------|-------------------|
| | 2024 | 2023 |
| Short-term employment benefits | \$ 429,934 | \$ 614,544 |
| Post-employment benefits | 16,546 | 9,749 |
| Share-based payment | 5,221 | 12,652 |
| Termination benefits | <u>3,265</u> | <u>-</u> |
| | <u>\$ 454,966</u> | <u>\$ 636,945</u> |

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

33. PLEDGED AND COLLATERALIZED ASSETS

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

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

| | December 31 | |
|-----|---------------------|-------------------|
| | 2024 | 2023 |
| USD | \$ - | \$ 21,484 |
| JPY | <u>\$ 1,116,637</u> | <u>\$ 302,640</u> |

b. Unrecognized commitments were as follows:

| | December 31, 2024 |
|--|------------------------------|
| Acquisition of property, plant and equipment | <u>\$ 1,945,070</u> |

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

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

| | December 31 | | | | | |
|-------------------------|--|-----------------------------------|---|--|-----------------------------------|---|
| | 2024 | | | 2023 | | |
| | Foreign Currency (In Thousands) | Exchange Rate (Note 1) | New Taiwan Dollar (In Thousands) | Foreign Currency (In Thousands) | Exchange Rate (Note 1) | New Taiwan Dollar (In Thousands) |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD | \$ 341,580 | 32.785 | \$ 11,198,694 | \$ 429,937 | 30.705 | \$ 13,201,226 |
| USD | 44,195 | 156.19 | 1,448,921 | 87,402 | 141.37 | 2,683,675 |
| | | (Note 2) | | | (Note 2) | |
| EUR | 3,134 | 34.14 | 107,009 | 6,614 | 33.98 | 224,727 |
| JPY | 4,077,263 | 0.2099 | 855,817 | 11,489,304 | 0.2172 | 2,495,477 |
| RMB | 30,696 | 4.478 | 137,457 | 21,947 | 4.327 | 94,967 |
| ILS | 15,225 | 8.9682 | 136,544 | 10,874 | 8.4694 | 92,097 |

(Continued)

| | December 31 | | | | | |
|------------------------------|---------------------------------------|---------------------------|--|---------------------------------------|---------------------------|--|
| | 2024 | | | 2023 | | |
| | Foreign Currency (In Thousands) | Exchange Rate (Note 1) | New Taiwan Dollar (In Thousands) | Foreign Currency (In Thousands) | Exchange Rate (Note 1) | New Taiwan Dollar (In Thousands) |
| <u>Financial liabilities</u> | | | | | | |
| Monetary items | | | | | | |
| USD | \$ 153,973 | 32.785 | \$ 5,048,005 | \$ 306,450 | 30.705 | \$ 9,409,545 |
| USD | 21,598 | 156.19 | 708,105 | 35,538 | 141.37 | 1,091,184 |
| | | (Note 2) | | | (Note 2) | |
| EUR | 2,319 | 34.14 | 79,174 | 78,331 | 33.98 | 2,661,690 |
| JPY | 4,425,259 | 0.2099 | 928,862 | 10,771,001 | 0.2172 | 2,339,461 |
| ILS | 21,228 | 8.9682 | 190,380 | 17,226 | 8.4694 | 145,895 |
| | | | | | | (Concluded) |

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

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

For the years ended December 31, 2024 and 2023, refer to the consolidated statements of comprehensive income for details on realized and unrealized net foreign exchange profit (loss). It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

NTC received approval from the Financial Supervisory Commission for the issuance of its first unsecured overseas convertible bonds on December 31, 2024. The bonds were publicly issued on the Singapore Exchange Securities Trading Limited on January 21, 2025, with a maturity period of five years, due on January 21, 2030. The total issuance amount is US\$150 million, with a zero coupon rate. On the maturity date, NTC shall redeem the bonds in U.S. dollars at par value of the bonds with a yield of 1.55% per annum, calculated on a semi-annual basis.

The conversion price was 118.68 per share determined based on 120% of the closing price of NTC's common shares on the Taiwan Stock Exchange on January 9, 2025. The number of shares to be issued will be determined by dividing the bond's principal amount, multiple by the fixed exchange rate (US\$1 = NT\$32.917) and by the conversion price. After issuance, the conversion price is subject to adjustment in accordance with the anti-dilution provisions set forth in the bond's indenture.

37. OTHER ITEMS

On February 15, 2023, the president of the ROC announced the amendments to the "Climate Change Response Act", which added the provision of carbon fee collection. Subsequently, the Ministry of Environment announced the "Regulations Governing the Collection of Carbon Fees", "Regulations for Administration of Voluntary Reduction Plans" and "Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees" on August 29, 2024 and the carbon fee rate on October 2024. The fees will be levied starting from January 1, 2025. Based on the emissions of the Group in 2023, the Group expects that it will be the entity subject to carbon fees. The Group will recognize the provision of the carbon fees based on its actual emissions in 2025 and will pay them in May 2026.

38. ADDITIONAL DISCLOSURE

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

| Number | Item | Index |
|--------|---|---------|
| 1) | Financings provided | None |
| 2) | Endorsements/guarantees provided | Table 1 |
| 3) | Marketable securities held (excluding investments in subsidiaries and associates) | Table 2 |
| 4) | Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital | None |
| 5) | Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital | Table 3 |
| 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 to the consolidated financial statements attached.
- c. Information on investment in mainland China

| Number | Item | Index |
|--------|---|---------|
| 1) | The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits (losses) of investee, ending balance, amount received as dividends from the investee, and the limitation on investee. | Table 7 |
| 2) | 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. <ul style="list-style-type: none"> a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. c) The amount of property transactions and the amount of the resultant gains or losses. d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds. f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services. | Table 7 |

d. Information on major shareholders: Refer to Table 9 to the consolidated financial statements attached.

39. SEGMENT INFORMATION

a. Basic information about operating segment

1) Classification of operating segments

The Group’s reportable segments under IFRS 8 “Operating Segments” was as follows:

a) Segment of Customized Memory Solution product

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

b) Segment of Flash Memory product

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

c) Segment of Logic IC product

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

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

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

b. Segment revenues and operating results

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

| | Segment Revenue | | Segment Profit and Loss | |
|------------------------------------|---------------------------|---------------|--------------------------------|----------------|
| | For the Year Ended | | For the Year Ended | |
| | December 31 | | December 31 | |
| | 2024 | 2023 | 2024 | 2023 |
| Customized Memory Solution product | \$ 19,435,487 | \$ 14,036,814 | \$ (3,736,429) | \$ (3,400,903) |
| Flash Memory product | 28,753,759 | 24,047,796 | 8,564,766 | 7,253,619 |
| Logic IC product | 31,685,733 | 34,885,006 | 3,590,798 | 5,483,048 |
| Total of segment revenue | 79,874,979 | 72,969,616 | 8,419,135 | 9,335,764 |
| Other revenue | 1,734,789 | 2,036,462 | 1,734,789 | 2,036,462 |
| Operating revenue | \$ 81,609,768 | \$ 75,006,078 | | |

(Continued)

| | Segment Revenue | | Segment Profit and Loss | |
|--|---|-------------|---|---------------------|
| | For the Year Ended December 31 | | For the Year Ended December 31 | |
| | 2024 | 2023 | 2024 | 2023 |
| Unallocated expenditure | | | | |
| Administrative and supporting expenses | | | \$ (4,792,444) | \$ (4,915,171) |
| Sales and other common expenses | | | <u>(4,853,997)</u> | <u>(8,087,287)</u> |
| Income (loss) from operations | | | <u>507,483</u> | <u>(1,630,232)</u> |
| Non-operating income and expenses | | | | |
| Interest income | | | 334,399 | 334,058 |
| Dividend income | | | 363,064 | 548,920 |
| Other income | | | 377,018 | 341,761 |
| Share of profit (loss) of associates | | | 221,165 | 456,040 |
| Gains (losses) on disposal of property, plant and equipment | | | 1,019,587 | 716,701 |
| Gains (losses) on disposal of intangible assets | | | - | (591) |
| Gains (losses) on foreign exchange | | | 596,702 | 170,900 |
| Gains (losses) on financial instruments at fair value through profit or loss | | | (758,204) | (276,176) |
| Interest expense | | | (1,206,792) | (991,919) |
| Other expenses | | | <u>(342,758)</u> | <u>(367,125)</u> |
| Income (loss) before income tax | | | <u>\$ 1,111,664</u> | <u>\$ (697,663)</u> |
| | | | | (Concluded) |

c. Geographical information

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

| | Revenue from External Customers | | Non-current Assets | |
|---------|--|----------------------|---------------------------|-----------------------|
| | For the Year Ended December 31 | | December 31 | |
| | 2024 | 2023 | 2024 | 2023 |
| Asia | \$ 75,612,186 | \$ 69,316,314 | \$ 112,455,045 | \$ 118,142,800 |
| America | 2,122,070 | 2,236,890 | 192,558 | 199,683 |
| Europe | 3,676,875 | 3,286,593 | 39 | - |
| Others | <u>198,637</u> | <u>166,281</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 81,609,768</u> | <u>\$ 75,006,078</u> | <u>\$ 112,647,642</u> | <u>\$ 118,342,483</u> |

d. Major customer information

For the years ended December 31, 2024 and 2023, the Group's operating revenue were NT\$81,609,768 thousand and NT\$75,006,078 thousand and single customer contacting 10% or more to the Group's operating revenue were NT\$7,934,302 thousand and NT\$6,896,845 thousand, respectively. For the years ended December 31, 2024 and 2023, there was no other individual customer exceeded 10% of the Group's operating revenue.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars)

| No. | Endorser/Guarantor | Endorsee/Guarantee | | Limit on Endorsement/ Guarantee Given on Behalf of Each Party | Maximum Amount Endorsed/ Guaranteed During the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collateral | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China |
|-----|--------------------|--------------------|--|--|---|--|----------------------------|--|--|--|--|---|---|
| | | Name | Relationship | | | | | | | | | | |
| 0 | WEC | NTCJ | NTC's indirect subsidiary with 100% ownership | \$ 14,900,508 (Note 1) | \$ 6,297,000 (Note 3) | \$ 6,297,000 (Note 3) | \$ 1,490,290 | \$ - | 6.87 | \$ 45,825,744 (Note 5) | Y | N | N |
| 1 | NTC | NTCJ | Subsidiary | 15,663,037 (Note 2) | 2,881,655 (Note 4) | 2,105,025 (Note 4) | 586,060 | - | 13.44 | 15,663,037 (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

DECEMBER 31, 2024

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

| Held Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2024 | | | | Note |
|---|---|--|--|-----------------------------------|-----------------|-----------------------------|--------------|-----------|
| | | | | Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| WEC | <u>Shares</u> Walsin Lihwa Corporation | The investee's chairman are relatives within the second degree of relationship of WEC's chairman. As WEC's corporate director, the investee held 22.11% ownership interest in WEC. | Current financial assets at FVTOCI | 247,527,493 | \$ 5,866,401 | 6 | \$ 5,866,401 | |
| | Hannstar Display Corporation | The investee's chairman are relatives within the second degree of relationship of WEC's chairman. | " | 150,000,210 | 1,263,002 | 5 | 1,263,002 | |
| | Walsin Technology Corporation | The investee's chairman are relatives within the second degree of relationship of WEC's chairman. | " | 5,300,117 | 490,261 | 1 | 490,261 | |
| | Walton Advanced Engineering Inc. | The investee's chairman are relatives within the second degree of relationship of WEC's chairman. | " | 50,062,641 | 698,374 | 10 | 698,374 | |
| | Cathay Financial Holdings Co., Ltd. | None | " | 5,305 | 362 | - | 362 | |
| | <u>Shares</u> Hsin Chu Golf Country Club | None | Non-current financial assets at FVTOCI | 3 | 16,080 | - | 16,080 | |
| | Linkou Golf Course | None | " | 1 | 13,320 | - | 13,320 | |
| | Intellectual Property Innovation Corporation | WEC as the investee's director | " | 1,000,000 | 9,286 | 10 | 9,286 | |
| | Harbinger III Venture Capital Corp. | WEC as the investee's supervisor | " | 5,440 | 77 | 5 | 77 | |
| | CHIA-HO Green Energy Corporation. | WEC's chairman as a director of the investee's parent company | " | 55,500,000 | 553,243 | 15 | 553,243 | |
| | Kai-Hong Energy Co., Ltd. | WEC as the investee's supervisor | " | 5,761,400 | 55,985 | 7 | 55,985 | |
| | <u>Preference shares</u> Fubon Financial Holding Co., Ltd. Preference Shares B (2881A) | None | Current financial assets at FVTPL | 182,000 | 11,502 | - | 11,502 | |
| | Cathay Financial Holding Co., Ltd. Preference Shares B (2882A) | None | " | 65,000 | 3,965 | - | 3,965 | |
| | 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 1,872 | - | USD 1,872 | |

(Continued)

| Held Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2024 | | | | 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 1,811 | - | USD 1,811 | |
| | <u>Beneficiary certificates</u> JVP VIII, L.P. | None | Non-current financial assets at FVTOCI | - | USD 23,066 | 7 | USD 23,066 | |
| | JVP X Funds | None | " | - | USD 17,143 | 8 | USD 17,143 | |
| 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 | 330,000 | 6,517 | 5 | 6,517 | |
| | Brightek Optoelectronic Co., Ltd. | None | " | 34,680 | 1,706 | - | 1,706 | |
| | United Industrial Gases Co., Ltd. | The held company as the investee's director | " | 8,800,000 | 580,800 | 4 | 580,800 | |
| | Autotalks Ltd. - Preference E. and E-1 Share | None | " | 4,189,825 | 737,663 | 9 | 737,663 | |
| | Allxon Inc. | None | " | 5,625,000 | 56,250 | 15 | 56,250 | |
| 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 | 82,170 | 5 | 82,170 | |
| 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

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars)**

| Buyer | Property | Event Date | Transaction Amount | Payment Status | Counterparty | Relationship | Information on Previous Title Transfer If Counterparty Is A Related Party | | | | Pricing Reference | Purpose of Acquisition | Other Terms |
|-------|--------------------|------------|--------------------|----------------|--|-------------------|---|--------------|------------------|--------|-------------------|------------------------|-------------|
| | | | | | | | Property Owner | Relationship | Transaction Date | Amount | | | |
| WEC | Land and buildings | 2024.09.18 | \$ 823,853 | Fully paid | Nanzong Construction Developments, Co., Ltd. | Unrelated parties | N/A | N/A | N/A | N/A | Market price | Business purpose | None |

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

FOR THE YEAR ENDED DECEMBER 31, 2024

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

| Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Payable or Receivable | | Note |
|--------------|---------------|---|---------------------|----------------|------------|-------------------------------|----------------------|---------------|--------------------------------------|------------|------|
| | | | Purchase/Sale | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| WEC | WEHK | Direct subsidiary with 100% ownership | Sales | \$ 10,787,479 | 23 | Net 90 days from invoice date | N/A | N/A | \$ 563,260 | 11 | |
| | WECJ | Direct subsidiary with 100% ownership | Sales | 4,436,361 | 9 | Net 90 days from invoice date | N/A | N/A | 483,178 | 9 | |
| | WECN | Indirect subsidiary with 100% ownership | Sales | 2,383,487 | 5 | Net 90 days from invoice date | N/A | N/A | - | - | |
| | WECA | Indirect subsidiary with 100% ownership | Sales | 1,594,322 | 3 | Net 90 days from invoice date | N/A | N/A | 220,970 | 4 | |
| | NTC | Direct subsidiary with 52.06% ownership | Sales | 154,103 | - | Net 30 days from invoice date | N/A | N/A | 25,118 | - | |
| AMTC | TPSCo. | Associate | Sales | JPY 1,153,726 | 33 | Net 15 days end of the month | N/A | N/A | JPY 114,508 | 26 | |
| | NTCJ | NTC's indirect subsidiary with 100% ownership | Sales | JPY 1,130,691 | 33 | Net 30 days end of the month | N/A | N/A | JPY 188,878 | 44 | |
| NTC | NTHK | NTC's direct subsidiary with 100% ownership | Sales | 8,106,700 | 43 | Net 50 days from invoice date | N/A | N/A | 1,373,695 | 54 | |
| | NTSG | NTC's direct subsidiary with 100% ownership | Sales | 594,596 | 3 | Net 8 days end of the month | N/A | N/A | 41,378 | 2 | |
| | NTCJ | NTC's indirect subsidiary with 100% ownership | Sales | 823,550 | 4 | Net 8 days end of the month | N/A | N/A | 112,646 | 4 | |
| | NTCA | NTC's direct subsidiary with 100% ownership | Sales | 200,768 | 1 | Net 50 days from invoice date | N/A | N/A | 68,706 | 3 | |
| | NTSZ | NTC's indirect subsidiary with 100% ownership | Sales | 142,381 | 1 | Net 50 days from invoice date | N/A | N/A | 19,537 | 1 | |
| | NTCJ | NTC's indirect subsidiary with 100% ownership | Purchases | 4,854,218 | 52 | Net 8 days end of the month | N/A | N/A | (265,019) | (15) | |
| NTSG | NTCJ | NTC's indirect subsidiary with 100% ownership | Sales | USD 76,573 | 52 | Net 10 days end of the month | N/A | N/A | USD 5,427 | 47 | |
| | NTHK | NTC's direct subsidiary with 100% ownership | Sales | USD 13,161 | 9 | Net 10 days end of the month | N/A | N/A | USD 1,176 | 10 | |
| | NTSG | NTC's direct subsidiary with 100% ownership | Purchases | 527,920 | 6 | Net 8 days end of the month | N/A | N/A | (45,970) | (3) | |
| NTCJ | NTSG | NTC's direct subsidiary with 100% ownership | Sales | JPY 12,603,019 | 16 | Net 10 days end of the month | N/A | N/A | JPY 1,285,524 | 12 | |
| | NTHK | NTC's direct subsidiary with 100% ownership | Sales | JPY 14,952,198 | 19 | Net 10 days end of the month | N/A | N/A | JPY 1,221,929 | 11 | |
| | TPSCo. | Associate | Purchases | JPY 17,639,846 | 50 | Net 10 days end of the month | N/A | N/A | JPY (2,371,596) | (42) | |

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2024

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

| Company Name | Related Party | Relationship | Ending Balance | Turnover Rate | Overdue | | Amount Received in Subsequent Period | Allowance for Impairment Loss |
|--------------|---------------|---|----------------|---------------|---------|--------------|--------------------------------------|-------------------------------|
| | | | | | Amount | Action Taken | | |
| WEC | WEHK | Direct subsidiary with 100% ownership | \$ 563,260 | 16.84 | \$ - | - | \$ 563,260 | \$ - |
| | WECJ | Direct subsidiary with 100% ownership | 483,178 | 11.85 | - | - | 424,109 | - |
| | WECA | Indirect subsidiary with 100% ownership | 220,970 | 9.50 | - | - | 209,951 | - |
| WECA | WEC | Parent company | USD 5,826 | (Note) | - | - | USD 1,929 | - |
| NTC | NTHK | NTC's direct subsidiary with 100% ownership | 1,373,695 | 6.27 | - | - | 498,779 | - |
| | NTCJ | NTC's indirect subsidiary with 100% ownership | 112,646 | 5.14 | - | - | 108,591 | - |
| NTSG | NTCJ | NTC's indirect subsidiary with 100% ownership | USD 5,427 | 9.93 | - | - | USD 5,427 | - |
| NTCJ | NTSG | NTC's direct subsidiary with 100% ownership | JPY 1,285,524 | 9.90 | - | - | JPY 1,285,524 | - |
| | NTHK | NTC's direct subsidiary with 100% ownership | JPY 1,221,929 | 12.89 | - | - | JPY 1,221,929 | - |
| | NTC | Parent company | JPY 1,262,598 | 11.39 | - | - | JPY 1,262,598 | - |
| NTIL | NTC | Parent company | ILS 16,726 | (Note) | - | - | ILS 16,726 | - |

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | As of December 31, 2024 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) | Note |
|------------------|------------------|--------------------------|---|--|-------------------|-------------------------|--------|-----------------|-----------------------------------|------------------------|--------|
| | | | | December 31, 2024 | December 31, 2023 | Number of Shares | % | Carrying Amount | | | |
| WEC | NTC | Taiwan | Research, design, development, manufacture and marketing of Logic IC, 6-inch wafer product, test, and OEM | \$ 4,730,738 | \$ 4,436,920 | 218,554,635 | 52.06 | \$ 8,125,137 | \$ 219,849 | \$ 109,965 | |
| | WIC | British Virgin Islands | Investment holding | 2,758,517 | 2,758,517 | 87,960,000 | 100.00 | 2,151,881 | 38,274 | 38,274 | |
| | WEHK | Hong Kong | Sales of semiconductor and investment holding | 278,158 | 278,158 | 71,150,000 | 100.00 | 908,692 | 190,211 | 190,211 | |
| | METC | Japan | Software and hardware integration design of semiconductor | 167,660 | 167,660 | 4,000 | 100.00 | 354,221 | 68,798 | 68,798 | |
| | AMTC | Japan | Manufacture of semiconductor and smart factory solutions | 237,052 | 237,052 | 4,000 | 100.00 | 337,252 | 62,715 | 62,715 | |
| | WECJ | Japan | Research, development, sales and after-sales service of semiconductor | 190,070 | 190,070 | 2,970 | 100.00 | 409,123 | 75,075 | 75,075 | |
| | WEIL | India | Sales and service of semiconductor | 133,617 | 133,617 | 27,998,400 | 99.99 | 135,256 | 47 | 47 | |
| | Callisto | Hong Kong | Electronic commerce and investment holding | 156,292 | 156,292 | 40,000,000 | 100.00 | 77,913 | (2,961) | (2,961) | |
| | WTL | Israel | Design and service of semiconductor | 21,242 | 21,242 | 100,000 | 100.00 | 104,106 | 13,050 | 13,050 | |
| | WEG | Germany | Marketing service of semiconductor | 28,679 | 28,679 | 850,000 | 100.00 | 30,279 | 1,137 | 1,137 | |
| | Chin Xin | Taiwan | Investment holding | 1,874,825 | 1,874,825 | 182,840,999 | 38.00 | 5,240,577 | 284,399 | 107,192 | |
| | ThCC | Taiwan | Agriculture and forestry botanic conservation | 270,000 | 270,000 | 27,000,000 | 15.00 | 261,944 | 7,405 | 1,111 | |
| | WIC | WECA | United States of America | Design, sales and service of semiconductor | 1,683,207 | 1,683,207 | 3,067 | 100.00 | 2,194,738 | 38,339 | 38,339 |
| Callisto | CTL | Hong Kong | Electronic commerce and investment holding | 30,895 | 30,895 | 1,000,000 | 100.00 | 33,148 | 332 | 332 | |
| | | | | USD 1,000 | USD 1,000 | | | USD 1,011 | USD 10 | USD 10 | |
| METC | MTTC | Taiwan | Development of software and services for automotive and industrial control | 3,000 | 3,000 | 300,000 | 100.00 | 2,599 | (239) | (239) | |
| NTC | NTHK | Hong Kong | Sales of semiconductor | 427,092 | 427,092 | 107,400,000 | 100.00 | 853,738 | 116,083 | 116,083 | |
| | MML | British Virgin Islands | Investment holding | 274,987 | 274,987 | 8,897,789 | 100.00 | 89,439 | (1,188) | (1,188) | |
| | NIH | British Virgin Islands | Investment holding | 515,251 | 515,251 | 15,633,161 | 100.00 | 454,608 | 58,308 | 58,308 | |
| | SYI | Taiwan | Investment holding | 38,500 | 38,500 | 3,850,000 | 100.00 | 103,705 | 2,636 | 2,636 | |
| | NTIPL | India | Design, sales and service of semiconductor | 30,211 | 30,211 | 600,000 | 100.00 | 22,775 | 399 | 399 | |
| | NTCA | United States of America | Design, sales and service of semiconductor | 190,862 | 190,862 | 60,500 | 100.00 | 247,427 | 12,925 | 12,925 | |
| | NTSG | Singapore | Design, sales and service of semiconductor | 1,319,054 | 1,319,054 | 45,100,000 | 100.00 | 2,229,357 | 66,927 | 66,927 | |
| | NTKL | Korea | Design, sales and service of semiconductor | 67,611 | 30,828 | 280,000 | 100.00 | 49,849 | 2,697 | 2,697 | |
| | NTHJ | Japan | Investment holding | 5,927,849 | 5,927,849 | 100 | 100.00 | 7,667,604 | (778,411) | (778,411) | |
| | NTG | Germany | Customer service and technical support of semiconductor | 67,980 | 67,980 | 2,000,000 | 100.00 | 66,838 | (1,491) | (1,491) | |
| MML | GLLC | United States of America | Investment holding | - | 1,473,559 | - | - | - | (1,330) | (1,330) | Note 1 |
| NIH | NTIL | Israel | Design and service of semiconductor | 46,905 | 46,905 | 1,000 | 100.00 | 453,734 | 58,403 | 58,403 | |
| NTHJ | NTCJ | Japan | Design, sales and service of semiconductor | 111,520 | 111,520 | 9,480 | 100.00 | 9,933,672 | (778,581) | (778,581) | |
| NTCJ | TPSCo. | Japan | Foundry and sales of semiconductor | 1,708,037 | 1,708,037 | 49,539 | 49.00 | 1,887,907 | 292,259 | 112,862 | Note 2 |

Note 1: GLLC completed the liquidation and legal procedures in December 2024.

Note 2: NTCJ's share of profit (loss) includes downstream and upstream transactions.

Note 3: Refer to Table 7 for information on investment in mainland China.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars and Foreign Dollars)

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

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 1) | Carrying Amount as of December 31, 2024 | Accumulated Repatriation of Investment Income as of December 31, 2024 |
|------------------|--|---------------------------------|--|---|---------------------|--------|---|-----------------------------------|--|---------------------------------|---|---|
| | | | | | Outward | Inward | | | | | | |
| WECN | Design, development and marketing of VLSI integrated ICs | \$ 276,435 (USD 9,000) | Through investing in WEHK in the third area, which then invested in the investee in mainland China indirectly | \$ 276,435 (USD 9,000) | \$ - | \$ - | \$ 276,435 (USD 9,000) | \$ 34,968 | 100.00 | \$ 34,968 | \$ 346,635 | \$ 35,880 |
| NTSH | Provide projects for sale in China and repairing, testing, consulting of software and equipment leasing business | 68,036 (USD 2,000) | Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly (Note 2) | 68,036 (USD 2,000) | - | - | 68,036 (USD 2,000) | 2,661 | 52.06 | 1,385 | 51,600 | - |
| 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) | 8,377 | 52.06 | 4,361 | 128,069 | - |
| Song Zhi Suzhou | Provide development of semiconductor and technology, consult service and equipment leasing business | - (Note 3) | Through investing in NTSH in the third area, which then invested in the investee in mainland China indirectly | - (Note 3) | - | - | - (Note 3) | (61) | - | (32) | - (Note 3) | - |
| NTNJ | Provide development of semiconductor and technology, consult service and sale | 28,800 (USD 900) (Note 4) | Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly | - (Note 4) | - | - | - (Note 4) | (4,730) | 52.06 | (2,462) | 12,421 | - |

Note 1: The gain or loss on investment for the year ended December 31, 2024 was recognized on the basis of the financial statements audited by the auditor.

Note 2: GLLC sold 100% ownership interest of NTSH to NTHK in May 2024. NTHK directly injected the capital in NTSH.

Note 3: Song Zhi Suzhou was directly funded by NTSH. In September 2024, the full amount of the funds was returned to NTSH, and completed the liquidation and legal procedures in October 2024.

Note 4: NTHK directly injected the capital in NTNJ.

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

| Company | Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2024 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 6) |
|---------|---|--|--|
| WEC | \$ 276,435 (USD9,000) | \$ 276,435 (USD9,000) | \$ 59,495,653 |
| NTC | 282,135 (USD8,500) (Note 5) | 282,135 (USD8,500) (Note 5) | 9,397,822 |

Note 5: The investment amounts of Winbond Electronics (Nanjing) Ltd. which has completed the cancellation and liquidation process in May 2023 was NT\$16,429 thousand (USD500 thousand).

Note 6: 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 YEAR ENDED DECEMBER 31, 2024
 (Amounts in Thousands of New Taiwan Dollars)

| No. | Company Name | Counterparty | Nature of Relationship | Transaction Details | | | Percentage of Consolidated Operating Revenue or Total Assets (%) |
|-----|--------------|--------------|--|--|---------------|----------------|--|
| | | | | Financial Statement Account | Amount | Terms (Note 1) | |
| 0 | WEC | WEHK | Transactions between parent company and subsidiaries | Operating revenue | \$ 10,787,479 | - | 13 |
| | | WEHK | Transactions between parent company and subsidiaries | Accounts receivable due from related parties | 563,260 | - | - |
| | | WECA | Transactions between parent company and subsidiaries | Operating revenue | 1,594,322 | - | 2 |
| | | WECA | Transactions between parent company and subsidiaries | Accounts receivable due from related parties | 220,970 | - | - |
| | | WECA | Transactions between parent company and subsidiaries | Operating expenses | 725,712 | - | 1 |
| | | WECA | Transactions between parent company and subsidiaries | Other payables | 191,000 | - | - |
| | | WECJ | Transactions between parent company and subsidiaries | Operating revenue | 4,436,361 | - | 5 |
| | | WECJ | Transactions between parent company and subsidiaries | Accounts receivable due from related parties | 483,178 | - | - |
| | | WECJ | Transactions between parent company and subsidiaries | Operating expenses | 285,137 | - | - |
| | | WTL | Transactions between parent company and subsidiaries | Operating expenses | 397,081 | - | - |
| | | WECN | Transactions between parent company and subsidiaries | Operating revenue | 2,383,487 | - | 3 |
| | | NTC | Transactions between parent company and subsidiaries | Operating revenue | 154,103 | - | - |
| | | NTC | Transactions between parent company and subsidiaries | Other income | 137,401 | - | - |
| 1 | AMTC | NTCJ | Transactions between subsidiaries | Operating revenue | 240,081 | - | - |
| 2 | NTC | NTHK | Transactions between parent company and subsidiaries | Operating revenue | 8,106,700 | - | 10 |
| | | NTHK | Transactions between parent company and subsidiaries | Accounts receivable due from related parties | 1,373,695 | - | 1 |
| | | NTCA | Transactions between parent company and subsidiaries | Operating revenue | 200,768 | - | - |
| | | NTSG | Transactions between parent company and subsidiaries | Operating revenue | 594,596 | - | 1 |
| | | NTCJ | Transactions between parent company and subsidiaries | Operating revenue | 823,550 | - | 1 |
| | | NTCJ | Transactions between parent company and subsidiaries | Accounts receivable due from related parties | 112,646 | - | - |
| | | NTSZ | Transactions between parent company and subsidiaries | Operating revenue | 142,381 | - | - |
| | | NTSG | Transactions between parent company and subsidiaries | Operating costs | 527,920 | - | 1 |
| | | NTCJ | Transactions between parent company and subsidiaries | Operating costs | 4,854,218 | - | 6 |
| | | NTCJ | Transactions between parent company and subsidiaries | Accounts payable due to related parties | 265,019 | - | - |
| | | NTIL | Transactions between parent company and subsidiaries | Operating expenses | 1,365,330 | - | 2 |
| | | NTIL | Transactions between parent company and subsidiaries | Other payables | 150,001 | - | - |
| | | NTCA | Transactions between parent company and subsidiaries | Operating expenses | 454,749 | - | 1 |
| 3 | NTCJ | NTSG | Transactions between subsidiaries | Operating revenue | 2,675,551 | - | 3 |
| | | NTSG | Transactions between subsidiaries | Accounts receivable due from related parties | 269,832 | - | - |
| | | NTHK | Transactions between subsidiaries | Operating revenue | 3,168,408 | - | 4 |
| | | NTHK | Transactions between subsidiaries | Accounts receivable due from related parties | 256,483 | - | - |
| 4 | NTSG | NTCJ | Transactions between subsidiaries | Operating revenue | 2,455,653 | - | 3 |
| | | NTCJ | Transactions between subsidiaries | Accounts receivable due from related parties | 177,923 | - | - |
| | | NTHK | Transactions between subsidiaries | Operating revenue | 422,119 | - | 1 |

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

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

TABLE 9**WINBOND ELECTRONICS CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024**

| Name of Major Shareholder | Shares | |
|-------------------------------|------------------|-----------------------------|
| | Number of Shares | Percentage of Ownership (%) |
| Walsin Lihwa Corporation | 995,000,540 | 22.11 |
| Chin Xin Investment Co., Ltd. | 284,000,493 | 6.31 |

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.

APPENDIX A – THE SECURITIES MARKET OF THE ROC

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company, the Initial Purchasers, the Trustee, the Agents, or any of its or their respective directors, officers, employees, representatives, agents, affiliates or advisors in connection with the Offering, or any person who controls any of them. References to the FSC in this section include both the ROC Securities and Futures Commission and the ROC Securities and Exchange Commission, the predecessors of the Securities and Futures Bureau of the FSC.

In September 1960, the MOEA established the ROC Securities and Exchange Commission to supervise and control all aspects of the existing domestic securities market and the TWSE began to take shape soon thereafter. In the 1970s and the early 1980s, the ROC Government implemented a number of steps designed to upgrade the quality and importance of the ROC securities markets, such as encouraging listing on the TWSE and establishing an over-the-counter securities exchange. In the mid-1980s, the ROC Government began to revise its laws and regulations in a manner designed to facilitate the gradual internationalization of the ROC securities markets. In 1997, the ROC Securities and Exchange Commission was renamed the ROC Securities and Futures Commission. Effective July 1, 2004, the ROC Government established the FSC, the single financial regulator which supervises banking, securities and insurance affairs in the ROC. The ROC Securities and Futures Commission has since then become a bureau under the supervision of the FSC and been renamed the Securities and Futures Bureau.

The TWSE

In 1961, under the instruction of the ROC Government, the TWSE was established to provide a marketplace for securities trading. The TWSE is a corporation owned by government-controlled and private banks, securities companies and enterprises. The TWSE is independent of the entities transacting business through it, each of which pays to the TWSE a user's fee. Subject to limited exceptions, all transactions in listed securities by brokers, traders and integrated securities firms must be made through the TWSE.

The TWSE commenced operations in 1962. During the early 1980s, the FSC actively encouraged new listings on the TWSE and the number of listed companies has grown from 119 in 1983 to 1,063 as of December 31, 2025. As of December 31, 2025, the market capitalization of companies listed on the TWSE was approximately NT\$94.4 trillion.

Historically, ROC companies have listed only shares and bonds on the TWSE. However, the FSC has encouraged companies to list other types of securities. In 1988, the Ministry of Finance permitted the issuance of ROC's first exchangeable bonds. Since 1989, there have been offerings of domestic convertible bonds and convertible preferred shares. In addition, beneficiary units evidencing beneficiary interests in closed-end investment funds and bonds issued by supra-national financial institutions are also listed on the TWSE or traded on the TPEX (which is discussed below). The FSC also has promulgated regulations which permit foreign issuers to list certain securities on the TWSE.

The TWSE considers the following factors when evaluating a company for listing:

- the number of shareholders and the distribution of shareholdings among such shareholders;
- the length of time in business;
- the amount of paid-in capital; and
- profitability.

However, special listing criteria apply to certain industries, such as technology companies and key businesses engaging in national economic development.

The following table sets forth, for the periods indicated, information relating to the TWSE.

| Period Ended December 31, | Number of Listed Companies at the Period End | Stock Trading Values (NT\$ billions) | Index High | Index Low | Index at Period End |
|---------------------------|--|--------------------------------------|------------|-----------|---------------------|
| 2001 | 584 | 18,354.94 | 6,104.24 | 3,446.26 | 5,551.24 |
| 2002 | 638 | 21,873.95 | 6,462.30 | 3,850.04 | 4,452.45 |
| 2003 | 669 | 20,333.24 | 6,142.32 | 4,139.50 | 5,890.69 |
| 2004 | 697 | 23,875.37 | 7,034.10 | 5,316.87 | 6,139.69 |
| 2005 | 691 | 18,818.90 | 6,575.53 | 5,632.97 | 6,548.34 |
| 2006 | 688 | 23,900.36 | 7,823.72 | 6,257.80 | 7,823.70 |
| 2007 | 698 | 33,043.85 | 9,809.88 | 7,344.56 | 8,506.28 |
| 2008 | 718 | 26,115.41 | 9,295.20 | 4,089.93 | 4,591.22 |
| 2009 | 741 | 29,680.47 | 8,188.11 | 4,242.61 | 8,188.11 |
| 2010 | 758 | 28,218.68 | 8,972.50 | 7,071.67 | 8,972.50 |
| 2011 | 790 | 26,197.41 | 9,145.35 | 6,633.33 | 7,072.08 |
| 2012 | 809 | 20,238.17 | 8,144.04 | 6,894.66 | 7,699.50 |
| 2013 | 838 | 18,940.93 | 8,623.43 | 7,616.64 | 8,611.51 |
| 2014 | 854 | 21,898.54 | 9,569.17 | 8,264.48 | 9,307.26 |
| 2015 | 874 | 20,191.49 | 9,973.12 | 7,410.34 | 8,338.06 |
| 2016 | 892 | 16,771.14 | 9,392.68 | 7,664.01 | 9,253.50 |
| 2017 | 907 | 23,972.24 | 10,854.57 | 9,272.88 | 10,642.86 |
| 2018 | 928 | 29,608.87 | 11,253.11 | 9,478.99 | 9,727.41 |
| 2019 | 942 | 26,464.63 | 12,122.45 | 9,382.51 | 11,997.14 |
| 2020 | 948 | 45,654.29 | 14,732.53 | 8,681.34 | 14,732.53 |
| 2021 | 959 | 92,289.97 | 18,248.28 | 14,902.03 | 18,218.84 |
| 2022 | 971 | 56,080.59 | 18,562.35 | 12,666.12 | 14,137.69 |
| 2023 | 997 | 63,170.25 | 17,930.81 | 14,199.13 | 17,930.81 |
| 2024 | 1,031 | 92,288.98 | 24,390.03 | 17,161.79 | 23,035.10 |
| 2025 | 1,063 | 93,259.32 | 28,963.60 | 17,391.76 | 28,963.60 |

Source: TWSE

The TPEX

To complement the TWSE, the GreTai Securities Market was established in November 1994 on the initiative of the MOF to encourage the trading of securities of companies who do not qualify for listing on the TWSE, and later renamed as TPEX. As of December 31, 2025, 874 companies had listed equity securities on the TPEX and the total market capitalization of those companies was NT\$7.4 trillion.

The TPEX has established specific requirements for trading securities on the TPEX based on the history of a company, the number and distribution of a company's shareholders, amount of capital, profitability and capital structure.

Price Limits, Commissions, Transaction Tax and Other Matters

The TWSE has placed limits on block trading and on the range of daily price movements. According to the TWSE's block trading guidelines, an order for sale or purchase of 500 or more trading lots of one class of securities, or securities of five or more different classes and trading amounts exceeding NT\$15 million, must be registered and executed in accordance with the guidelines. Fluctuations in the price of stock traded on the TWSE are currently subject to a restriction of 10% above and below the previous day closing price (or reference price set by the TWSE if the previous day closing price is not available because of lack of trading activity). However, these restrictions have been modified from time to time by the FSC based on market conditions. Brokerage commission can be set at any rate of the transaction price provided that any rate exceeding 0.1425% shall be reported to the TWSE and notify the client in advance. A securities transaction tax, currently levied at 0.3% of the transaction price, is payable by the seller of equity securities. Such securities transaction taxes are withheld at the time of the transaction giving rise to such tax. Sales of shares of companies listed on the TWSE are currently sold in round lots of 1,000 shares. Investors who desire to sell less than 1,000 shares of a listed company occasionally experience delays in effecting such sales.

Upon the occurrence of any matter which may have a material impact on the shareholders' equity or the price of securities of a TWSE-listed company (e.g., merger), such company should apply to the TWSE, or the TWSE should request, for suspension of trading of its shares for one to three trading days (or a longer period if necessary).

Regulation and Supervision

The FSC has extensive regulatory authority over public companies. Public companies are generally required to obtain the deemed approval from the FSC for all securities offerings. The FSC has promulgated regulations requiring, unless otherwise exempted, periodic reporting of financial and operating information by all public companies. In addition, the FSC establishes standards for financial reporting and carries out licensing and supervision of participants in the ROC securities market.

The FSC has responsibility for implementing ROC Securities and Exchange Act and for overall administration of governmental policies in the ROC securities market. It has extensive regulatory authority over the offering, issuance and trading of securities. In addition, ROC Securities and Exchange Act specifically empowers the FSC to promulgate necessary rules. ROC Securities and Exchange Act prohibits market manipulation. For example, it permits an issuer to recover short-swing trading profits made through purchases and sales within six months by directors, managerial personnel, supervisors, as well as the spouses, minor children and nominees of these parties, and shareholders (together with their spouses, minor children and nominees) who hold more than 10% of the shares of the issuer. ROC Securities and Exchange Act prohibits trading by "insiders" based on non-public information that materially affects share price movement prior to publication of such information and within 18 hours after publication of such information. "Insiders" include:

- directors, supervisors, managers, as well as the spouses, minor children and nominees of these parties, and shareholders (together with their spouses, minor children and nominees) who hold more than 10% of the issuing company's shares and any individual designated by a governmental or corporate director or supervisor to act on its behalf;
- any person who has learned material non-public information due to an occupational or controlling relationship with the issuing company;
- any person who has discharged from the status or position in the first and second bullet points for not more than six months; and

- any person who has learned material non-public information from any of the above.

Sanctions include imprisonment. In addition, damages may be awarded to persons injured by the transaction. ROC Securities and Exchange Act also imposes criminal liability on certified public accountants and lawyers who make false certifications in their examination and audit of an issuer's contracts, reports and other documents related to securities transactions. The FSC regulations require that financial reports of listed companies be audited by accounting firms consisting of at least three certified public accountants and be signed by at least two certified public accountants.

In addition, ROC Securities and Exchange Act provides for civil liability for material misstatements or omissions made by issuers and regulation of tender offers. Although the FSC does not have criminal or civil enforcement powers under the ROC Securities and Exchange Act, the FSC has the quasi-judicial power under the Organization Act Governing the Financial Supervisory Commission to investigate a person who violates the Banking Act, the Securities and Exchange Act, the Insurance Act, and other relevant laws. Criminal actions may be pursued only by government prosecutors. Civil actions may only be brought by plaintiffs who assert that they have suffered damages. The FSC is empowered to curb abuses and violations of laws and regulations only through administrative measures including:

- issuance of warnings;
- temporary suspension of operation;
- imposition of administrative fines; and
- revocation of licenses.

In addition to providing a market for securities trading, the TWSE reviews applications by ROC and foreign issuers to list securities on the TWSE. If issuers of listed securities violate laws and regulations or encounter significant difficulties, the TWSE may, with the approval of the FSC, delist the securities of these issuers.

APPENDIX B – FOREIGN INVESTMENT AND EXCHANGE CONTROLS IN THE ROC

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company, the Initial Purchasers, the Trustee, the Agents, or any of its or their respective directors, officers, employees, representatives, agents, affiliates or advisors in connection with the Offering, or any person who controls any of them.

Foreign Investment

Historically, foreign investment in the ROC securities markets has been restricted. Since 1983, the ROC Government has periodically enacted legislation and adopted regulations to permit foreign investment in the ROC securities market.

Regulations Governing Investment in Securities By Overseas Chinese and Foreign Nationals (the “Foreign Regulations”), which was approved by the ROC Executive Yuan on May 26, 1983 and has been amended from time to time, and the Regulations Governing Mainland Chinese Investors’ Securities Investments and Futures Trading in Taiwan (the “PRC Regulations”), which was announced by the FSC on April 30, 2009, are two of the major regulations governing foreign investment in companies listed on TWSE or TPEX in the ROC.

Under the Foreign Regulations, foreign investors (other than PRC persons) are classified as either “onshore foreign investors” or “offshore foreign investors” according to their respective geographical location. Unless otherwise specified in the laws and regulations, both onshore and offshore foreign investors are allowed to trade securities listed on TWSE after they register with the TWSE; provided, the TWSE may terminate the registration if the application documents submitted by foreign investors are untrue or incomplete or if any material violation of laws or relevant regulations exists. The Foreign Regulations further classify foreign investors into foreign institutional investors and foreign individual investors. “Foreign institutional investors” refer to those investors incorporated and registered in accordance with foreign laws outside of the ROC (i.e., offshore foreign institutional investors) or their branches set up and recognized within the ROC (i.e., onshore foreign institutional investors). Offshore overseas Chinese and foreign individual investors may be subject to a maximum investment ceiling that will be separately determined by the FSC after consultation with the CBC. Currently, there is no maximum investment ceiling for offshore overseas Chinese and foreign individual investors. On the other hand, foreign institutional investors are not subject to any ceiling for investment in the ROC securities market.

In the past, PRC persons were prohibited from investing, whether directly or indirectly, in the ROC. The PRC Regulations loosened these restrictions. Under the PRC Regulations, QDIIs are allowed to invest in ROC securities (including less than 10% (or less in certain industries) shareholding of an ROC company listed on the TWSE or the TPEX). Nevertheless, the total investment amount of QDIIs cannot exceed US\$500 million. For each QDII, the custodian of such QDII must apply with the TWSE for the remittance amount for each QDII, which cannot exceed US\$100 million, and a QDII can only invest in the ROC securities market with the amount approved by the TWSE. In addition, QDIIs are currently prohibited from investing in certain industries, and their investment of certain other industries in a given company is restricted to a certain percentage pursuant to a list promulgated by the FSC and amended from time to time.

Depository Receipts

In April 1992, the ROC Securities and Futures Commission (later reformed and known as the Securities and Futures Bureau of the FSC) enacted regulations permitting ROC companies with securities listed on the TWSE, with the prior approval of the FSC, to sponsor the issue and sale to foreign investors of depository receipts. Depository receipts represent deposited shares of ROC companies. In December 1994, the MOF further allowed companies whose shares are traded on the TPEX or listed on the TWSE, upon approval of the FSC, to sponsor the issue and sale of depository receipts.

A holder of depositary receipts may, after the issuance of the depositary receipts representing new shares and upon the listing of the underlying shares and (in practice, typically four to seven business days thereafter), request the depositary to either cause the underlying shares to be sold in the ROC and to distribute the sale proceeds to the holder or to withdraw from the depositary receipt facility the shares represented by the depositary receipts and deliver the shares to the holder. For depositary shares that represent previously issued and existing shares, a holder of the depositary receipts could, immediately after the issuance of the depositary receipts, request the depositary to conduct the foregoing. Currently, a holder of depositary shares who is a PRC person may not withdraw and hold shares unless (i) it is a QDII who will hold less than 10% (or less in certain industries) of the issuer's issued shares, or (ii) if all the businesses of the issuer are in the positive list promulgated by the ROC Executive Yuan, the holder withdraws shares which (together with its existing shareholding in the issuer) accounts for 10% or more (or other threshold required by the regulators) of the issuer's issued shares and it otherwise obtains the approval of the Department of Investment Review of the MOEA. However, QDIIs are currently prohibited from investing in certain industries, and their investment of certain other industries in a given company is restricted to a certain percentage pursuant to a list promulgated by the ROC Executive Yuan and amended from time to time. In addition, there are restrictions on the amount remitted to the ROC for investments by each individual QDII and for QDIIs in the aggregate in certain industries. Accordingly, the qualification criteria for a PRC person to make investment, the restrictions on investment in certain industries and the investment threshold imposed by the FSC might accordingly cause a holder of depositary shares who is a PRC person to be unable to withdraw and hold the underlying shares.

Under existing laws and regulations relating to foreign exchange control, a depositary or a holder of depositary receipts may, without obtaining further approvals from the CBC or any other governmental authority or agency of the ROC, convert NT dollars into other currencies, including US dollars, in respect of the following: (1) proceeds of the sale of shares represented by depositary receipts, (2) proceeds of the sale of shares received as stock dividends and deposited into the depositary receipt facility and (3) any cash dividends or cash distributions received. In addition, a depositary, also without any of these approvals, may convert inward remittances of payments into NT dollars for purchases of shares for deposit into the depositary receipt facility against the creation of additional depositary receipts. A depositary may be required to obtain foreign exchange approval from the CBC on a payment-by-payment basis for conversion from NT dollars into foreign currencies relating to the sale of subscription rights for new shares if the proceeds are in excess of US\$100,000 per remittance. Proceeds from the sale of the underlying shares withdrawn from the depositary receipt facility may be used for reinvestment in the TWSE or the TPEx securities, subject to relevant regulations.

Under current ROC laws, a non-ROC holder of depositary receipts, when withdrawing the shares underlying the depositary receipts, will be required to register with the TWSE and appoint a local agent to open a securities trading account with a local brokerage firm and an NT dollar bank account, pay taxes, remit funds, exercise rights relating to the securities and perform such other matters as may be designated by such holder of depositary receipts on behalf of and as an agent for such holder of depositary receipts. Any such holder of depositary receipts is also required to appoint a local bank or securities firm to act as custodian to hold the securities and any cash proceeds in safekeeping, to make confirmations, to settle trades and to report all relevant information. In addition, such holder of depositary receipts is required to appoint a tax guarantor for filing tax returns and making tax payments. Without meeting the foregoing requirements, the withdrawing holder of depositary receipts would be unable to hold and subsequently sell or otherwise transfer the underlying shares withdrawn from the depositary receipt facility on the TWSE or otherwise.

Overseas Corporate Bonds

Since 1989, the FSC has approved a series of overseas bonds issued by ROC companies listed on the TWSE in offerings outside the ROC. Under current ROC law, such overseas corporate bonds (i) can be converted by bondholders into shares of ROC companies or (ii) subject to FSC approval, may be converted into depositary receipts issued by the same ROC company or by the issuing company of the exchange shares, in the case of

exchangeable bonds. A PRC holder of convertible bonds may not convert bonds unless (i) it is a QDII who will hold less than 10% (or less in certain industries) of the issuer's issued shares or (ii) if all the businesses of the issuer are in the positive list promulgated by the ROC Executive Yuan, the shares converted from overseas convertible bonds which (together with its existing shareholding in the issuer) accounts for 10% or more (or other threshold required by the regulators) of the issuer's issued shares and it otherwise obtains the approval of the MOEA. However, QDIIs are currently prohibited from investing in certain industries, and their investment of certain other industries in a given company is restricted to a certain percentage pursuant to a list promulgated by the FSC and amended from time to time. In addition, there are restrictions on the amount remitted to the ROC for investments by QDIIs, separately and jointly. Accordingly, the qualification criteria for a PRC person to make investment, the restrictions on investment in certain industries and the investment threshold imposed by the FSC might accordingly cause a holder of the corporate bonds who is a PRC person to be unable to convert or exchange the bonds and hold the shares. The relevant regulations also permit public issuing companies to issue corporate debt in offerings outside the ROC. Proceeds from the sale of the shares converted from overseas convertible bonds may be used for reinvestment in securities listed on the TWSE or traded on the TPEX, subject to relevant regulations.

Under current ROC law, a non-ROC converting bondholder, when exercising his conversion right to convert bonds into common shares, is required to register with the TWSE and appoint a local agent to open a securities trading account with a local brokerage firm and an NT dollar bank account, pay taxes, remit funds, exercise rights relating to the securities and perform such other matters as may be designated by such converting bondholder on behalf of and as agent for such converting bondholder. Also, any such converting bondholder is also required to appoint a custodian bank to hold the securities and any cash proceeds in safekeeping, to make confirmations, to settle trades and to report all relevant information. In addition, such converting bondholder is required to appoint a tax guarantor for filing tax returns and making tax payments. Without meeting these requirements, the converting holder would not be able to receive, hold, or subsequently sell or otherwise transfer the shares into which the overseas bonds may have been converted on the TWSE or otherwise.

Unless otherwise limited by the CBC, an ROC company may, without obtaining further approvals from the CBC or any other government authority of the ROC, convert NT dollars to other non-ROC currencies, including US dollars, for making payments in respect of redemption of the bonds or repayment of principal of and interest on the bonds. A non-ROC converting bondholder may, through its local agent and without obtaining prior approval from the CBC, convert into foreign currencies net proceeds realized from the sale of converted common shares or any stock dividends relating to such shares, or any cash dividend or other cash distribution in respect of such common shares and, after becoming a shareholder, inward remittances of subscription payments in connection with a rights offering. However, a converting bondholder must obtain prior approval from the CBC on a payment-by-payment basis for conversion from NT dollars into other currencies in respect of the proceeds from the sale of subscription rights for newly issued shares if the proceeds are in excess of US\$100,000 (or its equivalent) per remittance.

Other Foreign Investment

In addition to investments permitted under the Foreign Regulations and PRC Regulations, foreign investors (other than PRC persons) who wish to make (i) direct investments in the shares of ROC private companies or (ii) investment in 10% or more of the equity interest of an ROC company listed on the TWSE or the TPEX in any single transaction and PRC investors who wish to make (i) direct investment in the shares of ROC private companies or (ii) investments, individually or aggregately, in 10% or more (or other threshold required by the regulators) of the equity interest of an ROC company listed on the TWSE or the TPEX in certain industries on the positive list, as promulgated by the ROC Executive Yuan are required to submit an Investment Approval application to the DIR of the MOEA or other government authority. The DIR or such other government authority reviews Investment Approval application and approves or disapproves each application after consultation with other governmental agencies (such as the CBC and the FSC). PRC investors other than QDII

are prohibited from making investments in an ROC company listed on the TWSE or the TPEX if the investment is less than 10% (or less in certain industries) of the equity interest of such ROC company.

Under current law, any non-ROC person possessing an Investment Approval may remit capital for the approved investment and is entitled to repatriate annual net profits, interest and cash dividends attributable to such investment. Dividends attributable to such investment may be repatriated upon submitting certain required documents to the remitting bank, and investment capital and capital gains attributable to such investment may be repatriated after approvals of the DIR or other authorities have been obtained.

In addition to the general restriction against direct investment by foreign investors in securities of ROC companies, foreign investors (other than PRC persons or except in certain limited cases) are currently prohibited from investing in certain industries in the ROC pursuant to a Negative List, as amended by the ROC Executive Yuan. The prohibition on foreign investment in the prohibited industries specified in the Negative List is absolute in the absence of specific exemption from the application of the Negative List. Pursuant to the Negative List, certain other industries are restricted so that foreign investors (except in certain limited cases) may invest in such industries only up to a specified level and with the specific approval of the relevant competent authority which is responsible for enforcing the relevant legislation which the Negative List is intended to implement.

On the other hand, in addition to the general restriction against direct investment by PRC investors in securities of ROC companies, PRC investors may only invest in certain industries in the positive list, as promulgated by the ROC Executive Yuan. In addition, PRC investor who wishes to be elected as an ROC company's director or supervisor shall also submit an Investment Approval application to the DIR of the MOEA or other government authority for approval.

Exchange Controls

The ROC Foreign Exchange Control Statute and regulations provide that all foreign exchange transactions must be executed by banks designated by the FSC and the CBC to handle foreign exchange transactions. Current regulations favor trade-related foreign exchange transactions. Consequently, foreign currency earned from exports of merchandise and services may now be retained and used freely by exporters. All foreign currency needed for the importation of merchandise and services may be purchased freely from the designated foreign exchange banks.

Aside from trade-related foreign exchange transactions, ROC companies and individual residents of the ROC may, without foreign exchange approval, remit to and from the ROC in each calendar year foreign currencies of up to US\$100 million (or its equivalent) and US\$10 million (or its equivalent), respectively, or such other amount as determined by the CBC from time to time at its discretion in consideration of the ROC's economic and financial conditions or the needs to maintain the order of foreign exchange market in the ROC. These limits apply to remittances involving a conversion between NT dollars and US dollars or other foreign currencies. In addition, all private enterprises are required to register all medium- and long-term foreign debt with the CBC.

In addition, a foreign person may, subject to certain requirements but without foreign exchange approval, remit to and from the ROC foreign currencies of up to US\$100,000 (or its equivalent) per remittance if the required documentation is provided to the ROC authorities. This limit applies to remittances involving a conversion between NT dollars and US dollars or other foreign currencies.

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