



2023 Annual Report (Translation)

Wistron NeWeb Corporation

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6. For more information about Wistron NeWeb Corporation, visit: www.wnc.com.tw

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One. Letter to Shareholders

2023 marked a milestone for WNC as it became the first network communications company in Taiwan to achieve annual revenue of over NT\$100 billion. Regardless of issues such as global inflation, interest rate hikes, the Russo-Ukrainian war, the Red Sea crisis, and climate change, WNC continues to innovate, develop its businesses and optimize operational management at a steady pace. Looking forward, we will continue to expand product lines, enhance product quality, boost productivity, and improve our overall competitiveness through optimization of product portfolios, promotion of value-added software, and AI empowerment.

Financial and Operational Results

WNC's consolidated revenue in 2023 was NT\$110.787 billion, a record high with a YoY increase of 16.3%. Consolidated gross profit was NT\$13.594 billion with consolidated profit before tax of NT\$4.801 billion, representing YoY growth of 27.7%. Consolidated profit after tax was NT\$3.803 billion with an EPS of NT\$8.98.

Research and Development

WNC's business is focused primarily on wireline, wireless, end user and edge infrastructure product lines. The company is involved in research and development projects both at home and abroad. For example, an open RAN solution has passed testing and verification by major domestic and overseas network service providers and is now being used in manufacturing, medical, education and entertainment applications. To build broadband network equipment that provides great security and low latency and enhances the user experience, WNC has developed an enterprise-level network security solution based on zero-trust architecture and launched its SmartQoS software that can optimize bandwidth allocation. Moreover, the company is committed to developing wireless sensing systems that help safeguard personal safety and health. These systems can be applied in areas such as home security, health monitoring, fall detection, and in-vehicle child presence detection. On the automotive front, WNC obtained Automotive SPICE CL2 certification from TUV NORD Taiwan and passed the TISAX AL2 assessment via the ENX portal. WNC was awarded the Hsinchu Science Park R&D Accomplishment Award in recognition of its R&D achievements and holds the most patents in the network communications industry in Taiwan for the ninth consecutive year.

Operations Management

To be more resilient in its business operations, WNC has formulated strategic plans for overseas manufacturing while expanding the scope of its digital transformation. In 2023, a new factory and R&D center in the Tainan Science Park was inaugurated and the expansion of our Vietnam site also commenced. In consideration of geopolitical issues, WNC is now actively seeking manufacturing sites outside of Asia. We have also developed an intelligent digital collaboration platform to improve operational efficiency. We have introduced AI to assist us in developing software and hardware and to conduct business analysis and operations management. With regard to workforce management, we recently adopted a Global Career Framework, which details job duties and required skillsets for employees based on their job grades, to help provide employees with clear career paths and help them engage in career planning so they can grow alongside the company.

Sustainable Development

WNC received the highest score in the CMT sector in the S&P Global Corporate Sustainability Assessment and placed in the Top 1% category in S&P Global's Sustainability Yearbook 2024. It also won a platinum medal in the Corporate Sustainability Reports Award category as well as a social inclusion leadership award in the Corporate ESG Performance Award category from the Taiwan Institute for Sustainable Energy. In addition, WNC garnered a gold award for Best Technology Company in Taiwan and a silver award for Best Corporate ESG Strategy in Taiwan in Finance Asia's Best Managed Companies Poll 2023 and also won the Best for ESG in Taiwan award from Asiamoney. In terms of investor relations, WNC was honored with many awards from Institutional Investor magazine.

Future Outlook

2024 will be a year full of change and uncertainty, but WNC will adhere to its core value of fundamentals advocacy and commit to maintaining steady growth and pursuing sustainability. Despite macroeconomic and geopolitical uncertainties, upgrades in internet speed, the Clean Network strategy, the advancement of AI technology, and the development of automotive markets still offer WNC considerable opportunities. WNC will continue to establish a resilient supply chain, enhance corporate governance, develop competitive products and services, and build mutual trust and partnerships with customers. WNC will strive to achieve stability amid change and seek growth amid stability thereby creating optimal profits and value for itself and shareholders.

I wish you all health and happiness.

Haydn Hsieh

Chairman of Wistron NeWeb Corporation

Two. Company Introduction

1. Date of Establishment

December 7, 1996

2. Milestones

Date	Milestones
Dec. 1996	Wistron NeWeb Corporation (WNC) founded in Hsinchu, Taiwan, on Dongda Rd.
April 1997	Established manufacturing plant in Zhubei, Taiwan.
April 1998	Obtained ISO 9001 certification.
Sept. 1998	Triple Beam Antenna and Wireless PC Connection products received the Taiwan Symbol of Excellence Award.
June 2000	Bluetooth® product series honored with the Best Product Award at Computex Taipei 2000.
July 2000	Springboard Wireless Connector technology transferred from WIDCOMM (U.S.).
Aug. 2000	Commenced mass production of PHS handsets.
Sept. 2000	Bluetooth® PDA Connector and IEEE 802.11b PCMCIA Card received the Taiwan Symbol of Excellence Award.
Oct. 2001	Established WNC Holding Corporation.
Dec. 2001	Bluetooth® USB dongle received the Taiwan Symbol of Excellence Award.
Jan. 2002	Moved to the Hsinchu Science Park.
May 2002	Established NeWeb Holding Corporation.
July 2002	Honored for the Best International Import and Export Trade Growth in Taiwan.
Feb. 2003	Established W-NeWeb Corp. in the U.S.
Sept. 2003	Wistron NeWeb Corporation publicly listed on the Taiwan Stock Exchange on Sept. 22.
Nov. 2003	IEEE 802.11a/g Switch received the Hsinchu Science Park Innovative Product Award.
Nov. 2003	Established WebCom Communication (Kunshan) Corporation in China.
March 2004	Established WNC (Kunshan) Corporation in China.
May 2004	Merger with Acer Netxus Inc. completed on May 31.
Nov. 2005	Obtained ISO 14001 certification.
Nov. 2005	LNB annual output reached 10 million.
Dec. 2005	Obtained ISO/TS 16949 certification.
Jan. 2006	Wi-Fi Phone received the 2006 CES Innovations Design and Engineering Award.
Feb. 2006	Obtained Sony Green Partner Certification.
April 2006	Established Wistron NeWeb (Kunshan) Corporation in China.
June 2006	GSM/Wi-Fi Dual Net Phone received the 2006 Best Choice of Computex Taipei Award.
Nov. 2006	Honored with the Hsinchu Science Park R&D Accomplishment Award.
July 2007	Wi-Fi Video Phone received the Taiwan Symbol of Excellence Award.
Aug. 2007	Established NeWeb Service (Kunshan) Corporation in China.
Dec. 2007	Started mass production of Ka/Ku ODU products.

Date	Milestones
Jan. 2008	GSM/Wi-Fi Dual Net Phone received the 2008 CES Innovations Design and Engineering Award.
March 2008	Honored for Best Participation of Green Procurement for Enterprises in 2007.
April 2008	WNC Utopia Interface designed for handsets received the 2008 iF communication design award.
May 2008	Began construction of the new WNC Headquarters building.
Sept. 2008	Wi-Fi Media Frame Wireless Multimedia Player received the Hsinchu Science Park Innovative Product Award.
Oct. 2008	Obtained OHSAS 18001 certification.
Jan. 2009	GSM/PHS Mobile TV Phone received the 2009 iF product design award.
Nov. 2009	Honored with the Hsinchu Science Park R&D Accomplishment Award.
Nov. 2009	Completed training programs for the EuP Directive 2005/32/EC and applied the principles to product design processes.
Jan. 2010	Moved to 20 Park Avenue II, Hsinchu Science Park.
April 2010	Completed training programs for the ErP Directive 2009/125/EC and applied the principles to product design processes.
June 2010	UI design artwork (Fun-Quick) received the 2010 iF communication design award.
Aug. 2010	Honored with the Contribution Award and the Invention Award at the 2010 National Invention & Creation Awards.
Oct. 2010	Honored with the 2010 National Standardization Award.
Nov. 2010	LDS Antenna received the Hsinchu Science Park Innovative Product Award.
Dec. 2010	Honored by Asiamoney Magazine's Corporate Governance Poll as: Overall Best for Investor Relations across Asia; Best Overall for Corporate Governance; Best for Responsibilities of Management and the Board of Directors; Best for Shareholders' Rights and Equitable Treatment; Best for Investor Relations; Best for Disclosure and Transparency; and Best Investor Relations Officer.
April 2011	Obtained IECQ QC 080000 (Hazardous Substance Process Management) and ANSI/ESD S20.20 (Electronic Discharge Control Program) certifications.
June 2011	Published the first edition of the Corporate Social Responsibility report.
Aug. 2011	Smart Shortcut hand-held interface received a reddot award for communication design.
Aug. 2011	Honored with the National HRD InnoPrize.
Sept. 2011	Commenced shipping of the Automotive BSD radar system.
Sept. 2011	Honored with the Creation Award at the 2011 National Invention & Creation Awards.
Oct. 2011	Established the Irvine Office for the North American market.
Dec. 2011	Received the Hsinchu Science Park Innovative Product Award (4G Mobile Hotspot) and the R&D Accomplishment Award.
March 2012	Established New Jersey Office for North American market.
July 2012	Established WNC EICC management committee.
Sept. 2012	Won an Invention Award in the 2012 National Invention & Creation Awards.
Dec. 2012	Received the Industrial Development Bureau, Ministry of Economic Affairs Industrial Sustainable Excellence Award and the Hsinchu Science Park R&D Accomplishment Award.

Date	Milestones
Jan. 2013	4G Mobile Hotspot received the 2013 CES Innovations Design and Engineering Award.
April 2013	Recognized among the 2012 Deloitte Technology Fast500 Asia Pacific
Nov. 2013	Certified as an Authorized Economic Operator (AEO) by the Customs Administration, Ministry of Finance, Taiwan.
Nov. 2013	Ranked first in CommonWealth magazine's "Most Admired Company" 2013 survey among telecommunication enterprises in Taiwan.
Dec. 2013	Honored with the Hsinchu Science Park Innovative Product Award (24GHz Automotive BSD Radar) and R&D Accomplishment Award.
March 2014	Obtained TL 9000 (quality management system for the telecommunications industry) certification.
June 2014	The Board elected Haydn Hsieh to be its Chairman.
June 2014	Established WNC UK Limited.
Oct. 2014	Obtained ISO/IEC 27001 (information security management system) certification.
Nov. 2014	Honored with the Taiwan Corporate Sustainability Report Award (Bronze Medal) by the Taiwan Institute for Sustainable Energy.
Dec. 2014	High Sensitivity RFID Antenna and Reader System received the Hsinchu Science Park Innovative Product Award.
Jan. 2015	Established WNC Japan Inc.
March 2015	Obtained ISO/IEC 17025 (general requirements for competence in testing and calibrating laboratory equipment) certification.
April 2015	Obtained FSC™ (Forest Stewardship Council) Chain-of-Custody certification.
June 2015	Selected as a component of the Taiwan Corporate Governance 100 Index and the Taiwan High Salary 100 Index by the Taiwan Stock Exchange Corporation (TWSE).
Aug. 2015	Honored as one of the Top 50 in Excellence in Corporate Social Responsibility by CommonWealth Magazine in the Large Enterprises group.
Nov. 2015	Honored with the Taiwan Corporate Sustainability Report Award (Silver Medal) by the Taiwan Institute for Sustainable Energy.
Dec. 2015	Obtained CNS 15506: 2011 TOSHMS (Taiwan Occupational Safety & Health Management System) certification.
Dec. 2015	Honored with the Hsinchu Science Park R&D Accomplishment Award.
Jan. 2016	24 GHz Radar System and Smart Shelf System received the 2016 CES Innovation Award.
April 2016	WNC Hsinchu (S1) plant (on Lihsin Rd. VI of the Hsinchu Science Park) obtained factory registration certificate on April 25.
June 2016	Honored as a Gold Winner at the 2016 IT World Awards (24GHz Radar System).
July 2016	Honored with the Award for International Trade—Contribution to Primary Market Expansion Award by the Ministry of Economic Affairs.
Aug. 2016	Honored as one of the Top 50 in Excellence in Corporate Social Responsibility by CommonWealth Magazine in the Large Enterprises group.
Nov. 2016	Honored with the Taiwan Corporate Sustainability Report Award (Silver Medal) by the Taiwan Institute for Sustainable Energy.
Dec. 2016	Honored with the Hsinchu Science Park R&D Accomplishment Award.

Date	Milestones
Dec. 2016	Honored by Asiamoney Magazine’s Corporate Governance Poll (across Asia & Taiwan, excluding Japan) as: Best for Responsibilities of Management & the Board of Directors; and Best for Shareholders’ Rights & Equitable Treatment.
Aug. 2017	Installed solar panels in the WNC Headquarters in Taiwan and Wistron NeWeb (Kunshan) Corporation in China.
Aug. 2017	Honored as one of the Top 50 in Excellence in Corporate Social Responsibility by CommonWealth Magazine in the Large Enterprises group.
Oct. 2017	Honored with the Award for International Trade—Contribution to Primary Emerging Market Expansion Award by the Ministry of Economic Affairs.
Nov. 2017	Honored with the Taiwan Corporate Sustainability Report Award (Gold Medal) by the Taiwan Institute for Sustainable Energy.
Dec. 2017	Honored with the Hsinchu Science Park Innovative Product Award (Tri-radio Wi-Fi Smart Router) and R&D Accomplishment Award.
Dec. 2017	Honored with first prize in the “Buying Power: Social Innovation Products and Services Procurement Reward Program” by the Ministry of Economic Affairs.
May 2018	Obtained ISO 50001:2011 (Energy Management System) certification.
Aug. 2018	Honored as a Gold Winner at the 2018 IT World Awards (Tri-radio Wi-Fi Smart Router).
Aug. 2018	Honored as one of the Top 50 in Excellence in Corporate Social Responsibility by CommonWealth Magazine in the Large Enterprises group.
Nov. 2018	Honored with the Top 50–Platinum Medal at the Taiwan Corporate Sustainability Awards (TCSA) in the Corporate Sustainability Report Awards category by the Taiwan Institute for Sustainable Energy.
Dec. 2018	Commenced shipping the world’s first 5G Mobile Hotspot.
Dec. 2018	Honored with the Hsinchu Science Park Innovative Product Award (Ultra-compact Automotive FHD Camera Module) and R&D Accomplishment Award.
Dec. 2018	Honored with first prize in the “Buying Power: Social Innovation Products and Services Procurement Reward Program” by the Ministry of Economic Affairs.
Dec. 2018	Honored by Asiamoney Magazine’s Corporate Governance Poll as one of Asia’s Outstanding Companies (2018).
Jan. 2019	Established WNC Vietnam Co., Ltd.
Jan. 2019	WNC Tainan (S2) plant (on Beiyuan 3 rd Rd. of the Southern Taiwan Science Park) obtained factory registration certificate on January 31.
Apr. 2019	Ranked by 1111 Job Bank as one of the 20 Companies with the Happiest Employees in 2019: IT & IC Manufacturing.
Aug. 2019	Honored as a Gold Winner at the 2019 IT World Awards (Ultra-compact Automotive HD Camera Module).
Sept. 2019	Honored as one of the Top 50 in Excellence in Corporate Social Responsibility by CommonWealth Magazine in the Large Enterprises group.
Nov. 2019	Honored with the Taiwan Corporate Sustainability Awards (Gold Medal) in the Corporate Sustainability Report Awards category by the Taiwan Institute for Sustainable Energy.
Nov. 2019	Honored with the Outstanding Healthy Workplace Vitality Award in the 2019 National Healthy Workplace Program.
Nov. 2019	Honored with an elite award in the SGS CSR Awards.

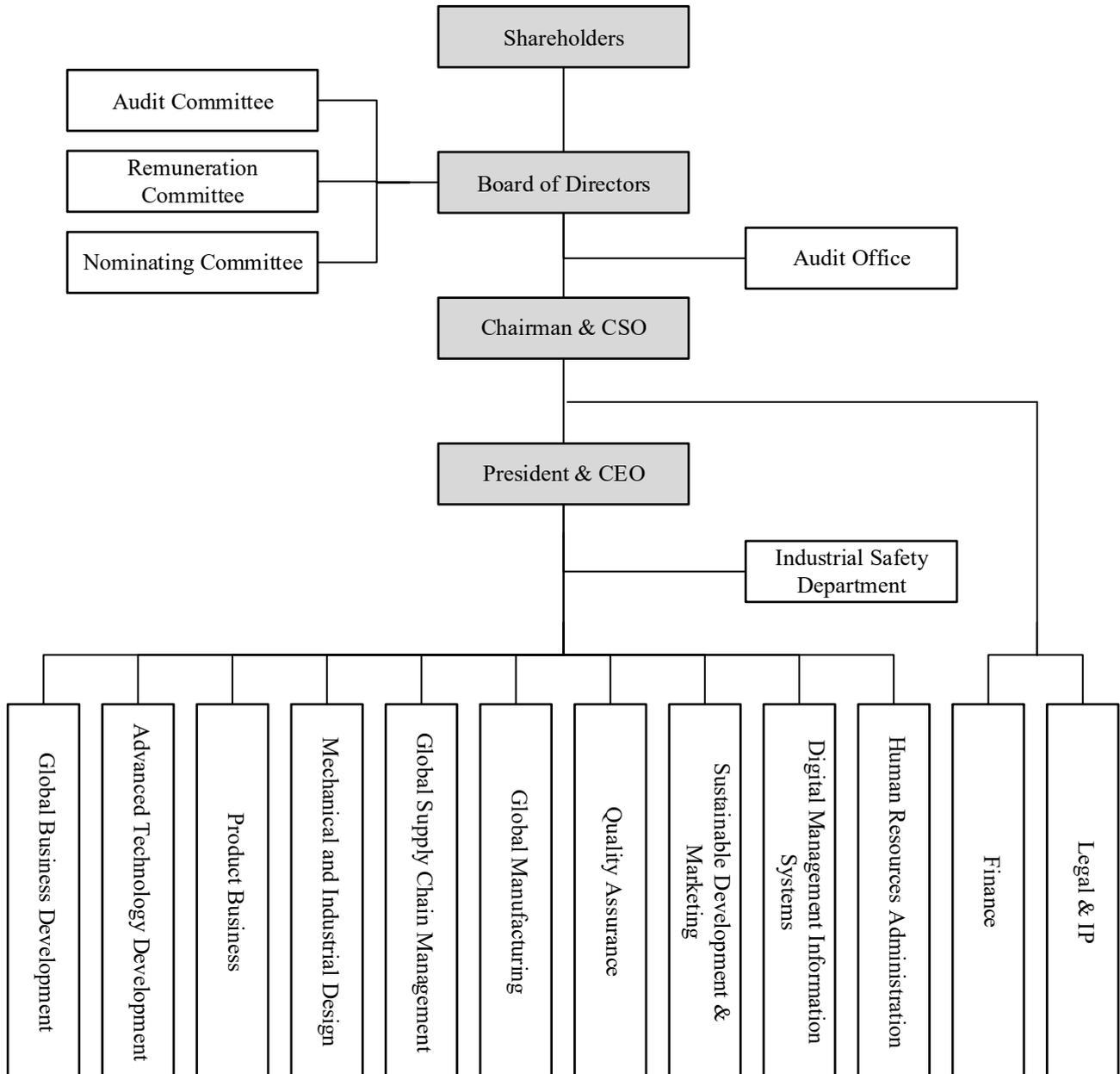
Date	Milestones
Dec. 2019	Honored with second prize in the “Buying Power: Social Innovation Products and Services Procurement Reward Program” by the Ministry of Economic Affairs.
Apr. 2020	Established NeWeb Vietnam Co., Ltd.
Jun. 2020	Began construction of S3 plant in the Southern Taiwan Science Park, Tainan.
Aug. 2020	Honored as one of the Top 50 in Excellence in Corporate Social Responsibility by CommonWealth Magazine in the Large Enterprises group.
Sept. 2020	Honored in Asiamoney’s 2020 Outstanding Companies Poll: Overall Most Outstanding Company in Taiwan, and Most Outstanding Company in Taiwan – Technology Hardware & Equipment Sector.
Sept. 2020	Honored with SGS CSR Award - People Development Excellence.
Nov. 2020	Honored with Platinum Medal at the 2020 Taiwan Corporate Sustainability Awards by the Taiwan Institute for Sustainable Energy.
Dec. 2020	Awarded 2020 Hsinchu Science Park R&D Accomplishment Award
Sept. 2021	Established NeWeb GmbH in Germany.
Sept. 2021	Honored in Asiamoney’s 2021 Outstanding Companies Poll: Overall Most Outstanding Company in Taiwan, Most Outstanding Company in Taiwan – Technology Hardware & Equipment Sector and Most Outstanding Company in Taiwan – Small/Mid Caps Sector.
Nov. 2021	Recognized in CES 2022 Innovation Awards for 5G ODU.
Nov. 2021	Awarded a Bronze Medal at the 2021 Taiwan Corporate Sustainability Awards.
Dec. 2021	Recognized in Hsinchu Science Park Innovative Product Award for 5G Network Infrastructure Acceleration Card.
Dec. 2021	Received a Bronze Award in the Buying Power: Social Innovation Products and Services Procurement Reward Program of the Ministry of Economic Affairs.
Dec. 2021	Obtained ISO 13485 certification.
Feb. 2022	Honored with Platinum Medal by EcoVadis.
Feb. 2022	Included in S&P Global Sustainability Yearbook 2022.
Apr. 2022	WNC subsidiary NeWeb Vietnam Co. Ltd. merged with WNC Vietnam Co., Ltd., and WNC Vietnam Co., Ltd. ceased to exist after the merger.
Sept. 2022	Honored in Asiamoney’s 2022 Asia’s Outstanding Companies Poll: Most Outstanding Company in Taiwan – Technology Hardware & Equipment Sector and Most Outstanding Company in Taiwan – Small/Mid Caps Sector.
Oct. 2022	Installed additional solar panels at WNC sites in China.
Oct. 2022	Honored with Employee Care Award in Ministry of Labor’s 2022 Work-Life Balance Awards.
Nov. 2022	Awarded a Silver Medal at the 2022 Taiwan Corporate Sustainability Awards by the Taiwan Institute for Sustainable Energy.
Nov. 2022	Obtained ISO/SAE 21434 Clause 4/5/12 certification.
Nov. 2022	Listed in Business Weekly’s 2022 Carbon Competitiveness Top 100.
Dec. 2022	Installed solar panels at WNC’s Vietnam sites in Vietnam.
May 2023	Honored with Gold Award for Best Technology Company in Taiwan, Gold Award for Best Investor Relations in Taiwan, Silver Award for Best Corporate ESG Strategy in Taiwan, and other awards in FinanceAsia’s Best Managed Companies Poll 2023.

Date	Milestones
Jun. 2023	The S3 site in Southern Taiwan Science Park obtained a factory registration certificate on June 19.
Jun. 2023	Awarded Honored Company, Best CEO, Best IR Professional, and Best Company Board in Institutional Investor's 2023 Asia (Ex-Japan) Executive Team Poll – Technology Hardware Sector.
Aug. 2023	Rated Top 10% TWSE-listed company in the Electronics Industry category in the 2023 Evaluation on the Disclosure of Occupational Health and Safety Indicators in Sustainability Reports.
Aug. 2023	Awarded Most Outstanding Company in Taiwan – Technology Hardware & Equipment Sector, Most Outstanding Company in Taiwan – Small/Mid Caps Sector, and Best for ESG in Taiwan in Asiamoney Asia's Outstanding Companies Poll 2023.
Aug. 2023	Obtained ISO/SAE 21434 certification.
Aug. 2023	Obtained the TISAX (Trusted Information Security Assessment Exchange) AL2 label via the ENX platform.
Oct. 2023	Received Automotive SPICE (Software Process Improvement and Capability Determination) CL2 certification from TUV NORD Taiwan.
Nov. 2023	Honored with Platinum Medal in the Corporate Sustainability Reports Award category and Social Inclusion Leadership Award in the Corporate ESG Performance Award category in TCSA's 2023 Taiwan Corporate Sustainability Awards.
Dec. 2023	Honored with Hsinchu Science Park R&D Accomplishment Award.

Three. Operational Highlights

1. Organization Structure

(1) Organizational Chart



Departmental Functions

Department	Main responsibilities
Audit Office	Responsible for internal audit and evaluation of the company's internal operations
Legal & IP	Legal affairs of the company, contracts, patents, trademarks, technology licensing, IP, and legal consultative services
Finance	Responsible for treasury, financial management, investment, accounting, and tax services
Industrial Safety Department	Safety inspections of WNC's offices and factories, environmental pollution prevention, and safety maintenance
Human Resources Administration	Responsible for the company's management systems, human resources, employee welfare, health and safety, employee training, and general affairs
Digital Management Information Systems (DMIS)	Management and maintenance of WNC's information systems, software, and networks; implementation and improvement of WNC's Industry 4.0 project; formulation of efficient operational procedures and enhancement of these procedures with information-based, digitized tools
Sustainable Development & Marketing	Responsible for compiling business information, marketing strategies, exhibition planning, advertising, Internet marketing activities, maintaining amicable corporate and investor relations, and promoting activities related to ESG and corporate sustainable development
Quality Assurance	Responsible for quality and reliability assurance, shipping inspection, after-sales services, and ISO quality system implementation and improvement
Global Manufacturing	Raw materials warehouse management, manufacturing, production schedule planning, manufacturing process planning and improvement, outsourcing management, and product inspection and delivery
Global Supply Chain Management	Global material planning, purchasing, logistics support, and supplier quality management
Mechanical and Industrial Design	Product appearance development, mechanical design, and evaluation and supervision of product quality of qualified vendors
Product Business	Market development, order handling, customer and payment management, customer complaint handling, new product planning, and product development, coordination, and control
Advanced Technology Development	New product design and technology development, design, sample production, technology transfers, product improvement, product failure analysis, fixture design/construction, and technical support for marketing departments and customers
Global Business Development	Development of new customers worldwide

2. Directors, Supervisors, and Key Managers Background Information

(1) Information on Directors

April 2, 2024; Unit: Shares

Title	Nationality or place of registration	Name	Gender / Age	Date elected	Term (yrs.)	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouses and/or minor children		Selected education and experience	Selected current positions
							Shares	%	Shares	%	Shares	%		
Chairman & CSO	R.O.C.	Haydn Hsieh	Male (61-70)	06/07/2023	3	09/14/2001	6,177,371	1.48	7,302,435	1.5	864,268	0.18	Bachelor of Electrical Engineering, Tatung Institute of Technology, Taiwan SVP & GM, Computer & Consumer BU, Acer Inc.	Chairman & CSO of WNC Corporate-shareholder representative on the Wistron Corp. board of directors Director of Apacer Technology Inc. Independent Director of Raydium Semiconductor Corp. Director of aEnrich Technology Corp.
Director; President & CEO	R.O.C.	Jeffrey Gau	Male (51-60)	06/07/2023	3	10/14/2005	2,364,184	0.57	2,867,299	0.59	672,238	0.14	Ph.D. in Electrical Engineering and Postdoctoral researcher at the ElectroScience Laboratory of The Ohio State University COO, VP of SatCom BU, AVP of SatCom Product Center, and Director of Antenna R&D, WNC Senior engineer, RF-Link Systems Inc.	Director and President & CEO of WNC Corporate-shareholder representative on the Tai-Saw Technology Co., Ltd. board of directors
Director	R.O.C.	Representative: Frank F.C. Lin	Male (61-70)	06/07/2023	3	04/18/2000	207,582	0.05	222,430	0.05	175,315	0.04	Bachelor of Accounting, Feng Chia University, Taiwan CFO, Acer Infosystems	N/A Chief of Staff of Wistron Corp. Director of Wiyynn Corp. Director of Wistron ITS Corp. Chairman of WiseCap Ltd. Chairman of LE BEN Investment Ltd. Chairman of WiSuccess Asset Management Corp. Director of Wistron Medical Tech Holding Company Director of Wistron Medical Technology Corp. Director of Wistron Digital Technology Holding Company Director of Changing Information Technology Inc. Director of Mayaminer Company Ltd. Director of Join-Link International Technology Co., Ltd. Director of Pell Bio-Med Technology Co., Ltd. Director of IP Fund Six Director of Wistron Green Energy Holding Company Supervisor of aEnrich Technology Corp. Chairman of WiseCap (Hong Kong) Ltd. Director of B-Temia Asia Pte. Ltd. Director of Hartec Asia Pte. Ltd. Director of Hukui Biotechnology Corp.

Title	Nationality or place of registration	Name	Gender / Age	Date elected	Term (yrs.)	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouses and/or minor children		Selected education and experience	Selected current positions
							Shares	%	Shares	%	Shares	%		
		Wistron Corp.	N/A	06/07/2023		04/18/2000	89,674,679	21.48	96,089,042	19.80	N/A	N/A	N/A	President of Advanced Technology Lab of Wistron Corp. Chairman of Wistron Medical Tech Holding Company Chairman of Wistron Medical Technology Corp. Chairman of Abilliant Corp. Chairman of AiSails Power Inc. Chairman of Wistron Medical Technology Corporation Director of WiseCap Ltd. Director of LE BEN Investment Ltd. Director of Mayaminer Company Ltd. Director of Free Bionics Taiwan Inc. Director of Apollo Medical Optics, Ltd. Director of Wistron Green Energy Holding Company Director of aniWEAR Company Ltd. Director of Tube Inc. Director of B-Temia Asia Pte. Ltd Director of Apollo Medical Optics Inc. Director of Free Bionics, Inc. Director of B-Temia Inc. Director of Wistron Medical Technology Malaysia Sdn. Bhd.
Director	R.O.C.	Representative: Donald Hwang	Male (61-70)	06/07/2023	3	12/20/2017	699	0	748	0	0	0	Master of Electronics Engineering, National Chiao Tung University, Taiwan VP, Acer Computers AVP, Formosa21 Inc.	
Director	R.O.C.	Philip Peng	Male (71-80)	06/07/2023	3	06/23/2005	149,007	0.04	229,665	0.05	0	0	MBA, National Chengchi University, Taiwan SVP & CFO, Acer Inc.	Director of Wistron Corp. Director of Wistron ITS Corp. Independent Director of AU Optronics Corp. Independent Director of Apacer Technology Inc. Chairman of Smart Capital Corp. Director of Zigong Art Sharing Co., Ltd. Director of Ku-de Technology Co., Ltd. Supervisor of Allixon Inc.
Independent Director	R.O.C.	Karen Hsin	Female (61-70)	06/07/2023	3	06/16/2017	0	0	0	0	0	0	Master of Accounting, Northern Illinois State University Bachelor of Law, National Taiwan University Accountant of Deloitte Taiwan Accountant of XXJ Accounting Firm	Consultant of YQY Accounting Firm

Title	Nationality or place of registration	Name	Gender / Age	Date elected	Term (yrs.)	Date first elected	Shareholding when elected		Current shareholding		Shares held by spouses and/or minor children		Selected education and experience	Selected current positions
							Shares	%	Shares	%	Shares	%		
Independent Director	R.O.C.	T. Y. Lay	Male (71-80)	06/07/2023	3	06/19/2020	80,214	0.02	85,951	0.02	0	0	EMBA, National Chengchi University, Taiwan Bachelor of Electronics Engineering, National Chiao Tung University, Taiwan President, Acer's International Operations Business Group (IOBG) President, Acer's China Operations Business Group	None
Independent Director	R.O.C.	Lillian Chao	Female (61-70)	06/07/2023	3	06/07/2023	0	0	0	0	0	0	Chairman of Apex Material Technology Corp. Chairman of Salt International Corp. Chairman of Lucent Advanced Material Corp. Chairman of Radar International Development Corp. Director of Tech-Wave Industrial Co., Ltd. Director of Continental Applied Technology Limited Chairman of AMTOUCH USA, INC.	
Independent Director	R.O.C.	Rosie Yu	Female (61-70)	06/07/2023	3	06/07/2023	0	0	0	0	0	0	Bachelor of Business Administration, National Taiwan University Executive Vice President & Chief Financial Officer, Taiwan Mobile Co., Ltd. Chairman, Global Investment Advisory (HK) Ltd. Acting President, Global Investment Holdings Co., Ltd. General Manager, Credit Lyonnais Securities (Asia) Ltd., Taipei Branch General Manager, Citigroup International Securities Ltd., Taipei Branch Executive Vice President – Int'l Brokerage/Research/Corporate Finance, China Securities Co., Ltd.	Consultant of Taiwan Mobile Co., Ltd. Supervisor of Dafu Media Co., Ltd.

Notes:

1. Directors holding WNC shares in another's name: None
2. Directors whose spouses or relative within the second degree of kinship are managers or directors: None
3. Chairman and president or person holding an equivalent position (highest-level executive officer) of WNC who are the same person, or are spouses, or are within the first degree of kinship: None

Note: Lillian Chao and Rosie Yu were elected independent directors of WNC during the shareholders' meeting on June 7, 2023. Neng-Pai Lin and Michael Tsai resigned after the re-election on the same day.

Note 1: Major Shareholders of Wistron NeWeb Corporation's Institutional Shareholders

April 1, 2024

Name	Major shareholders	Percentage (%)
Wistron Corporation	Labor Pension Fund	3.16
	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	3.13
	Fubon Life Insurance Co., Ltd.	1.84
	Taipei Fubon Bank Trust Account (employee share ownership trust)	1.62
	Yuanta Taiwan Dividend Plus ETF	1.50
	Simon Lin	1.47
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.35
	Wistron NeWeb Corporation	0.99
	CAPITAL TIP Taiwan Select High Dividend ETF	0.89
	Norges Bank-fund mgr Blackrock Investment Management(Taiwan) Limited	0.88

Note 2: Major Shareholders of the Institutional Shareholders Listed in the Above Table

April 2, 2024

Name	Major shareholders	Percentage (%)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd.	100

April 2, 2024

Name	Major shareholders	Percentage (%)
Wistron NeWeb Corporation	Wistron Corporation	19.8
	Yuanta Taiwan Dividend Plus ETF	4.35
	Fuh Hwa Securities Investment Trust Co., Ltd.-Investment Account	3.85
	Labor Pension Fund (The New Scheme)	2.61
	Yong Shun Wang	2.13
	WNC's Employee Share Plan Trust Account at Bank SinoPac	2.06
	Chunghwa Post Co., Ltd.	2.00
	EZmoney Taiwan High Dividend and Momentum ETF	1.83
	Haydn Hsieh	1.50
	Yuanta Taiwan High-Yield Leading Company Fund	1.39

Professional Qualifications and Independence Analysis of Directors

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of other public companies in which the individual is concurrently serving as an independent director
Haydn Hsieh	<p>Haydn Hsieh graduated from the Department of Electrical Engineering at Tatung Institute of Technology. He previously held the positions of Senior Vice President and President in the Portable Computers Business Group at Acer and the positions of President, CEO and other high-level positions in WNC. He is currently the Chairman & CSO of WNC and serves as director or independent director on the boards of other technology companies, has over 40 years of professional and practical experience in business management, and is well-connected in the industry. Does not meet any of the conditions defined in Article 30 of the Company Act.</p>	N/A	1
Wistron Corp. Representative: Frank F.C. Lin	<p>Frank F.C. Lin graduated from the Accounting Department at Feng Chia University. He was previously the CFO of Acer and General CFO of Wistron Corporation. He is currently the Chief of Staff and Corporate Governance Officer of Wistron Corporation. He has an extensive range of skills and experience in financial analysis and corporate governance and is well-connected in the industry. Does not meet any of the conditions defined in Article 30 of the Company Act.</p>	N/A	0
Wistron Corp. Representative: Donald Hwang	<p>Donald Hwang has a master's degree from the Institute of Electronics at Chiao Tung University. He previously worked at Formosa21 Inc., Acer and ALi Corporation, and is currently the CTO of Wistron Corporation. He has decades of experience in the technology industry, is an expert in computer product R&D, and holds many global patents. Does not meet any of the conditions defined in Article 30 of the Company Act.</p>	N/A	0
Jeffrey Gau	<p>Jeffrey Gau has a Ph.D. degree from the Electrical and Computer Engineering Graduate Program at The Ohio State University. He previously worked as a postdoctoral researcher in the ElectroScience Laboratory at The Ohio State University, and previously held the positions of R&D manager, Vice President of the Product Center, Vice President of the SatCom BU, as well as COO at WNC. He is currently the President & CEO of WNC, and has more than 25 years of industry and business management experience. Does not meet any of the conditions defined in Article 30 of the Company Act.</p>	N/A	0
Philip Peng	<p>Philip Peng has a master's degree from the MBA Program at National Chengchi University. He was previously the Senior Vice President & CFO of Acer. He is currently a WNC director, and also serves as a director or independent director for other technology companies. His expertise lies in analysis and management in the fields of business law, corporate governance, financial accounting, business investment and the technology industry. Does not meet any of the conditions defined in Article 30 of the Company Act.</p>	N/A	2

Name	Criteria Professional Qualifications and Experience	Independence Status	Number of other public companies in which the individual is concurrently serving as an independent director
Karen Hsin	<p>Karen Hsin graduated from the College of Law at National Taiwan University, obtained a master's degree in Accounting at the University of Northern Illinois, and has a CPA certificate. She previously worked as a CPA at Deloitte Taiwan and currently works as a consultant at Yang Qiying Accounting. Her fields of expertise are in law, financial accounting and tax risk management.</p> <p>Does not meet any of the conditions defined in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. The independent director submitted her independence statements during the nomination and selection process. 2. The independent director meets all criteria listed in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies during his term as well as in the two years preceding their election. 3. Has not served as an independent director at WNC for more than three consecutive terms. 	0
T. Y. Lay	<p>T.Y. Lay graduated from the Department of Electronics Engineering at Chiao Tung University and the Executive Program at Cheng Chi University. He was previously the President of Acer's International Operations Business Group and President of Acer's China Operations Business Group. He is experienced in business development, marketing and management.</p> <p>Does not meet any of the conditions defined in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. The independent director submitted his independence statements during the nomination and selection process. 2. The independent director meets all criteria listed in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies during his term as well as in the two years preceding their election. 3. Has not served as an independent director at WNC for more than three consecutive terms. 	0
Lillian Chao	<p>Lillian Chao graduated from the Computer Engineering Department at National Chiao Tung University and was previously the export manager of Acer. Currently serving as Chairman of Apex Material Technology Corp., Lillian is experienced in market assessment of the electronics industry, marketing planning, and product management. She also has expertise in risk management, business decision-making and leadership.</p> <p>Does not meet any of the conditions defined in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. The independent director submitted her independence statements during the nomination and selection process. 2. The independent director meets all criteria listed in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies during his term as well as in the two years preceding their election. 3. Has not served as an independent director at WNC for more than three consecutive terms. 	0
Rosie Yu	<p>Rosie Yu graduated from the Business Administration Department at National Taiwan University and was previously the Executive Vice President and Chief Financial Officer of Taiwan Mobile Co., Ltd. and a senior manager of many renowned domestic and international securities investment firms. She currently holds the position of consultant at Taiwan Mobile. She is familiar with industry developments and the operations of securities markets and is well-experienced in securities investment, financial management, risk management, and investor relations.</p> <p>Does not meet any of the conditions defined in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. The independent director submitted her independence statements during the nomination and selection process. 2. The independent director meets all criteria listed in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies during his term as well as in the two years preceding their election. 3. Has not served as an independent director at WNC for more than three consecutive terms. 	0

Diversification and Independence of the Board

1. Diversification of the Board:

In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, WNC has established, in Article 20 of the WNC Corporate Governance Best Practice Principles, and implemented, a diversification policy for the composition of the Board based on its own operations, operations type and development needs. Suitable directors are nominated and selected by evaluating the aspects of basic conditions and values (such as gender, age, etc.), professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience. In order to achieve the goals of corporate governance, the overall capabilities of the board of directors should include operational judgment, accounting and financial analysis, business management, crisis handling, industry knowledge, international market outlook, leadership, and decision making.

The professional backgrounds of the current nine directors of the board of WNC cover the fields of business, technology, finance, accounting, law and marketing, and they have the industry knowledge, operational judgment ability, international market concepts, leadership decision making and other capabilities required by the company. They can provide professional opinions from different perspectives and aspects to improve the company's management performance and governance quality. In addition, the current board of directors includes three female independent directors (33%), and the company will continue to strive to maintain a ratio of at least one-third female directors in the future to achieve the goal of gender diversity on the board of directors.

Diversification analysis of the directors of the board:

Name	Position	Gender	Continuous term of independent directors			Concurrently serving as WNC's executive	Age			Professional knowledge and skills			
			3 years or less	4-6 years	6-9 years		51-60	61-70	71-80	Business/Technology	Finance	Law	Risk Management
Haydn Hsieh	Chairman	Male				V		V		V			V
Jeffrey Gau	Director	Male				V	V			V			V
Frank F.C. Lin	Director and Wistron Corp. Representative	Male						V		V	V		V
Donald Hwang	Director and Wistron Corp. Representative	Male						V		V			V
Philip Peng	Director	Male							V	V	V		V
Karen Hsin	Independent Director	Female			V			V		V	V	V	V
T. Y. Lay	Independent Director	Male		V					V	V			V
Lillian Chao	Independent Director	Female	V					V		V			V
Rosie Yu	Independent Director	Female	V					V		V	V		V

2. Independence of the Board

The current board of directors of WNC consists of nine directors, including five non-independent directors (56%) and four independent directors (44%), two (22%) directors also serve as company executive officers. All independent directors meet the independence criteria and have not served more than three consecutive terms. In addition, none of the directors has a relationship within the spousal or second degree of kinship, which complies with the provisions of Paragraphs 3 and 4, Article 26-3, of the Securities and Exchange Act.

(2) President, Vice President, Associate Vice Presidents, and Key Managers Background Information

April 2, 2024; Unit: Shares

Title	Nationality	Name	Gender	Date assumed office	Shares held		Shares held by their spouses and/or minor children		Selected education and experience	Selected current positions in other companies
					Shares	%	Shares	%		
Chairman & CSO	R.O.C	Haydn Hsieh	Male	06/14/2000	7,302,435	1.5	864,268	0.18	Bachelor of Electrical Engineering, Ta-Tung Institute of Technology, Taiwan SVP & GM, Computer & Consumer BU, Acer Inc.	Corporate shareholder representative on the Wistron Corp. board of directors Director of Apacer Technology Inc. Independent Director of Raydium Semiconductor Corp. Director of aEnrich Technology Corp.
Director; President & CEO	R.O.C	Jeffrey Gau	Male	01/01/2008	2,867,299	0.59	672,238	0.14	Ph.D. in Electrical Engineering and Postdoctoral researcher at the ElectroScience Laboratory of the Ohio State University COO, VP of SatCom BU, AVP of SatCom Product Center, and Director of Antenna R&D, WNC Senior engineer, RF-Link Systems Inc.	Corporate shareholder representative on the Tai-Saw Technology Co., Ltd. board of directors
Senior Vice President & General Manager of Business Group	R.O.C	Fayu Chen	Male	04/07/2008	306,532	0.06	84,201	0.02	Ph.D. in Engineering, University of Reading, UK Associate Professor, Hwa Hsia University of Technology, Taiwan	None
Senior Vice President & General Manager of the Business Group	R.O.C	Johnson Hsu	Male	02/05/2010	861,562	0.18	111,941	0.02	Master of Electrical Engineering, National Taiwan University Sales Dept. Manager and AVP of R&D Dept., Senao International	None
Vice President & General Manager of the Business Group	R.O.C	David Tsai	Male	01/05/2019	108,568	0.02	0	0	Master of International Management, University of Texas General Manager, Accton Wireless Broadband Corp.	None
Vice President	R.O.C	Chris Hwang	Male	01/05/2017	278,545	0.06	10,718	0	Master of Electrical and Engineering, National Chiao Tung University, Taiwan Manager, Megic Corp.	None
Vice President	R.O.C	TJ Chen	Male	02/05/2010	35,748	0.01	0	0	Ph.D. in Electrical Engineering, National Taiwan University Deputy General Manager, Hexawave Inc.	None
Vice President	R.O.C	Joseph Chi	Male	11/08/2017	73,879	0.02	0	0	Ph.D. in Civil Engineering and Master of Electrical Engineering, University of South Carolina, USA Senior Manager, Cisco Systems, USA	None

Title	Nationality	Name	Gender	Date assumed office	Shares held		Shares held by their spouses and/or minor children		Selected education and experience	Selected current positions in other companies
					Shares	%	Shares	%		
Vice President	R.O.C	James Chen	Male	04/01/2021	180,039	0.04	0	0	EMBA, National Chiao Tung University, Taiwan AVP, WNC	None
Chief of Staff	R.O.C	Repus Hsiung	Male	04/05/2018	59,088	0.01	0	0	Master of Electrical Engineering, National Tsing Hua University, Taiwan VP, Keystone Microtech Corp.	None
General Plant Manager	R.O.C	Apollo Shyong	Male	04/05/2012	577,849	0.12	0	0	Master of Automatic Control Engineering, Feng Chia University, Taiwan Manager of Technical Dept. Acer	None
Chief Financial Officer	R.O.C	Jona Song	Female	01/01/2002	874,856	0.18	0	0	Bachelor of Accounting, National Chung Hsing University, Taiwan Senior Manager, Acer Computers	None
Chief Supply Chain Officer	R.O.C	Amy Hsu	Female	11/08/2017	122,502	0.03	0	0	Bachelor of Business Administration, National Chung Hsing University, Taiwan Purchasing Manager, Vate Technology Co.	None
Chief Technology Officer	R.O.C	Horen Chen	Male	11/05/2013	1,245,683	0.26	0	0	Ph.D. in Electrical Engineering, Stanford University, USA Executive Assistant to General Manager, Mstar Semiconductor	None
Associate Vice President	R.O.C	CW Sheu	Male	10/05/2018	184,299	0.04	0	0	Master of Business Management, National Sun Yat-sen University, Taiwan Product Manager, Acetron Technology Corp.	None
Associate Vice President	R.O.C	ChingLung Chen	Male	03/11/2020	45,643	0.01	0	0	Ph.D. in Electrical Engineering, University of California, Los Angeles, USA Senior AVP, FIH Mobile Limited	None
Associate Vice President	R.O.C	Kidd Huang	Male	11/11/2020	90,893	0.02	5,534	0	EMBA, Aalto University, Finland Associate Vice President, R&D, Arima Communications Corp.	None
Associate Vice President	R.O.C	Clark Chou	Male	10/05/2021	53,216	0.01	0	0	EMBA, National Yang Ming Chiao Tung University, Taiwan AVP, WNC	None
Associate Vice President	R.O.C	Luder Lu	Male	01/05/2022	84,947	0.02	0	0	Master of Computer Science, National Chiao Tung University, Taiwan Senior AVP, Alpha Networks	None
Associate Vice President	R.O.C	CC-Hsieh	Male	05/05/2022	76,649	0.02	6,063	0	Master of Electrical and Electronic Engineering, Chung Cheng Institute of Technology, Taiwan AVP, WNC	None

Title	Nationality	Name	Gender	Date assumed office	Shares held		Shares held by their spouses and/or minor children		Selected education and experience	Selected current positions in other companies
					Shares	%	Shares	%		
Associate Vice President	R.O.C	CC H Huang	Male	01/05/2023	5,524	0	0	0	Master of Computer Science, Michigan State University EMBA, Lake Forest Graduate School of Management, USA President, Jorjin Technologies Inc.	None
Associate Vice President	R.O.C	Rick Hsieh (Note 1)	Male	05/10/2023	40,823	0.01	0	0	Master of International Business, the University of Melbourne, Australia Senior Manager, Advantech Co., Ltd.	None
Associate Vice President	R.O.C	Neil Peng (Note 2)	Male	07/31/2023	201,805	0.04	11,715	0	Master of Electrical, Electronics and Communications Engineering, National Taiwan University, Taiwan AVP, WNC	None
Associate Vice President	R.O.C	Hank Tseng (Note 2)	Male	07/31/2023	83,093	0.02	0	0	Bachelor of Electronic and Computer Engineering, National Taiwan University of Science and Technology, Taiwan AVP, WNC	None
Chief Accounting Officer	R.O.C	Fion Guan (Note 3)	Female	01/01/2024	161,326	0.03	0	0	Bachelor of Accounting, Tamkang University, Taiwan AVP, WNC	None
Associate Vice President	R.O.C	Jack YC Liu (Note 1)	Male	10/05/2018	-	-	-	-	Ph.D. in Electrical Engineering, University of California, Los Angeles, USA Executive Assistant Manager, 5V Technologies, Taiwan Ltd.	None
Associate Vice President	R.O.C	Robin Wu (Note 2)	Male	04/05/2018	-	-	-	-	Master of Communication Engineering, National Taiwan University, Taiwan AVP, WNC	None

Notes:

1. Directors holding WNC shares in another's name: None
 2. Directors whose spouses or relative within the second degree of kinship are managers or directors: None
 3. Chairman and president or person holding an equivalent position (highest-level executive officer) of WNC who are the same person, or are spouses, or are within the first degree of kinship: None
- Note 1: Rick Hsieh was promoted to Associate Vice President on May 10, 2023, while Jack YC Liu resigned as Associate Vice President on the same day.
Note 2: Neil Peng and Hank Tseng were promoted to Associate Vice President on July 31, 2023, while Robin Wu resigned as Associate Vice President on the same day.
Note 3: Fion Guan was promoted to Chief Accounting Officer on January 1, 2024.

3. Remuneration of Directors, Supervisors, President, and Vice President

(1) Remuneration of Directors and Independent Directors

Dec. 31, 2023; Unit: Thousand NT\$, %

Title	Name	Remuneration						Relevant remuneration received by Directors who are also employees				Total remuneration (A+B+C+D) & ratio of total remuneration to net income (%)	Total remuneration (A+B+C+D+E+F+G) & ratio of total remuneration to net income (%) (Note 2)			Compensation received from non-consolidated affiliates or parent company						
		Base compensation (A)		Severance pay and pensions (B)		Directors' profit-sharing bonuses (C)		Payment for professional practice (D)		Salary, bonuses, and allowances (E)			Severance pay and pensions (F)		Employees' profit-sharing bonuses (G)		From all companies in the consolidated financial statements	From WNC consolidated financial statements	From all companies in the consolidated financial statements			
		From WNC consolidated financial statements	From all companies in the consolidated financial statements	From WNC consolidated financial statements	From all companies in the consolidated financial statements	From WNC consolidated financial statements	From all companies in the consolidated financial statements	From WNC consolidated financial statements	From all companies in the consolidated financial statements	From WNC consolidated financial statements	Cash		Stock	Cash	Stock							
Chairman	Haydn Hsieh																					
	Jeffrey Gau																					
	Wistron Corp. Representative: Frank F. C. Lin	0	0	0	38,476	38,476	300	300	38,776	38,776	1.02	55,722	55,722	342	342	(Note 1)	0	94,840	94,840	2.49	62,233	
	Wistron Corp. Representative: Donald Hwang																					
	Philip Peng																					
	Karen Hsin																					
	T. Y. Lay																					
	Lillian Chao (Note 3)																					
Independent Director	Rosie Yu (Note 3)	0	0	0	14,547	14,547	210	210	14,757	14,757	0.39	0	0	0	0	0	0	14,757	14,757	0.39	0	
	Neng-Pai Lin (Note 3)																					
	Michael Tsai (Note 3)																					

* Please state the policy, system, standards and structure of remunerations paid to independent directors, and describe the relevance between the directors' remunerations and factors such as their responsibilities, risks, and time invested.
1. The remuneration paid to WNC's independent directors is based on their respective degree of participation in WNC's operations, the risks they assume, and the amount of time they invest in WNC's operations. The general pay levels in the industry are also taken into consideration.

2. As the independent directors also assume roles on the Audit Committee and the Remunerations Committee (some of whom are also members of the Nominating Committee) and need to participate in the discussions and resolutions of committee meetings, their remunerations are paid no matter whether WNC is experiencing a profit or loss.

* Except for the remuneration listed in the above table, the remuneration that directors received by offering services (such as serving as a consultant instead of an employee) for their parent company or for companies (and companies that WNC has invested in) that are listed in the financial statements: None

Note 1: Not available because the list for the distribution of employees' profit-sharing bonuses was not determined as of the completion date of the annual report; if the percentage used last year is adopted, the estimated bonus will be NT\$9,008 million.

Note 2: The list for the distribution of employees' profit-sharing bonuses was not determined as of the completion date of the annual report; "Employees' profit-sharing bonuses" are excluded from the calculation for this column.

Note 3: Lillian Chao and Rosie Yu were newly elected as independent directors of WNC at the shareholders' meeting on June 7, 2023, while Neng-Pai Lin and Michael Tsai resigned after the comprehensive election of directors. at the shareholders' meeting on the same day.

A. Range of Remuneration

Range of remuneration	Name of director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G) (Note 13)	
	From WNC	From all companies in the financial statements (H)	From WNC	From WNC and its non-consolidated affiliates (I)
Under NT\$1,000,000	3 directors (Note 1)	Same as the column to the left	3 directors (Note 1)	1 director (Note 2)
NT\$1,000,000 – NT\$1,999,999	1 director (Note 3)	Same as the column to the left	1 director (Note 3)	Same as the column to the left
NT\$2,000,000 – NT\$3,499,999	2 directors (Note 4)	Same as the column to the left	2 directors (Note 4)	Same as the column to the left
NT\$3,500,000 – NT\$4,999,999	2 directors (Note 5)	Same as the column to the left	2 directors (Note 5)	Same as the column to the left
NT\$5,000,000 – NT\$9,999,999	2 directors (Note 6)	Same as the column to the left	1 director (Note 7)	
NT\$10,000,000–NT\$14,999,999	2 directors (Note 8)	Same as the column to the left	1 director (Note 9)	Same as the column to the left
NT\$15,000,000–NT\$29,999,999				2 directors (Note 10)
NT\$30,000,000–NT\$49,999,999			2 directors (Note 11)	3 directors (Note 12)
NT\$50,000,000–NT\$99,999,999				
Over NT\$99,999,999				
Total	12	12	12	12

Note 1: Michael Tsai, Wistron Corp. Representatives Frank F. C. Lin and Donald Hwang

Note 2: Michael Tsai

Note 3: Neng-Pai Lin

Note 4: Lillian Chao, Rosie Yu

Note 5: Karen Hsin, T. Y. Lay

Note 6: Jeffrey Gau, Philip Peng

Note 7: Philip Peng

Note 8: Wistron Corp., Haydn Hsieh

Note 9: Wistron Corp.

Note 10: Philip Peng, Wistron Corp. Representative Donald Hwang

Note 11: Haydn Hsieh, Jeffrey Gau

Note 12: Haydn Hsieh, Jeffrey Gau, Wistron Corp. Representative Frank F. C. Lin

Note 13: The list for the distribution of employees' profit-sharing bonuses was not determined as of the completion date of this Annual Report; "Employees' profit-sharing bonuses" are excluded from the calculation for this column.

B. Supervisors' remuneration: N/A

C. Range of Remuneration: N/A

(2) Remuneration of the Chairman, President and Vice Presidents

Dec. 31, 2023; Unit: Thousand NT\$, %

Title	Name	Salary (A)		Severance pay and pensions (B)		Bonuses and allowances (C)		Employees' profit-sharing bonuses (D)				Total remuneration (A+B+C+D) & ratio of total remuneration to net income (%) (Note 2)		Compensation received from non-consolidated affiliates or parent company
		From WNC	From all companies in the financial statements	From WNC	From all companies in the financial statements	From WNC	From all companies in the financial statements	Cash	Stock	Cash	Stock	From WNC	From all companies in the financial statements	
Chairman & CSO	Haydn Hsieh													
Director; President & CEO	Jeffrey Gau													
Senior Vice President & General Manager of Business Group	Fayu Chen													
Senior Vice President & General Manager of Business Group	Johnson Hsu	34,954	34,954	1,241	1,241	87,438	87,438	(Note 1)	0	(Note 1)	0	123,633 3.25	123,633 3.25	None
Vice President & General Manager of the Business Group	David Tsai													
Vice President	Chris Hwang													
Vice President	TJ Chen													
Vice President	Joseph Chi													
Vice President	James Chen (Note 3)													

Note 1: Not available because the list for the distribution of employees' profit-sharing bonuses was not determined as of the completion date of the annual report; if the percentage used last year is adopted, the estimated bonus will be NT\$20.178 million.

Note 2: The list for the distribution of employees' profit-sharing bonuses was not determined as of the completion date of the annual report; "Employees' profit-sharing bonuses" are excluded from the calculation for this column.

Note 3: James Chen was promoted to Vice President on January 5, 2023.

A. Range of Remuneration

Range of remuneration	Name of Executive (Note 5)	
	From WNC	From all companies in the financial statements
Under NT\$1,000,000		
NT\$1,000,000–NT\$1,999,999		
NT\$2,000,000–NT\$3,499,999		
NT\$3,500,000–NT\$4,999,999		
NT\$5,000,000–NT\$9,999,999	5 executive (Note 1)	Same as the column to the left
NT\$10,000,000–NT\$14,999,999	1 executives (Note 2)	Same as the column to the left
NT\$15,000,000–NT\$29,999,999	1 executives (Note 3)	Same as the column to the left
NT\$30,000,000–NT\$49,999,999	2 executives (Note 4)	Same as the column to the left
NT\$50,000,000–NT\$99,999,999		
Over NT\$99,999,999		
Total	9	9

Note 1: TJ Chen, David Tsai, Chris Hwang, Joseph Chi, James Chen

Note 2: Johnson Hsu

Note 3: Fayu Chen

Note 4: Haydn Hsieh, Jeffrey Gau

Note 5: The list for the distribution of employees' profit-sharing bonuses was not determined as of the completion date of the annual report; "Profit-Sharing Employee Bonuses" are excluded from the calculation for this column.

B. Names of Executive Officers Receiving Employees' Profit-Sharing Bonuses and Their Distribution:

Dec. 31, 2023; Unit: Thousand NT\$

Title	Name	Stock (Fair Market Value)	Cash	Total	Ratio of total amount to net income (%)
Chairman & CSO	Haydn Hsieh	0	37,487	37,487	0.99
Director; President & CEO	Jeffrey Gau				
Senior Vice President & General Manager of Business Group	Fayu Chen				
Senior Vice President & General Manager of Business Group	Johnson Hsu				
Vice President & General Manager of Business Group	David Tsai				
Vice President	Chris Hwang				
Vice President	TJ Chen				
Vice President	Joseph Chi				
Vice President	James Chen				
Chief of Staff	Repus Hsiung				
General Plant Manager	Apollo Shyong				
Chief Financial Officer	Jona Song				
Chief Supply Chain Officer	Amy Hsu				
Chief Technology Officer	Horen Chen				
Associate Vice President	CW Sheu				
Associate Vice President	ChingLung Chen				
Associate Vice President	Kidd Huang				
Associate Vice President	Clark Chou				
Associate Vice President	Luder Lu				
Associate Vice President	CC Hsieh				
Associate Vice President	CC H Huang (Note 1)				
Associate Vice President	Rick Hsieh (Note 2)				
Associate Vice President	Neil Peng (Note 3)				
Associate Vice President	Hank Tseng (Note 3)				
Associate Vice President	Jack YC Liu (Note 2)				
Associate Vice President	Robin Wu (Note 3)				

Note 1: CC H Huang was promoted to Associate Vice President on January 5, 2023.

Note 2: Rick Hsieh was promoted to Associate Vice President on May 10, 2023, while Jack YC Liu resigned as Associate Vice President on the same day.

Note 3: Neil Peng and Hank Tseng were promoted to Associate Vice President on July 31, 2023, while Robin Wu resigned as Associate Vice President on the same day.

Note 4: The list for the distribution of employees' profit-sharing bonuses was not determined as of the completion date of the annual report. The table is an estimation based on the percentage used last year.

(3) Analysis and Comparison of the Ratio of Total Remuneration Paid by WNC and by All Companies Included in the Consolidated Financial Statements for the Two Most Recent Fiscal Years to Directors, Supervisors, Presidents, Vice Presidents, etc. to Net Income of the Parent Company Only, and Analysis of the Remuneration Policy, Standards and Portfolios, Procedures for Determining Remuneration, and the Correlation with Business Performance and Future Risks:

A. Ratio of total remuneration paid by WNC and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, presidents and vice presidents to net income of the parent company only:

Titles	Ratio of total remuneration to net income of the parent company only (%)			
	2022		2023	
	WNC	Consolidated	WNC	Consolidated
Directors	1.33	1.33	1.41	1.41
Presidents and Vice Presidents	3.72	3.72	3.25 (Note)	3.25 (Note)

Note: The list for the distribution of employees' profit-sharing bonuses was not determined as of the completion date of the annual report. Employees' profit-sharing bonuses are excluded from the calculation for this column.

B. Payment policies for directors' and employees' profit-sharing bonuses are specified in Article 18 of WNC's Articles of Incorporation:

"If WNC shows an annual profit (the profit herein indicates the pretax profit without deducting the profit-sharing bonuses for employees and directors), the profit will be appropriated in accordance with the following. However, the amount to make up any accumulated losses shall be set aside:

- a. No less than 5% as employee profit-sharing bonuses; where such profit-sharing bonuses are distributed by shares or as cash, employees' of controlled companies, with qualifications set by the Board of Directors, can be included;
- b. No more than 1% as directors' profit-sharing bonuses in cash".

C. WNC's remuneration for directors is determined with reference to the company's overall operating performance, potential management risks and development trends of the industry, and reasonable compensation is paid on the basis of directors' participation in and contribution to the company's operations. The relevant performance appraisals and remuneration rationale have been reviewed by the Remuneration Committee and the Board of Directors, and the remuneration scheme will be reviewed depending on the actual operating conditions and relevant laws in order to maintain a balance between the company's sustainable operation and risk management.

D. WNC's remuneration for executive officers includes regular payments such as salaries, fixed bonuses, and other welfare and variable items such as performance-related bonuses, employees' profit-sharing bonuses (in cash and/or stock), stocks (RSA, treasury stocks, employee stock ownership trust), and stock options. Regular payments are determined based on the average levels within the industry to maintain WNC's competitiveness. Payment of variable items is determined based on WNC's profit performance and the performance of each employee. A higher ratio of variable items to annual remuneration indicates a better performance of WNC and each employee. Performance evaluations are conducted based on the achievement rate of annual operation goals, profit rate, growth rate, operation benefits, and future potential. The evaluation standards, goals, and weighting are specified at the beginning of each year based on the internal and external operating environment. Issuance of variable items shall be determined according to evaluation results and the current remuneration status of related industries and shall be assessed and approved by the Remuneration Committee before requesting the Board's approval before issuing the variable items.

4. Corporate Governance

(1) Board of Directors Meeting Attendance Record

A total of six board meetings were held in 2023. The directors' attendance record is as follows.

Title	Name	Attendance in person	By proxy	Attendance rate in person (%)	Remarks
Chairman	Haydn Hsieh	6	0	100	
Director	Wistron Corp. Representative; Frank F.C. Lin	6	0	100	
Director	Wistron Corp. Representative; Donald Hwang	6	0	100	
Director	Jeffrey Gau	6	0	100	
Director	Philip Peng	6	0	100	
Independent Director	Karen Hsin	5	1	83	
Independent Director	T. Y. Lay	6	0	100	
Independent Director	Lillian Chao	3	1	75	Note 1
Independent Director	Rosie Yu	4	0	100	Note 1
Independent Director	Neng-Pai Lin	2	0	100	Note 2
Independent Director	Michael Tsai	1	1	50	Note 2

Note 1: Lillian Chao and Rosie Yu were newly elected as independent directors at the shareholders' meeting on June 7, 2023, thus they are required to attend four times.

Note 2: Neng-Pai Lin and Michael Tsai resigned as independent directors upon the completion of their terms, thus they are required to attend two times.

Other items of note:

1. If one of the situations below occurs during a meeting, the Board of Directors should specify the date of the meeting, session, content of the motion, each independent director's opinion, and the Company's response to the independent directors' opinions:
 - (1) Items listed in Article 14-3 of the Securities and Exchange Act: Not applicable as WNC has already established an Audit Committee. Refer to the "Audit Committee Meeting Attendance Record" section in this report for relevant information.
 - (2) Except for the above, other resolutions that the independent director objected to or subjected to qualified opinion and recorded or declared in writing: None

2. If directors recuse themselves from voting on a motion due to a conflict of interest, the directors' names, content of the motion, reason for recusal and voting status should be specified:

Meeting	Name of director	Content of motion	Recusal and voting status
2023 1 st board meeting 03/10/2023	Haydn Hsieh, Jeffrey Gau	Proposal to adjust the salaries of the Chairman & CSO and the President & CEO in 2023	Except for the Chairman Haydn Hsieh, and the CEO Jeffrey Gau, who are also executive officers of the company, which means they are excluded from taking part in this discussion and voting in accordance with Article 15 of the Rules and Procedures of the Board of Directors Meeting, all present board members agreed to the motion upon the acting chairman's inquiry.
2023 4 th board meeting 07/31/2023	Haydn Hsieh, Jeffrey Gau	Proposal regarding the distribution of executive officers' profit-sharing bonuses in 2022	Except for the Chairman Haydn Hsieh, and the CEO Jeffrey Gau who are also executive officers of the company, which means they are excluded from taking part in this discussion and voting in accordance with Article 15 of the Rules and Procedures of the Board of Directors Meeting, all present board members agreed to the motion upon the acting chairman's inquiry.
2023 5 th board meeting 11/01/2023	Haydn Hsieh, Jeffrey Gau	Proposal regarding the list and the number of restricted stock awards (RSAs) in 2023	Except for the Chairman Haydn Hsieh, and the CEO Jeffrey Gau, who are also executive officers of the company, which means they are excluded from taking part in this discussion and voting in accordance with Article 15 of the Rules and Procedures of the Board of Directors Meeting, all present board members agreed to the motion upon the acting chairman's inquiry.
2023 6 th board meeting 12/20/2023	Haydn Hsieh, Jeffrey Gau	Proposal regarding managerial officers performance bonus distribution in 2023	Except for the Chairman Haydn Hsieh, and the CEO Jeffrey Gau, who are also executive officers of the company, which means they are excluded from taking part in this discussion and voting in accordance with Article 15 of the Rules and Procedures of the Board of Directors Meeting, all present board members agreed to the motion upon the acting chairman's inquiry.
		Proposal regarding the establishment of the corporate director representatives' remuneration payment policy	
		Proposal regarding the remuneration payment of corporate director representatives in 2022	

3. Information regarding the evaluation frequency, period, scope, methods and items of the self-assessment (or peer assessment) of the BOD should be disclosed by TWSE/TPEX Listed Companies.

Category	Evaluation frequency	Evaluation period	Evaluation scope	Evaluation methods	Evaluation items
Self-evaluation	Once a year	Jan. 1, 2023 to Dec. 31, 2023	The Board of Directors and each member of the board	Internal reviews and self-assessments of the BOD and each member of the board	<ul style="list-style-type: none"> Performance evaluation of the Board includes five aspects: (1) involvement in the Company's operations, (2) quality of decisions made by the Board, (3) the composition and structure of the Board, (4) election of Board members, and (5) continuous learning and implementation of internal controls. Performance evaluation of each board member includes five aspects: (1) understanding of the Company's goals and missions, recognition of a director's responsibilities, (2) involvement in the Company's operations, (3) establishment of internal relationships and communications, (4) professionalism of the member, and (5) continued learning and implementation of internal controls.
Self-evaluation	Once a year	Jan. 1, 2023 to Dec. 31, 2023	Audit Committee and each member of the committee	Internal reviews and self-assessments of Audit Committee and each member of the committee	<ul style="list-style-type: none"> Performance evaluation of Audit Committee and their individual members include five aspects: (1) involvement in the Company's operations, (2) understanding of the Audit Committee's responsibilities, (3) quality of decisions made by the Audit Committee, (4) composition of the committee and election of members, and (5) implementation of internal controls.
Self-evaluation	Once a year	Jan. 1, 2023 to Dec. 31, 2023	Remuneration Committee and each member of the committee	Internal reviews and self-assessments of Remuneration Committee and each member of the committee	<ul style="list-style-type: none"> Performance evaluation of Remuneration Committee and their individual members include five aspects: (1) involvement in the Company's operations, (2) understanding of the Remuneration Committee's responsibilities, (3) quality of decisions made by the Remuneration Committee, (4) composition of the committee and election of members, and (5) implementation of internal controls.
External evaluation	Once every three years	Oct. 1, 2022 to Sept. 30, 2023	Board of Directors	Commissioned an independent, professional external agency, Taiwan Corporate Governance Association, to conduct a performance evaluation of the Board of Directors.	<ul style="list-style-type: none"> The Taiwan Corporate Governance Association evaluates the performance of the BOD based on eight aspects: (1) the composition of the Board, (2) guidance provided by the Board, (3) authorization from the Board, (4) supervision by the Board, (5) Board communication skills, (6) internal control and risk management, (7) self-discipline of the Board, and (8) other factors such as board meetings and support systems. This evaluation is conducted through open-ended questionnaires and on-site interviews, with evaluation reports issued.

4. Evaluation of the goals and implementations of functional improvements made by the Board of Directors in the current and recent years:
- (1) In 2023, WNC commissioned the Taiwan Corporate Governance Association to conduct an external performance evaluation of the Board of Directors, and the evaluation results were submitted to the Board of Directors on March 6, 2024.
 - (2) In order to comply with the development direction of corporate governance and enhance the functions of the Board of Directors, WNC established the Nominating Committee Charter and the Nominating Committee on November 1, 2023. The primary duties of the committee include selecting and assessing candidates for board members, executive officers, and members of committees under the Board of Directors, formulating and reviewing regulations relating to the establishment, duties and operations of committees under the Board of Directors, and formulating and implementing continuous learning plans for directors.
 - (3) Refer to the following parts in the “Corporate Governance” section of this report for relevant information:
 - a. Audit Committee Meeting Attendance Record,
 - b. Corporate Governance and Discrepancies between Actual Corporate Governance and the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reason for the Discrepancy,
 - c. Composition, Responsibilities, and Operations of the Remuneration Committee, and
 - d. Composition, Responsibilities, and Operations of the Nominating Committee

(2) Audit Committee Meeting Attendance Record

The WNC Audit Committee comprises all four independent directors as its committee members. The committee shall convene a meeting each quarter before the Board of Directors meets to review WNC internal control systems, the implementation of internal audits, and any significant financial operations to practically supervise enterprise operations and provide risk control. The committee will communicate with Certified Public Accountants.

A. Review items in 2023:

- Reviewing financial reports quarterly and annually
- Modifying the internal control system and assessing its effectiveness
- Establishing non-assurance services pre-approval policy
- Reviewing significant asset transactions and investment cases
- Reviewing the placement and issuance of equity-type securities
- Reviewing CPA appointments and remuneration
- Reviewing the 2024 annual audit plan
- Reviewing the list of personnel who received restricted stock awards and are not executive officers as well as the amount of stock they received.
- Changing WNC's Controller

B. Audit Committee Members Attendance Status

A total of five Audit Committee meetings were held in 2023:

Title	Name	Attendance in person	By proxy	Attendance rate in person (%)	Remarks
Independent Director	Karen Hsin	5	0	100	
Independent Director	T. Y. Lay	5	0	100	
Independent Director	Lillian Chao	2	1	67	
Independent Director	Rosie Yu	3	0	100	
Independent Director	Neng-Pai Lin	2	0	100	
Independent Director	Michael Tsai	1	1	50	

Note 1: Lillian Chao and Rosie Yu were newly elected as independent directors and audit committee members at the shareholders' meeting on June 7, 2023, thus they are required to attend three times.

Note 2: Neng-Pai Lin and Michael Tsai resigned upon the completion of their terms, thus they are required to attend two times.

Other items of note:

1. The Audit Committee should specify the date of the Audit Committee meeting, session, content of the motion, items that independent directors objected to, subjected to qualified opinion, or presented key recommendations on, the decision of the Audit Committee, and the Company's response to the Audit Committee's opinion when one of the below situations occur during the meeting:

(1) Items listed in Article 14-5 of the Securities and Exchange Act:

Audit Committee meeting	Content of motion	Items that independent directors objected to, subjected to qualified opinion, or presented key recommendations on	Decision of the Audit Committee and the Company's response to the Audit Committee's opinion
The 12 th meeting of the 4 th session 03/10/2023	<ul style="list-style-type: none"> • WNC's 2022 business report and financial statements • Proposal for distribution of WNC's 2022 profits • Proposal for the issuance of restricted stock awards (RSAs) to key employees • Proposal for hiring of qualified CPAs from KPMG to serve as auditors for WNC's 2023 Annual Report as well as audit WNC's audit fees in 2023. • Proposal for amendments to certain parts of the guidelines on the internal control system, related control operations and audit items • Proposal for 2022 internal control system statement 	None	After the approval of all Audit Committee members, the motion was submitted to the Board of Directors and approved by all directors present
The 13 th meeting of the 4 th session 05/10/2023	<ul style="list-style-type: none"> • WNC's 2023 Q1 consolidated financial statement • Proposal for the 2023 issuance of new shares to increase cash capital • Proposal for the fourth issuance of domestic unsecured convertible corporate bonds 		
The 1 st meeting of the 5 th session 07/31/2023	<ul style="list-style-type: none"> • WNC's 2023 Q2 consolidated financial statement • Proposal for amendments to internal control mechanism for the stock affairs unit 		
The 2 nd meeting of the 5 th session 11/01/2023	<ul style="list-style-type: none"> • WNC's 2023 Q3 consolidated financial statement • Proposal for WNC's 2024 annual audit plan 		
The 3 rd meeting of the 5 th session 12/20/2023	<ul style="list-style-type: none"> • Proposal for investment of up to US\$25,000,000 to establish a new US subsidiary of WNC • Proposal to change WNC's Controller 		

(2) Except for the above, other resolutions that have not been ratified by the audit committee but have been approved by more than two thirds of the directors: None

2. If independent directors recuse themselves from voting on motions due to conflicts of interest, their names, content of motions, reasons for recusal and voting status should be specified: None

3. Descriptions of the communications between the independent directors, the internal auditors and the CPAs (which should include the material items, measures, and audit results of corporate finance and business operations):

(1) Communications between the independent directors and the internal auditors:

The independent directors received monthly audit reports. The internal auditors presented the findings of their audit reports, and communicated the status of follow-up implementation to members of the Audit Committee at their quarterly meetings.

Independent directors and internal auditors have communicated well. The main issues communicated in 2023 are presented as follows:

Audit Committee meeting	Summary of the main issues
The 12 th meeting of the 4 th session 03/10/2023	<ul style="list-style-type: none"> • Reviewed the findings of the 2022 Q4 audit reports • Reviewed the results of the 2022 internal control self-assessment reports • Reviewed and approved the 2022 internal control system statement • Reviewed and approved revisions to certain parts of the guidelines on the internal control system, related control operations and audit items
The 13 th meeting of the 4 th session 05/10/2023	<ul style="list-style-type: none"> • Reviewed the findings of the 2023 Q1 audit reports
The 1 st meeting of the 5 th session 07/31/2023	<ul style="list-style-type: none"> • Reviewed the findings of the 2023 Q2 audit reports • Reviewed and approved the revised internal control mechanism for the stock affairs unit
The 2 nd meeting of the 5 th session 11/01/2023	<ul style="list-style-type: none"> • Reviewed the findings of the 2023 Q3 audit reports • Reviewed and approved the 2024 annual audit plan

Results: Communication matters between the independent directors and the internal auditors were reviewed or approved by the Audit Committee, with no objections from the independent directors.

(2) Communications between the independent directors and the CPAs:

The CPAs presented the findings of their quarterly review and audit results on corporate finances at the quarterly meetings of the Audit Committee. Under applicable laws and regulations, the independent auditors communicated with the Audit Committee immediately following any adjustments made as suggested at the meetings.

Independent directors and CPAs have communicated well. The main issues communicated in 2023 are presented as follows:

Audit Committee meeting	Summary of the main issues
The 12 th meeting of the 4 th session 03/10/2023	<ul style="list-style-type: none"> • The CPAs presented the findings of the 2022 annual review on corporate finances, business performance, key audit items, and changes in accounting policy; • Explained KPMG audit quality indicators (AQI); • Reported on the latest regulatory changes and compliance matters; • Established WNC’s non-audit services pre-approval policy; and • Answered questions raised by the Audit Committee
The 13 th meeting of the 4 th session 05/10/2023	<ul style="list-style-type: none"> • The CPAs presented the findings of the 2023 Q1 review on corporate finances, business performance, and changes in accounting policy; • Reported on the latest regulatory changes and compliance matters; and • Answered questions raised by the Audit Committee
The 1 st meeting of the 5 th session 07/31/2023	<ul style="list-style-type: none"> • The CPAs presented the findings of the 2023 Q2 review on corporate finances, business performance, and changes in accounting policy; • Reported on the latest regulatory changes and compliance matters; and • Answered questions raised by the Audit Committee
The 2 nd meeting of the 5 th session 11/01/2023	<ul style="list-style-type: none"> • The CPAs presented the findings of the 2023 Q3 review on corporate finances, business performance, and changes in accounting policy; • Detailed the 2023 financial statement audit plan; and • Answered questions raised by the Audit Committee

Results: The 2022 and 2023 quarterly financial statements have been reviewed and approved by the Audit Committee and reported to the Board of Directors, with no objections from the independent directors.

(3) Corporate Governance and Discrepancies between Actual Corporate Governance and the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reason for the Discrepancy

Evaluation item	Implementation status			Discrepancies /reasons
	Yes	No	Summary	
1. Does the company establish and disclose its own corporate governance best practice principles based on the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	✓		WNC has established corporate governance best practice principles based on the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and has disclosed the principles through the MOPS. The principles are established for carrying out corporate governance and to maximize shareholder profits and sustainability in corporate operations.	None
2. Shareholding structure and shareholders’ rights				None
(1) Does the company establish an internal process for handling shareholders’ proposals, questions, disputes, and lawsuits?	✓		(1) WNC has designated the Shareholder Services Office (TEL: +886-2-6600-7998) to handle shareholders’ proposals and disputes.	
(2) Does the company maintain information on the identities of major shareholders and their ultimate controlling persons?	✓		(2) WNC maintains lists of the major shareholders and their ultimate controlling persons. Changes in the amount of shares held by its directors, officers, and major shareholders are disclosed regularly according to government regulations.	
(3) Does the company establish and implement a risk control mechanism and firewalls between the company and its affiliates?	✓		(3) WNC has established the appropriate risk control mechanisms and firewalls according to regulations and internal rules, such as “Related Party Transaction Management Procedures,” “Regulations governing business and financial dealings with specific companies and conglomerates,” “Regulations Governing Supervision and Management of Subsidiaries,” “Procedures Governing Endorsements and Guarantees,” “Procedures Governing Loaning of Funds,” and “Procedures for Acquisition or Disposal of Assets.”	
(4) Does the company establish internal regulations to prevent insider trading?	✓		(4) WNC has established procedures to prevent WNC insiders from conducting securities trading based on non-public information. In the second quarter of each year, WNC provides training for its employees on topics such as avoiding conflicts of interest and prevention of insider trading. In addition, WNC emphasizes training in anti-insider trading regulations in onboarding programs for new hires. WNC provides information on regulations relating to insider trading to newly elected directors and executive officers to raise their awareness and sends e-mail messages to remind them of said regulations during disclosures of important financial information, so as to ensure the implementation of insider trading prevention policies. When the Board of Directors amended the Corporate Governance Best Practice Principles and the Procedures for Prevention of Insider Trading during the board meetings on March 9, 2022 and December 21, 2022, respectively, an amendment was added stating that WNC directors and executive officers shall not trade WNC stock within 30 days before the announcement of the Annual Report or within 15 days before the announcement of a quarterly financial statement. After the board meetings, directors and executive	

Evaluation item	Implementation status		Discrepancies /reasons
	Yes	No	
			officers were reminded of related regulations. WNC also provides a reminder to its directors and executive officers about related regulations prior to the close period before the announcement of a quarterly financial statement in 2024.
3. Composition and duties of Board of Directors			
(1) Has the Board of Directors established and implemented plans to diversify the composition of its members?	✓		(1) Director diversification: WNC has established, in the WNC Corporate Governance Best-Practice Principles, and implemented a diversification policy for the composition of the Board. Suitable directors are selected according to their diverse professional competencies and experience. Please refer to Note 1 and content relating to director diversification on page 17 for the specific management objectives and implementation of a diversification policy for board members.
(2) Does the company spontaneously set up functional committees other than the Remuneration Committee and Audit Committee required by law?	✓		(2) Other than the Remuneration Committee and Audit Committee required by law, WNC has also set up a Nominating Committee under the Board of Directors, the duties of which include selecting and assessing candidates for board members, executive officers, and members of committees under the Board of Directors, formulating and reviewing regulations relating to the establishment, duties and operation of committees under the Board of Directors, and formulating and implementing continuing learning plans for directors.
(3) Does the company establish performance evaluation measures/methods for the Board of Directors and conduct regular, annual evaluations, report the performance evaluation results to the Board of Directors, and use such as a reference for the remuneration and nomination for a second term for each independent director?	✓		(3) To strengthen corporate governance, enhance the functions of the Board of Directors, and improve the efficiency of the Board, WNC has established Regulations Governing Evaluation of the Board and Functional Committees, based on which the Board conducts an annual performance evaluation for the Board (including functional committees). The evaluation period runs from January 1 to December 31 of any given year, and an evaluation report is presented to the Board before the end of the first quarter of the following year. In addition, WNC commissions an independent, professional external agency or a group composed of external experts/scholars at least once every three years to conduct a performance evaluation on the Board of Directors. In 2023, WNC commissioned the Taiwan Corporate Governance Association to conduct an external performance evaluation of the Board of Directors. In the evaluation, WNC received positive feedback on the composition of its Board of Directors, the procedures for its board meetings, and development in a number of areas regarding corporate governance, and the evaluation results were submitted to the Board of Directors on March 6, 2024. For details on the results of the performance evaluation, go to the WNC website (www.wnc.com.tw) then go to Investor Relations → Board of Directors. WNC completed the 2023 performance evaluation for the Board (including functional committees) on February 7, 2024. In the evaluation, the Board of Directors obtained a score of 98.44, the Audit Committee obtained a score of 98.13, and the Remuneration Committee obtained a score of 98.63. All of these scores exceeded standards, and the results were submitted to the Board on March 6, 2024 to serve as a reference for the Board's continuous improvement of its functions, remuneration setting for the Board and the

Evaluation item	Implementation status		Discrepancies /reasons
	Yes	No	
(4) Does the company conduct regular evaluation of the independence of the CPA?	✓		functional committees, and nomination for directors to serve the next term. (4) WNC's Audit Committee and the Board of Directors annually evaluate the independence and competence of CPAs based on the evaluation items listed in Note 2, and request CPAs to submit a Confirmation Letter of Independence and Audit Quality Indicators (AQIs) every year. The hiring processes and fee negotiation with CPAs shall begin only after confirmation of their compliance with the related independence and competence requests. The evaluation results of the most recent year have been submitted to the Audit Committee and the Board of Directors' meetings held on March 6, 2024 for review and were approved during both meetings. Refer to Note 2 for evaluation items regarding the CPA's independence and competence.
4. Does the company assign an appropriate number of competent personnel and appoint a corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors in legal compliance, handling matters relating to board meetings and shareholders' meetings according to the law, and producing minutes of board meetings and shareholders' meetings)?	✓		WNC's CFO, who was appointed as the corporate governance officer at the board meeting held on May 5, 2021, is in charge of corporate governance affairs. The corporate governance officer will be responsible for furnishing information required for business execution by directors, monitoring awareness and compliance with relevant regulations, producing minutes of board meetings and shareholders' meetings, and assisting onboarding and continuous development of directors. Refer to Note 3 for details on the courses completed by WNC's corporate governance officer. 2023 corporate governance affairs handled: (1) Helped furnish information required for business execution by directors, and arranged required courses. (2) Helped with matters relating to board meetings and shareholders' meetings, and compliance with relevant regulations. (3) Gave seven days' notice prior to each board meeting, convened meetings and prepared meeting information. Reminded directors ahead of time when there were conflict of interest issues. Produced meeting minutes within 20 days of each board meeting. (4) In accordance with applicable laws, completed shareholders' meeting registration, meeting notices, handbooks and minutes before their respective deadlines. (5) Reported evaluation results on whether the qualifications of independent directors complied with relevant laws and regulations during nomination and election processes and when the directors were serving their terms. (6) Conducted an internal performance evaluation on the Board of Directors and functional committees. (7) Commissioned the Taiwan Corporate Governance Association to conduct an external performance evaluation of the Board of Directors.
5. Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), create a stakeholders section on its company website, and respond to stakeholders'?	✓		WNC has established appropriate communication channels with suppliers, customers, banks, investors, and other stakeholders to closely follow issues of concern to stakeholders. Communication between different types of stakeholders are included in the "Corporate sustainable development implementation plans and achievements" proposal and submitted to the Board on a regularly basis every year. For more details please refer to the stakeholder engagement section of WNC's 2023 Sustainability report and the ESG page of WNC's website.

Evaluation item	Implementation status		Discrepancies /reasons
	Yes	No	
questions on corporate responsibilities?			
6. Does the company engage a professional agency to handle shareholder services relating to the annual shareholders' meeting?	✓		WNC has a shareholder services office providing shareholder services relating to the annual shareholders' meeting.
7. Disclosure of information (1) Does the company utilize a website to disclose finance, operational, and corporate information? (2) Are there other means of disclosing information (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, and webcasting investors' conference)? (3) Does the company publicly announce and register with the Competent Authority its financial reports within two months of the close of each fiscal year, and announce and register with the Competent Authority its first, second, and third quarter's financial results and the operating status of each month before the specified deadline?	✓ ✓ ✓		(1) WNC has set up a website with information on finance and operations. Related information is also disclosed on the MOPS according to government regulations. (2) WNC has information disclosed in both Chinese language and English language websites, and has assigned Jona Song (CFO) as the chief spokesperson and Molly Lin (Chief Sustainability Officer) as the acting spokesperson to handle information collection and disclosure. (3) WNC announces and registers with the Competent Authority its financial reports, quarterly financial results, and the operating status each month on the MOPS before the specified deadline and uploads the same information on the company website.
8. Are there other important discourses that help shareholders to understand the enforcement of corporate governance of the company (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	✓		(1) The recruitment policies of WNC conform to government regulations. All employees have equal rights and development opportunities in WNC. Employees are required to adhere to the company's code of conduct. High-quality corporate culture and work environment are created to ensure that employees are free from discrimination. (2) WNC signs purchasing contracts with suppliers to protect mutual rights. Those contracts signed since October 2013 include a compliance statement to meet WNC's Supplier CSR relevant regulations. (3) Please refer to Note 3 for the training courses that WNC's directors and executive officers attended. (4) Implementation of risk management policies and risk evaluation measures: WNC manages its operations risk in accordance with its existing organizational structure and internal management systems. All business and functional units within WNC conduct risk identification in a number of aspects based on the duties of their unit and formulate management strategies and response measures for the prevention, reduction or transfer or risks. Internal audit personnel also conduct regular audits to improve risk management.

Evaluation item	Implementation status		Discrepancies /reasons
	Yes	No	
			<p>(5) Implementation of customer relations policy: WNC maintains stable and close relationships with customers to obtain stable and reasonable profits.</p> <p>(6) WNC has purchased liability insurance for directors and other key employees.</p> <p>(7) When conducting succession planning and selecting succession candidates for board members, WNC takes into account future strategy development and operation plans, diversity requirements for member composition, and the background diversity and independence standards for board members, which include factors such as professional knowledge, technical know-how, experience, and gender. WNC organizes regular talent development meetings in accordance with its three to five year strategic and operational plans to assess its talent inventory, with the aim of establishing talent development strategies and talent selection/cultivation/retention plans for personnel (and their successors) in key positions. Reviews and discussions on talent development progression are also regularly conducted.</p> <p>To improve the skills of high-ranking managers, WNC works with specialists and academic experts from outside WNC and conducts industry benchmarking to enable its high-ranking managers to look at diverse/dynamic competition from strategic perspectives. In addition, WNC has implemented individual development plans (IDP) and on-boarding plans, established a learning platform (training provided by the platform includes designating people to lead important integrated projects, manage overseas branches, and participate in board meetings), provided one-on-one instruction, and organized high-level external training courses for high-ranking managers, with the goal of helping them develop high-level professional management and leaderships skills and assisting them in their new work responsibilities.</p> <p>(8) Intellectual property risk management: In order to protect R&D resources, maintain a spirit of innovation, strengthen competitive advantages, and boost the company's profitability, WNC's operational objectives are integrated with an intellectual property strategy and a risk management mechanism that ensures operational sustainability.</p> <p>a. Intellectual property strategy</p> <ul style="list-style-type: none"> • Develop and accumulate intellectual property, construct a defensive network to protect WNC, its customers and its suppliers. • Deploy core technological intellectual property, strengthen attack capabilities, and raise the competitive threshold. • Seek out key technologies to license and leverage, form alliances with technological pioneers. • Revitalize intellectual property in order to gain financial benefit. <p>b. Intellectual property risk controls</p> <ul style="list-style-type: none"> • Business contracts stipulate intellectual property guarantee clauses and scope of responsibility. • Where appropriate risk is transferred to suppliers in the supply chain. • Construct an intellectual property infringement handling mechanism. • Allocate intellectual property reserves reasonably in response to litigation risks.

Evaluation item	Implementation status		Discrepancies /reasons
	Yes	No	
			<ul style="list-style-type: none"> • Strategic acquisition of required licensing or technical alliances • Execute patent monitoring of specific targets and technologies c. Intellectual property management plan and execution status for 2023: <ul style="list-style-type: none"> • Won the 2023 Hsinchu Science Park R&D Accomplishment Award • Designed the WNC Patent Classroom series of training courses for R&D personnel. The courses include A Beginner’s Guide to Patents, How to Use Patent Search Systems, How to Submit a Patent Application + FAQ and Patent Mental Models that R&D Personnel Should Know – Part 1. Additional courses will be added in the future to flesh out the series. • Established a patent management system to evaluate benefits and manage patent applications and costs • 241 new patent applications, all of which are invention patents • Annual selection and recognition of remarkable software and outstanding patents to encourage employees in their innovation efforts. Employees are also encouraged to submit papers to showcase WNC’s R&D capabilities, with employees submitting the best papers receiving rewards. • The Intellectual Property Rights Management Measures, General Guidelines on Rewards for Invention and Innovation, and General Guidelines on Rewards for Invention and Innovation for China Sites have been adopted at WNC HQ, WNC sites in the US, and WNC sites in Kunshan respectively. • Intellectual property achievements: by year-end 2023 WNC held a total of 2,338 patents worldwide; in 2023 alone 135 patents were awarded to the company, and the company was also granted the most patents in the domestic network and communications industry. • Protection of intellectual property and trade secrets are part of compulsory training courses for new employees. In addition, every year all employees receive related training. Patent-related training courses are organized in Q2 and Q4 each year for new R&D personnel. In 2023 14,224 employees received training for a combined total of 4,153 hours. • WNC reports its management plan and execution status for the current year to the BOD in the BOD meeting in the fourth quarter of every year. WNC reported its 2023 management plan and execution status to the BOD on December 20, 2023. <p>(9) For more details, please refer to WNC’s Sustainability Report.</p>
<p>9. Please describe the improvements made in response to the most recent corporate governance assessment results published by the Taiwan Stock Exchange and provide the priority items and measures for deficiencies that are not yet addressed.</p> <p>(1) WNC has conducted a corporate governance self-assessment for year 2023 based on the regulations of the Taiwan Stock Exchange. The results indicate that WNC’s performance ranked among the top 6% to 20% of all companies.</p> <p>(2) In 2023, WNC commissioned the Taiwan Corporate Governance Association to conduct an external performance evaluation of the Board of Directors, and the evaluation results were submitted to the Board of Directors in the first quarter of 2024.</p> <p>(3) WNC established a Nominating Committee on November 1, 2023. The primary duties of the committee include selecting and assessing candidates for board members, executive officers, and members of committees under the Board of Directors, formulating and reviewing regulations relating to the establishment, duties and operation of</p>			

Evaluation item	Implementation status		Discrepancies /reasons
	Yes	No	
committees under the Board of Directors, and formulating and implementing continuous learning plans for directors.			
(4) WNC will continue to cooperate with the competent authorities with regard to implementation and improvement of the corporate governance assessment in the future.			

Note 1: The management goals stated in WNC's diversification policy for its Board of Directors and the implementation status of these goals are listed in the table below:

Goals	Status of achievement
The number of directors who concurrently serve as executive officers in WNC does not exceed one-third of the total number of directors.	Goal achieved
At least one-third of board members are female.	Goal achieved
Independent board members do not serve for more than three terms.	Goal achieved
There are board members with inter-disciplinary expertise.	Goal achieved
The number of independent board members exceeds the number stipulated by law.	Goal achieved

Note 2: Independence and competence of the CPA and KPMG's AQI

1. Evaluation of independence

No.	Evaluation items	Complied
1	The appointed accountants have served as the audit accountants to WNC for no more than seven years.	✓
2	The appointed accountants do not have direct or indirect pecuniary interest in WNC.	✓
3	The appointed accountants and WNC do not have any inappropriate stakeholder relationships.	✓
4	The accountants or the audit team members have not served as directors or executive officers, or held influential positions in audit cases at WNC in the past two years.	✓
5	The appointed accountants do not permit others to practice under their name.	✓
6	The appointed accountants and the audit team members do not hold shares in WNC.	✓
7	The appointed accountants have no debtor/lender relationships with WNC.	✓
8	The appointed accountants have no relationships of collective investment or profit sharing with WNC.	✓
9	The appointed accountants are not employed by WNC to perform routine work in exchange for a fixed salary or serve as directors.	✓
10	The non-audit services provided by the appointed accountants have no direct influence on material items of audit cases.	✓
11	The appointed accountants are not spouses, lineal relatives, direct relatives by marriage, or collateral relatives within the second degree of kinship of any responsible person or managerial officer of WNC.	✓
12	The appointed accountants have not received any business-related commissions.	✓

2. Evaluation of competence

No.	Evaluation items	Complied
1	No violations of Article 6 or Article 14 of the Certified Public Accountant Act.	✓
2	The accountants have no record of disciplinary infractions with the CPA Disciplinary Committee within the past two years.	✓
3	The accounting firm has sufficient scale, resources and regional coverage to handle audit services for WNC.	✓
4	The accounting firm has proper quality control procedures. The aspects covered include the levels and main points of the inspection process, the means of handling audit issues and executing judgment, independent quality control inspections, and risk management.	✓
5	The accounting firm timely informs the management of the company of any significant issues and developments in risk management, corporate governance, financial accounting and related risk controls.	✓

3. Audit Quality Indicators (AQI)

Aspect	Evaluation items	Complied
Professionalism	Audit experience Do CPAs and senior auditors possess sufficient audit experience to perform their tasks?	✓
	Training hours Do CPAs and senior auditors receive sufficient training every year to continually acquire professional knowledge and skills?	✓
	Attrition rate Does the accounting firm maintain sufficient senior staff?	✓
	Professional support Does the accounting firm have sufficient professional experts to support audit teams?	✓
Quality Control	Workload Is the workload of CPAs reasonable and not excessive?	✓
	Involvement Is the audit team's involvement in each audit phase appropriate?	✓
	EQCR Do EQC reviewers spend sufficient time on reviewing cases being audited?	✓
	Quality supporting capacity Does the accounting firm have sufficient quality control staff to support audit teams?	✓
Independence	Non-audit service (NAS) fees The proportion of NAS fees is reasonable and does not affect the accounting firm's independence.	✓
	Familiarity The audit firm tenure is not excessively long and does not affect the firm's independence.	✓
Monitoring	External inspection results & enforcement Does the accounting firm comply with related regulations and standards concerning quality control and auditing?	✓
	Number of official improvement letters issued by the authority Does the accounting firm comply with related regulations and standards concerning quality control and auditing?	✓
Innovation	Innovative planning or initiatives The accounting firm has undertaken appropriate planning or initiatives to improve audit quality.	✓

Note 3: Directors' and executive officers' training records in 2023

Title	Name	Date of training	Hosted by	Course title	Hours
Chairman & CSO	Haydn Hsieh	09/22/2023	Taiwan Corporate Governance Association	Winning the Future: Key Global ESG Trends and Case Studies	3
		09/22/2023	Taiwan Corporate Governance Association	Keys for Enhancing the Performance of the Board of Directors	3
Director, Wistron Corp. Representative	Frank F.C. Lin	09/22/2023	Taiwan Corporate Governance Association	Winning the Future: Key Global ESG Trends and Case Studies	3
		09/22/2023	Taiwan Corporate Governance Association	Keys for Enhancing the Performance of the Board of Directors	3
		08/17/2023	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
		07/04/2023	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit	6
		06/02/2023	Chinese National Association of Industry and Commerce, Taiwan	2023 Taishin Net Zero Summit: Go Towards Green Energy	3
Director, Wistron Corp. Representative	Donald Hwang	09/22/2023	Taiwan Corporate Governance Association	Winning the Future: Key Global ESG Trends and Case Studies	3
		09/22/2023	Taiwan Corporate Governance Association	Keys for Enhancing the Performance of the Board of Directors	3
Director, President & CEO	Jeffrey Gau	09/22/2023	Taiwan Corporate Governance Association	Winning the Future: Key Global ESG Trends and Case Studies	3
		09/22/2023	Taiwan Corporate Governance Association	Keys for Enhancing the Performance of the Board of Directors	3
Director	Philip Peng	09/22/2023	Taiwan Corporate Governance Association	Keys for Enhancing the Performance of the Board of Directors	3
		09/22/2023	Taiwan Corporate Governance Association	Winning the Future: Key Global ESG Trends and Case Studies	3
		09/01/2023	Taiwan Corporate Governance Association	Reputational Risk Management for Enterprises	3
		07/04/2023	Taiwan Stock Exchange Corporation,	2023 Cathay Sustainable Finance and Climate Change Summit	6
		06/12/2023	Chinese National Association of Industry and Commerce, Taiwan	Insight on Generative AI and Seizing Related Business Opportunities	3
Independent Director	Karen Hsin	09/22/2023	Taiwan Corporate Governance Association	Winning the Future: Key Global ESG Trends and Case Studies	3
		09/22/2023	Taiwan Corporate Governance Association	Keys for Enhancing the Performance of the Board of Directors	3
		04/13/2023	Taiwan Institute of Directors	2023 KPMG Leader Forum: Challenges and Opportunities Brought by Net Zero	3
Independent Director	T. Y. Lay	09/22/2023	Taiwan Corporate Governance Association	Winning the Future: Key Global ESG Trends and Case Studies	3
		09/22/2023	Taiwan Corporate Governance Association	Keys for Enhancing the Performance of the Board of Directors	3
Independent Director	Lillian Chao	11/29/2023	Securities and Futures Institute	2023 Seminar on Legal Compliance for Insider Stock Trading	3
		09/22/2023	Taiwan Corporate Governance Association	Keys for Enhancing the Performance of the Board of Directors	3
		09/22/2023	Taiwan Corporate Governance Association	Winning the Future: Key Global ESG Trends and Case Studies	3
		05/26/2023	Corporate Governance and Sustainable Development Association	Corporate Governance and Securities Regulations	3
Independent Director	Rosie Yu	11/09/2023	Taiwan Institute of Directors	Corporate Mergers and Acquisitions: An Analysis of Benefits and Transaction Procedures	3
		10/13/2023	Securities and Futures Institute	2023 Seminar on Preventing Insider Trading	3

Title	Name	Date of training	Hosted by	Course title	Hours
CFO & Corporate Governance Officer	Jona Song	09/22/2023	Taiwan Corporate Governance Association	Winning the Future: Key Global ESG Trends and Case Studies	3
		09/22/2023	Taiwan Corporate Governance Association	Keys for Enhancing the Performance of the Board of Directors	3
		10/25/2023	The Allied Association for Science Park Industries	TCFD and the Role of Directors	3
		11/17/2023	The Allied Association for Science Park Industries	Roles and Responsibilities of Corporate Governance Personnel Corporate Governance Within the Corporate Governance Plans of Companies	3

(4) Composition, Responsibilities, and Operations of the Remuneration Committee

WNC established a Remuneration Committee after resolution of the Board of Directors on October 26, 2011. The Committee is responsible for constructing and regularly reviewing the policies, systems, standards, and structure of performance evaluation and directors' and executive officers' remuneration. The Committee also regularly assesses and determines directors' and executive officers' remuneration. The directors' and executive officers' remuneration is linked with WNC's business performance and objectives to attract high-quality talent and enhance WNC's competitiveness.

A. Information on Remuneration Committee Members

Title	Criteria Name	Professional qualifications and experience	Independent criteria	Number of other public companies in which the individual is concurrently serving as a Remuneration Committee member
Independent Director (Convener)	T. Y. Lay	Refer to page 15–16 for details	Refer to page 15–16 for details	0
Independent Director	Karen Hsin			0
Independent Director	Lillian Chao			0
Independent Director	Rosie Yu			0

B. Attendance of Members at Remuneration Committee Meetings

- a. There are four members on the Remuneration Committee.
- b. The term of the current Remuneration Committee runs from June 7, 2023 to June 6, 2026. A total of five Remuneration Committee meetings were held in 2023. The attendance record of the Remuneration Committee members is as follows:

Title	Name	Attendance in person	By proxy	Attendance rate in person (%)	Remarks
Convener	T. Y. Lay	5	0	100	
Committee member	Karen Hsin	5	0	100	
Committee member	Lillian Chao	2	1	67	Note 1
Committee member	Rosie Yu	3	0	100	Note 1
Committee member	Neng-Pai Lin	2	0	100	Note 2
Committee member	Michael Tsai	1	1	50	Note 2

Note 1: Lillian Chao and Rosie Yu were elected new independent directors in the shareholders' meeting on June 7, 2023 and were appointed members of the Remuneration Committee. They are required to attend three meetings.

Note 2: Neng-Pai Lin and Michael Tsai stepped down after their terms expired, and were required to attend two meetings.

Other items of note:

1. If the Board of Directors declines to adopt or modifies a recommendation of the Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., should the remuneration passed by the Board of Directors exceed the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified). Instances where the Board of Directors declined such a recommendation: None
2. Resolutions of the Remuneration Committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion being specified: None
3. Discussion items and resolutions:

Remuneration Committee meeting	Content of important motions	Resolution by the Committee and the Company's response to the Committee's opinion
The 9 th meeting of the 4 th session 03/10/2023	<ul style="list-style-type: none"> • Proposal to adjust salaries of executive officers in 2023 • Proposal to adjust salaries of the Chairman & CSO and the President & CEO in 2023 • Proposal regarding distribution of employees' and directors' profit-sharing bonuses in 2022 	<p>The proposals and recommendations were passed by unanimous vote of the Remuneration Committee and approved by the Board of Directors</p>
The 10 th meeting of the 4 th session 05/10/2023	<ul style="list-style-type: none"> • Proposal to amend WNC's Regulations Governing the Payment of Directors and Functional Committee Members' Remuneration and Compensation 	
The 1 st meeting of the 5 th session 07/31/2023	<ul style="list-style-type: none"> • Proposal regarding distribution of directors' profit-sharing bonuses in 2022 • Proposal regarding distribution of executive officers' profit-sharing bonuses in 2022 	
The 2 nd meeting of the 5 th session 11/01/2023	<ul style="list-style-type: none"> • Proposal to review the list of recipients and number of employee restricted stocks in 2023 • Proposal regarding allocation of shares executive officers can subscribe to in cash capital increase 	
The 3 rd meeting of the 5 th session 12/20/2023	<ul style="list-style-type: none"> • Proposal regarding distribution of executive officers' performance bonuses in 2023 • Amendment of WNC's Regulations Governing the Payment of Directors and Functional Committee Members' Remuneration and Compensation • Established WNC's Regulations Regarding Remuneration Payment for Corporate Directors' Representatives • Proposal regarding remuneration payment for corporate directors' representatives in 2022 	

(5) Composition, Responsibilities, and Operations of the Nominating Committee

WNC established a Nominating Committee in November, 2023, comprising at least three directors appointed by the Board of Directors. Independent directors compose the majority of Nominating Committee members. The term of Committee members is the same as that of the board members selected to serve as Committee members. The Committee performs the following duties:

- A. Formulate and review the composition of directors and executive officers, the qualifications of candidates for directors and executive officers, and the succession plans for directors and executive officers.
- B. Select and assess candidates for board members and executive officers, evaluate the independence of the independent directors, and submit a list of recommended candidates to the board.
- C. Formulate and review regulations relating to the establishment, duties and operation of committees under the board of directors and review the qualifications and potential conflicts of interest of members in said committees.
- D. Formulate and implement continuing learning plans for directors.
- E. Other matters that need to be handled by the Committee as stated in board of director resolutions.

a. Attendance of Members at Nominating Committee Meetings

- There are five members on the Nominating Committee.
- The term of the current Nominating Committee runs from November 1, 2023 to June 6, 2026. A total of one Nominating Committee meeting was held in 2023. The attendance record of the Nominating Committee members is as follows:

Title	Name	Professional qualifications and experience	Attendance in person	By proxy	Attendance rate in person (%)	Remarks
Convener	Haydn Hsieh	Refer to page 15–16 for details	1	0	100	
Committee member	Frank F.C. Lin		1	0	100	
Committee member	Karen Hsin		1	0	100	
Committee member	T. Y. Lay		1	0	100	
Committee member	Lillian Chao		1	0	100	

b. Other items of note:

The meeting dates, sessions, discussion items and resolutions, recommendation or objections of the committee members, resolutions by the Committee and WNC’s response to the Committee’s opinion:

Nominating Committee meeting	Content of important motions	Resolution by the Committee and WNC’s response to the Committee’s opinion
The 1 st meeting of the 1 st session 12/20/2023	Proposal regarding replacement of WNC’s Controller	The proposal and recommendation were passed by unanimous vote of the Nominating Committee and approved by the Board of Directors

(6) Execution of Sustainable Development Implementation Items and Discrepancies Between Actual Sustainable Development and the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons for the Discrepancies

Implementation item	Execution status		Discrepancies /reasons	
	Yes	No		Summary
1. Has the company established an exclusively (or concurrently) dedicated unit to be in charge of corporate social responsibility and authorized high-ranking managers to implement action plans and report on the progress of such plans to the Board of Directors?	✓		<p>WNC established a Sustainable Development Steering Committee and Sustainable Development Committee to serve as a cross-unit communications and collaboration platform to enhance vertical and horizontal cooperation in the implementation of ESG strategies. To enhance corporate sustainable governance, WNC’s Chief Sustainability Officer provides quarterly reports to the Board of Directors on communication results with stakeholders as well as plans and implementation results of sustainable development work items.</p> <p>For details, please refer to “Sustainable Governance Plans and Implementation Results” in the introduction of WNC’s 2023 Sustainability Report.</p>	None
2. Does the company conduct risk assessments in accordance with key principles regarding environmental, social, and corporate governance issues related to company operations, and does the company establish related risk management policies or strategies?	✓		<p>Materiality assessment is the fundamental and most important process for both risk identification and the quality of sustainability reporting. WNC tasks all departments involved in ESG work to identify activities related to the entire lifecycle of the company’s operations. Following the requirements of the GRI General Standard for identifying materiality topics, we consolidated the impact assessment results across the three dimensions of economy, environment, and social and human rights and surveyed key stakeholders to inquire about their level of concern regarding each issue. Using the aspects “degree of impact” and “level of concern”, we reviewed the significant issues for the year and established management measures and goals for said issues.</p> <p>For details, please refer to “Stakeholder Engagement” in the introduction of WNC’s 2023 Sustainability Report.</p>	None
3. Environmental Issues (1) Does the company establish appropriate environmental management systems based on the characteristics of its industry? (2) Does the company strive to improve the utilization efficiency of various resources and use renewable materials?	✓ ✓		<p>(1) WNC pays close attention to environmental protection and monitors related trends. In addition to complying with all local environmental protection laws and regulations, WNC also actively collaborates with customers to jointly implement environmental management systems and green product management systems with its suppliers. WNC’s main production sites in Taiwan, China and Vietnam have all obtained ISO 14001, ISO 14064-1, ISO 50001 and IECQ QC 080000 certifications and regularly conduct internal audits and third-party verifications every year. WNC’s S3 site in the Southern Taiwan Science Park began operations in the second quarter of 2023 and is expected to obtain a number of management system certifications in 2024. For details, visit WNC’s website (www.wnc.com.tw) and go to About WNC → Management System.</p> <p>(2) WNC is continuing to strengthen measures for reducing environmental pollution, improve energy usage efficiency, and design and manufacture green products in accordance with its Sustainable Environment Policy and its ESH & Energy Management Policy to minimize the impact of its operations on the environment and meet stakeholder requirements. We also collaborate with our suppliers to meet international environmental standards. Every effort is made to provide customers with design and manufacturing services that are energy-saving, toxin-free (or of low-</p>	None

Implementation item	Execution status		Discrepancies /reasons
	Yes	No	
<p>(3) Does the company evaluate the potential risks and opportunities that climate change poses to the company both currently and in the future, as well as implement response measures for climate-related issues?</p> <p>(4) Does the company compile data on its greenhouse gas emissions, total amount of water usage, and total weight of waste produced in the previous two years, as well as establish policies regarding energy conservation, carbon reduction, greenhouse gas reduction, water usage reduction, and waste management?</p>	✓		<p>toxicity), low polluting, and that use recyclable materials, as well as provide green products that have lower impact on the environment.</p> <p>(3) WNC discloses the risks and opportunities brought about by climate change in accordance with the methods developed by the Task Force on Climate-Related Financial Disclosure (TCFD) and evaluates their potential impact on company operations and finances, enabling the company to take measures to better prepare for climate events. To view WNC’s TCFD Report, go to WNC’s website (www.wnc.com.tw) and go to ESG → Resources Center → Resources and Downloads.</p> <p>(4) WNC compiles annual statistics on its GHG emissions, water usage and amount of waste produced and provides performance indicators on GHG emissions, water usage and waste reduction. The aforementioned statistics and indicators are regularly reviewed by WNC’s Sustainable Development Committee to see if relevant goals are met, and internal as well as third-part audits are conducted annually. Inventory for the GHG emissions for all WNC sites in 2023 was completed in January 2024, and we expect to receive ISO 14064 certification from a third-party in September, 2024. Our primary production sites in Taiwan, China and Vietnam have all obtained third-party ISO 14001 certification.</p> <p>For more details, please refer to Section 3.0 “Protecting the Environment” in WNC’s 2023 Sustainability Report.</p>
<p>4. Social Issues</p> <p>(1) Does the company specify related management policies and procedures based on related laws/regulations and international human-rights conventions?</p> <p>(2) Has the company established and implemented a reasonable employee benefits program (covering items such as salary, compensation, leave, and other benefits) and appropriately reflecting business performance or achievements in employee remuneration?</p> <p>(3) Does the company provide a safe and healthy work</p>	✓		<p>(1) WNC complies with international regulations and local laws, including the Universal Declaration of Human Rights, The UN Global Compact, OECD Guidelines for Multinational Enterprises, United Nations Guiding Principles on Business and Human Rights, the Responsible Business Alliance Code of Conduct and other internationally recognized human rights guidelines and is committed to “respecting human rights”. Every year WNC issues a WNC Modern Slavery Statement as the foundation of its human rights policy, promising that WNC and its suppliers respect and protect human rights, and that WNC and its suppliers do not have policies, management practices or related measures that involve slavery or human trafficking.</p> <p>For details, please refer to Section 4.1 “Protecting Human Rights” in WNC’s 2023 Sustainability Report.</p> <p>(2) WNC has published a Statement on Diversity, Equity, and Inclusion, affirming its commitment to human rights, equal opportunities for qualified employees, and to not discriminating against employees and not providing differential treatment based on gender, age, race, nationality, religion, or political views. WNC regularly adjusts employees’ salaries according to commodity prices, market supply and demand, salary standards, local laws, and other factors while providing employees with supportive measures such as diverse work models and baby friendly initiatives.</p> <p>For details, please refer to Section 4.4 “Remuneration and Welfare” in WNC’s 2023 Sustainability Report.</p> <p>(3) WNC has worked proactively to establish a safe and healthy work environment. In addition to establishing</p>
			None

Implementation item	Execution status		Discrepancies /reasons
	Yes	No	
environment for its employees and organize safety and health training on a regular basis?			management regulations regarding labor safety and health, WNC also conducts related risk assessments and controls, implements change management plans and identifies impact caused by related changes on safety and health. ISO 45001 internal audits and third-party examinations are conducted every year in WNC's headquarters and major manufacturing sites to verify the operating status of the occupational safety and health management systems and to ensure continuous improvement. In 2023, there were no fire incidents at any of WNC's sites. For details, please refer to Section 4.5 "Safety and Health" in WNC's 2023 Sustainability Report.
(4) Does the company establish effective career-development training plans for employees?	✓		(4) WNC values the importance of recruiting fully qualified employees and devotes special attention to improving the skills and general knowledge of colleagues. Based on this concept and the central principle of growth, innovation, and cooperation, employees are provided with training programs designed to enhance job performance and key competencies, as well as supervisory and leadership training. For details, please refer to Section 4.3 "Training and Cultivation" in WNC's 2023 Sustainability Report.
(5) Do WNC's products and services comply with relevant laws, regulations, and international guidelines in the areas of customer health and safety, client privacy, marketing, and advertising, and does the company have customer rights protection policies and channels for handling customer complaints?	✓		(5) Product marketing of WNC's products is handled by its customers, and product markings are also determined by customer requirements. WNC's Quality Assurance Division is responsible for green product and customer service matters. It cooperates with internal units to ensure that WNC products are produced in accordance with customer requirements, environmental regulations, and related international standards during each phase from product design, through production, to delivery. Consumer rights affairs are directly handled by our customers. Our customer services division has instituted a customer satisfaction mechanism. Every year a satisfaction survey and analysis is carried out on product quality, technology, delivery, and other service items. Based on this customer satisfaction survey, analysis of reasons for dissatisfaction are relayed to related business units, allowing them to draft and execute plans for improvement and track improvement progress. For details, please refer to Section 2.2 "Customer Relations" in WNC's 2023 Sustainability Report.
(6) Has the company established a supplier management policy and required its suppliers to comply with related regulations regarding environmental protection, occupational health and safety, and labor rights, and does it monitor suppliers' compliance in these areas?	✓		(6) WNC has formulated a Supplier Code of Conduct and requires all new suppliers to sign a "Supplier Sustainability Commitment Declaration" and a "Supplier's Commitment to the Code of Ethics". WNC also asks suppliers to fill out a "WNC Supplier ESG Questionnaire" in order to ascertain supplier's implementation outcomes in the areas of labor rights, health and safety, environmental protection, management systems, and business ethics. WNC conducts an RBA audit of key suppliers. WNC's Supplier Quality Management Center is responsible for tracking audit results and the improvement plans submitted by the suppliers, and monitors suppliers in accordance with the Supplier Evaluation and Management SOP to ensure compliance with RBA regulations. For details, please refer to Section 2.3 "Supplier Management" in WNC's 2023 Sustainability Report.

Implementation item	Execution status			Discrepancies /reasons
	Yes	No	Summary	
5. Does the company reference widely recognized international standards or guidelines when producing sustainability reports or reports that disclose the company's non-financial information, and are these reports assured or verified by a third-party agency?	✓		WNC's 2023 Sustainability Report was written in accordance with the standards prescribed by Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB). The report has been verified by The British Standards Institution, a fair and independent third-party agency, in accordance with the AA1000 Assurance Standard, the GRI Standards, and SASB, and the report has been confirmed to comply with the GRI standards, SASB standards, and the medium assurance level of the AA1000 Assurance Standard.	None
6. For companies that have established sustainable development principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please specify any discrepancies between the principles and their implementation: To summarize the statements above, there is no notable discrepancy between the measures' implementation and WNC's sustainable development principles.				
7. Other important information to facilitate a better understanding of WNC's sustainable development practices: Please refer to WNC's 2023 Sustainability Report (https://csr.wnc.com.tw/en/resources-and-downloads-en) or the ESG page of WNC's website: (https://csr.wnc.com.tw/en/)				

Climate-Related Information of TWSE/TPEX Listed Company

1. Implementation of Climate-Related Information

Item	Execution Summary																					
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities	<p>(1) The Board of Directors is the highest governing body of WNC. Its responsibilities include instructing relevant units on the planning and implementation of operations relating to sustainable development and approving corporate sustainable development related matters proposed by functional units or relevant committees. Starting in 2019, the Sustainable Development & Marketing Division of WNC is responsible for compiling information on the planning and performance of sustainable development related matters in the previous year, including the results of stakeholder communications, carbon management, energy and resource management and other material topics, and regularly report said information to the Board of Directors.</p> <p>(2) WNC established a Sustainable Development Steering Committee to implement sustainable development related work items. The committee is chaired by the Chairman, and is composed of the President/CEO as well as top-tier managers from all units. The committee is the highest decision-making body at WNC regarding ESG related topics. WNC has also established a Sustainable Development Committee, and a working group comprised of representatives from relevant internal units was formed and is coordinated by the Sustainable Development Center. The position of Chief Sustainability Officer, held by the most senior director of the Sustainable Development Marketing Division, was created. The Chief Sustainability Officer is responsible for making quarterly reports to the Board of Directors about the results of stakeholder communications and ensuring the effective implementation of sustainable development related matters. For details, refer to Section 1 "Climate Governance" in WNC's 2023 TCFD Report.</p>																					
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the company (short, medium, and long term). 3. Describe the financial impact of extreme weather events and	<p>(1) Transformation Risks</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Risk</th> <th>Potential Financial Impact</th> <th>Impact</th> <th>Time Frame</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Laws and Regulations</td> <td>GHG emissions regulations</td> <td>Expanding the scope of greenhouse gas inventories leads to increased operating costs.</td> <td>• WNC's operations</td> <td>Short term</td> </tr> <tr> <td>Renewable energy regulations</td> <td>Installation and maintenance requirements of solar panels lead to direct cost increases.</td> <td>• WNC's operations • Upstream supply chain vendors</td> <td>Long term</td> </tr> <tr> <td>Conventions or protocols that contribute to climate change adaptation and mitigation</td> <td rowspan="2">Complying with international net-zero goals results in increased expenditure.</td> <td>• WNC's operations</td> <td>Long term</td> </tr> <tr> <td>Self-declared commitments and targets relating to GHG emissions</td> <td>• WNC's operations</td> <td>Short term</td> </tr> </tbody> </table>	Category	Risk	Potential Financial Impact	Impact	Time Frame	Laws and Regulations	GHG emissions regulations	Expanding the scope of greenhouse gas inventories leads to increased operating costs.	• WNC's operations	Short term	Renewable energy regulations	Installation and maintenance requirements of solar panels lead to direct cost increases.	• WNC's operations • Upstream supply chain vendors	Long term	Conventions or protocols that contribute to climate change adaptation and mitigation	Complying with international net-zero goals results in increased expenditure.	• WNC's operations	Long term	Self-declared commitments and targets relating to GHG emissions	• WNC's operations	Short term
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For details, refer to Section 2.1 "Identification of Climate Risks and Opportunities" in WNC's 2023 TCFD Report.																										
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<p>(1) According to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), the Sustainable Development & Marketing Division of WNC formed a TCFD Working Group. The working group collects and discusses information about energy resources, administration and assets, markets and business, products and technology, and supply chain management to identify potential climate risks and opportunities related to each topic and their materiality. Furthermore, the working group formulates management strategies for major climate risks and opportunities through scenario analysis, quantifying the financial impact to the company of these risks and opportunities. The working group plans and prepares relevant response measures as early as possible to boost WNC's ability to adapt to climate change.</p> <p>(2) In 2023, the TCFD Working Group identified six primary climate transition risks and four primary climate opportunities, as detailed in the table above.</p> <p>For details, refer to Section 2.1 "Identification of Climate Risks and Opportunities" in WNC's 2023 TCFD Report.</p>																									

Item	Execution Summary				
<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p>	<p>In 2023, the TCFD Working Group established the following three scenarios for simulating transition risks and compared them using the method of increasing the proportion of renewable energy usage to mitigate risks:</p>				
	Scenario			Assumed parameters	
	1	The government's net-zero emissions scenario, primarily assessing domestic regulatory risks		10 USD/tCO _{2e} by 2030 and 2050	
	2	Intergovernmental Panel on Climate Change AR6 SSP1-1.9 very low emissions scenario		300 USD/tCO _{2e} by 2030 650 USD/tCO _{2e} by 2050	
	3	Science-Based Targets scenario		300 USD/tCO _{2e} by 2030 650 USD/tCO _{2e} by 2050	
	Financial impact (shown as a percentage of revenue)				
Scenario		Financial impact of carbon taxes/ carbon fees		Use of renewable energy	
		2030	2050	2030	2050
1	< 0.02%		< 0.01%	< 0.01%	< 0.0003%
2	< 0.54%		< 0.77%	< 0.27%	< 0.02%
3	< 0.54%		< 0.77%	< 0.27%	< 0.02%
For details, refer to Section 2.2 “Climate Scenario Analysis” in WNC’s 2023 TCFD Report.					
<p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p>	<p>WNC formulates science-based carbon reduction targets in accordance with SBTi standards. To achieve this goal, WNC has adopted energy conservation in factories and offices and use of renewable energy and green product design as the two main focuses of its carbon management. The objective in this is to avoid risk arising from an inability to effectively control greenhouse gas emissions, including loss of orders resulting from failure to meet customers' expectations for a low-carbon supply chain, the need to pay carbon taxes regulated by governments, and damage to brand value.</p> <ul style="list-style-type: none"> • Energy conservation in factories and offices and use of renewable energy: Includes measures such as implementation of greenhouse gas inventories, energy conservation and carbon reduction, and increased renewable energy usage. • Green product design: Includes measures such as introducing life cycle assessment (LCA), expanding carbon footprint audits, increasing the adoption of recyclable materials and the use of environmentally friendly packaging, as well as optimizing energy saving designs for products. <p>For details, refer to Section 3 “Risk Management” and Section 4 “Metrics and Targets” in WNC’s 2023 TCFD Report.</p>				
<p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p>	<p>Internal carbon pricing has not yet been implemented.</p>				
<p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p>	WNC’s climate-related targets are as follows:				
	Item	Accounting Metric	Planning Schedule	2023 Goal Achievement Progress	
	Greenhouse Gases	Absolute reduction of Scope 1 and Scope 2 GHG emissions (base year: 2022)	2023: -5.25% 2030: -42% 2050: Carbon neutrality	-9.96%	
	Renewable Energy	Renewable energy/Total electricity consumption	2023: 10% 2030: 50% 2040: 100%	16.25%	
For details, refer to Section 4 “Metrics and Targets” in WNC’s 2023 TCFD Report.					
<p>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).</p>					

1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent Two Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (tonnes CO₂e), intensity (tonnes CO₂e/million NTD), and data coverage of greenhouse gases in the most recent two fiscal years:

Item/Year	2022 (base year)	2023
Scope 1 and Scope 2 GHG emissions (tonnes CO ₂ e)	63,711.74	Verification has been arranged, and we expect to obtain certification by September 2024. Updates will be made on WNC's website. (https://csr.wnc.com.tw/en/)
Emissions intensity (tonnes CO ₂ e/million NTD)	0.67	
Data coverage scope	Taiwan: WNC's headquarters, the S1 manufacturing site, and the S3 site China: WNC (Kunshan) Corporation, Wistron NeWeb (Kunshan) Corporation, WebCom Communication (Kunshan) Corporation - Kunshan Plant, and NeWeb Service (Kunshan) Corporation Vietnam: NEWEB VIETNAM CO., LTD.	Taiwan: WNC's headquarters, the S1 manufacturing site, and the S3 site China: WNC (Kunshan) Corporation, Wistron NeWeb (Kunshan) Corporation, WebCom Communication (Kunshan) Corporation - Kunshan Plant, WebCom Communication (Kunshan) Corporation - Nanjing Branch, and NeWeb Service (Kunshan) Corporation Vietnam: NEWEB VIETNAM CO., LTD. Other: WNC's subsidiaries in the US and the UK. (WNC subsidiaries in Germany and Japan adopt the work-from-home model and thus are not included).

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent two fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion:

Verification has been arranged, and we expect to obtain certification by September 2024. Updates will be made on WNC's website. (<https://csr.wnc.com.tw/en/>)

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets:

- GHG reduction goals base year: 2022
- Scope 1 and Scope 2 GHG emissions (base year): 63,711.74 tonnes CO₂e
- Reduction targets and planning schedule:

Short term (2023)	Medium term (2030)	Long term (2050)
-5.25%	-42%	Net-zero emissions

- GHG reduction goal achievement progress in 2023: achieved, with a decrease of 9.96% compared to the base year.
- For details on strategies and response plans, refer to the "Implementation of Climate-Related Information" section in page 51 of this report.

(7) Ethical Corporate Management and Discrepancies Between Actual Ethical Corporate Management and the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons for the Discrepancies

Evaluation item	Implementation status		Discrepancies/ reasons	
	Yes	No		Summary
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company formulate ethical corporate management policies approved by the Board and declare those ethical corporate management policies and procedures, as well as the commitment by its board and top management to actively implement such management policies in its guidelines and external documents?</p> <p>(2) Does the company establish mechanisms to assess risk of unethical conduct, regularly analyze and assess business activities with higher risk of unethical conduct within the scope of its operations, and formulate policies to prevent unethical conduct based on such mechanisms, and at least include all the listed activities stated in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, have the commitment to implement the policies, and regularly review and adjust such policies?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) In order to demonstrate WNC’s willingness to shoulder its social and environmental responsibilities, comply with corporate ethics, enhance the company’s image, and comply with international conventions placing greater scrutiny on the development of labor, health and safety, environmental protection, and ethics standards, WNC has formulated “Corporate Governance Best Practice Principles”, “Ethical Corporate Management Best Practice Principles”, a “Code of Ethical Conduct”, “Procedures for Ethical Management and Guidelines for Conduct”, “WNC Supplier Code of Conduct”, and a “WNC RBA Code of Conduct.” All these have been approved by the Board of Directors. In addition, WNC has disclosed the company’s ethics policies and required that all of its employees and major suppliers sign a commitment to its code of ethics.</p> <p>(2) WNC has mechanisms in place to assess risks of unethical conduct and regularly analyzes and assesses business activities with higher risks of unethical conduct within the scope of business operations through implementation of the RBA management system and relevant relationships. WNC’s RBA management committee represents the company’s RBA management system and is in charge of the formulation, implementation, and maintenance of the company’s related policies. WNC has also formulated a “WNC Reporting and Handling Procedure” to stipulate the procedure and form for reporting unlawful conduct. An independent complaints mailbox (wnc.integrity@wnc.com.tw) has also been established on WNC’s website.</p> <p>(3) With regard to units and personnel that may face situations presenting a higher potential for unethical conduct, WNC administers training and education and compiles relevant work handbooks to increase employee knowledge and provide relevant guidelines. Internal auditing, job rotation, review and adjustment are also implemented on a regular basis to reduce relevant risks. In addition, the “Intellectual Property Rights Management Measures” were formulated to further protect WNC’s trade secrets and intellectual property rights.</p>	None
<p>2. Ethical corporate management</p> <p>(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</p>	<p>✓</p>		<p>(1) WNC has formulated a “WNC RBA Code of Conduct” for stakeholders such as our affiliated enterprises, employees, and suppliers to follow and observe. The Code is divided into five parts: a. Labor; b. Health and Safety; c. Environment; d. Ethics; and e. Management System.</p>	None

Evaluation item	Implementation status		Discrepancies/ reasons
	Yes	No	
(2) Does the company establish a dedicated unit supervised by the Board to be in charge of corporate integrity which reports regularly (at least once a year) to the Board on its policies regarding ethical management, prevention of unethical conduct, and supervision on the implementation of such policies?	✓		<p>WNC requires that its major suppliers sign the RBA Code of Conduct and commit to complying with the relevant provisions of the Code.</p> <p>(2) WNC has established an Integrity Office in accordance with the “Procedures for Ethical Management and Guidelines for Conduct.” The Integrity Office is responsible for implementing ethical management at WNC, and is also the unit in charge of amending, interpreting, and providing advisory consultation on the aforementioned Procedures and Guidelines as well as the recording and filing of related reports. The Integrity Office and the Audit Office shall monitor the implementation of the aforementioned Procedures and Guidelines and submit (at least once a year) reports to the Board of Directors on the implementation status. WNC’s achievements in implementing ethical management in 2023 are as below:</p> <ol style="list-style-type: none"> All employees have signed a commitment to WNC’s code of ethics. 100% of employees have completed the WNC Ethics and Anti-Corruption Code of Conduct on-line training course. All employees who received the Commitment to Integrity Questionnaire for Employees with Specific Job Duties completed it. The 48 cases sent to the independent complaint mailbox, which cover topics such as honesty and integrity, workplace harassment, improper management, and infringement of rights, have been processed. The root cause for all cases were found and suitable response measures were implemented.
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and has the company enforced it?	✓		(3) An independent complaint mailbox (wnc.integrity@wnc.com.tw) has been established on the WNC website. In addition, WNC has formulated a Reporting and Handling Procedure to stipulate the process and form for reporting unlawful conduct.
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and do the internal auditors formulate related audit plans based on risk assessment results for unethical conduct, and audit the conformance of the prevention of unethical conduct, or are they audited by CPAs on a regular basis?	✓		(4) Pursuant to legal requirements, WNC has established an Audit Office, which is independent of the company and is directly under the Board of Directors. Its business scope includes all the operations of WNC and its subsidiaries. Audits are performed in accordance with the audit plan which has been approved by the Board of Directors. The audit plan is formulated based on identified risks. The Audit Office performs project audits when necessary and provides management personnel with information regarding existing faults or potential risks in a timely manner. The Audit Office reports its auditing activities to the Audit Committee on a regular basis and attends board meetings to report to the Chairman and the Audit Committee when necessary.
(5) Does the company regularly hold internal and external educational trainings on ethical corporate management?	✓		(5) WNC provides “WNC Supplier Training: WNC’s Philosophies on Sustainability and RBA” e-learning courses to suppliers and offers counseling (training and field visits) to major suppliers. For employees, WNC administers a “WNC CSR & RBA introduction” e-learning course to enable employees to understand WNC’s sustainable development and the WNC RBA Code of Conduct Manual. Since 2017, WNC has provided a “WNC Ethics and Anti-

(9) Other significant information that will provide a better understanding of the status of the company's implementation of corporate governance may also be disclosed: None.

(10) Internal Control System Execution Status

A. Statement on Internal Control

Wistron NeWeb Corporation
Statement on Internal Control

Date: March 6, 2024

Based on the findings of a self-assessment, Wistron NeWeb Corporation (WNC) states the following with regard to its internal control system during the year 2023:

1. WNC's Board of Directors and executive officers are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal controls are a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and WNC takes immediate remedial actions in response to any identified deficiencies.
3. WNC evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal controls: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. WNC has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of this evaluation, WNC believes that, as of December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of WNC's annual report and prospectus, and is publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will give rise to legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement was approved by the Board of Directors in their meeting held on March 6, 2024. All nine attending directors (including those attending via proxy) have affirmed the content of this statement.

Wistron NeWeb Corporation

Chairman: Haydn Hsieh

President: Jeffrey Gau

- B. If a CPA was retained to conduct a special audit of the internal control system, disclose the audit report: N/A.

(11) Legal penalties imposed by the competent authorities on WNC or its employees, and WNC's discipline of its employees for violation of internal control systems, major deficiencies and improvement measures in the most recent year and as of the publishing of this annual report:
None

(12) Major Resolutions of Shareholders' Meeting and Board Meetings

A. Major resolutions of shareholders' meeting

WNC held its 2023 shareholders' meeting on June 7, 2023. The resolutions and implementation statuses are listed below:

Important resolution	Implementation status
Election of the 11 th Board of Directors (including independent directors)	List of elected directors: Directors: Haydn Hsieh, Wistron Corp. representatives Frank F.C. Lin and Donald Hwang; Jeffrey Gau and Philip Peng Independent directors: Karen Hsin, T.Y. Lay, Lillian Chao and Rosie Yu
Ratification of the 2022 Business Report and Financial Statements	Motion approved by vote of shareholders in attendance.
Ratification of the proposal for distribution of 2022 profits	Motion approved by vote of shareholders in attendance. The ex-dividend date was set as July 18, 2023, and dividend issuance date as August 3, 2023. According to resolution of the shareholders' meeting, the cash dividend was issued at NT\$4.84142564 per share.
Discussion on the issuance of restricted stock awards to key employees	Motion approved by vote of shareholders in attendance. This issuance proposal was approved by the Financial Supervisory Commission R.O.C. on September 12, 2023. A total of 9,982,000 shares were issued, and the issuance date was set for December 5, 2023.
Discussion on amendments to certain parts of the Articles of Incorporation of WNC	Motion approved by vote of shareholders in attendance. Amendment registration completed on June 21, 2023, disclosure made on the company website, and relevant matters executed according to the resolution.
Discussion on the release of the prohibition on newly-elected directors and their corporate representatives from participation in competitive business	Motion approved by vote of shareholders in attendance, announcement of material information made by the company and relevant matters executed according to the resolution.

B. Major resolutions of board meetings

Board meeting	Major resolutions
2023 1 st board meeting 03/10/2023	<ul style="list-style-type: none"> • Approved WNC's 2022 business report and financial statements. • Approved the proposal for distribution of WNC's 2022 profits. • Approved the proposal for the issuance of restricted stock awards to key employees. • Approved the proposal for the time, location, and matters to be discussed at the 2023 Annual Shareholders' Meeting. • Approved the proposal for the cancellation of 2019 employee restricted stock awards and the record date for capital reduction.

Board meeting	Major resolutions
2023 2 nd board meeting 05/10/2023	<ul style="list-style-type: none"> • Approved the 2023 Q1 consolidated financial statements. • Approved the proposal for issuance of shares for cash capital increase in 2023. • Approved the proposal for the fourth issuance of domestic unsecured convertible corporate bonds
2023 3 rd board meeting 06/07/2023	<ul style="list-style-type: none"> • Approved the election results for the Chairperson of the Board of Directors • Approved the proposal for the members of the 5th session of the Remuneration Committee.
2023 4 th board meeting 07/31/2023	<ul style="list-style-type: none"> • Approved the 2023 Q2 consolidated financial statements.
2023 5 th board meeting 11/01/2023	<ul style="list-style-type: none"> • Approved the 2023 Q3 consolidated financial statements. • Approved the proposal for establishing the Wistron NeWeb Corporation Nominating Committee and the Wistron NeWeb Corporation Nominating Committee Charter. • Approved the proposal for the cancellation of 2019 employee restricted stock awards and the record date for capital reduction.
2023 6 th board meeting 12/20/2023	<ul style="list-style-type: none"> • Approved the proposal for investing a maximum of US\$25,000,000 to establish a new US subsidiary. • Approved the proposal to change WNC's Controller.
2024 1 st board meeting 03/06/2024	<ul style="list-style-type: none"> • Approved WNC's 2023 business report and financial statements. • Approved the proposal for distribution of WNC's 2023 profits. • Approved the proposal for the time, location, and matters to be discussed at the 2024 Annual Shareholders' Meeting.

(13) Major issues of record or written statements made by any director or supervisor dissenting from important resolutions passed by the Board of Directors: None

(14) Resignation or dismissal of WNC key individuals, including the Chairman, President, and heads of accounting, finance, internal audit, corporate governance officer and R&D:

Job title	Name	Date of assumption of office	Date of resignation/dismissal	Reason(s) for resignation/dismissal
Controller	Jona Song	January 1, 2002	January 1, 2024	Position adjustment

5. Accounting Fees

(1) CPA Fee

Unit: Thousand NT\$

Accounting firm	Name of CPA		Audit period	Audit fee	Non-audit fee (Note)	Total	Remarks
KPMG	Grace Lu	Emily Tseng	Jan. 1, 2023–Dec. 31, 2023	7,125	1,265	8,390	

Note: Services provided are primarily related to tax compliance audits, review of the convertible corporate bonds issuance, checklist on information regarding annual employee benefits and compensation, customs inspection service and capital audits.

- (2) In the event that the non-audit fees paid to the CPA, the accounting firms of the CPA and their affiliates account for one-fourth of the audited public funds and above, disclose the amount of the audit fees, non-audit fees, and the non-audit services: None
- (3) In the event of a change of accounting firms and the audit fees paid in the year when such change takes place are less than the audit fees of the previous year, disclose the amount of the audit fees before and after the change and the reasons: None
- (4) In the event that the audit fees decrease by 10% or more compared to the previous year, disclose the amount, proportion, and the reason for the reduction in the audit fees: None

6. Change of CPA: None

7. The company's Chairman, President, or executive officers in charge of its finance and accounting operations who have assumed positions in the independent audit firm or its affiliates in the most recent year: None

8. Changes, Stock Trades and Stock Pledges, in Shareholdings by Directors, Supervisors, Executive Officers, and Shareholders with 10% Shareholdings or More in the Most Recent Year and as of the Date of the Publication of this Annual Report

(1) Changes in Shareholdings of Directors, Supervisors, Executive Officers, and Major Shareholders

Job title	Name	2023		2024 (As of April 2)	
		Holding increase (decrease)	Pledged holding increase (decrease)	Holding increase (decrease)	Pledged holding increase (decrease)
Director and major shareholder	Wistron Corp. Representatives: Frank F. C. Lin and Donald Hwang	6,414,363	0	0	0
Chairman & CSO	Haydn Hsieh	1,125,064	0	0	0
Director; President & CEO	Jeffrey Gau	503,115	0	0	0
Director	Philip Peng	80,658	0	0	0
Independent Director	Karen Hsin	0	0	0	0
Independent Director	T. Y. Lay	5,737	0	0	0
Independent Director	Lillian Chao (Note 1)	0	0	0	0
Independent Director	Rosie Yu (Note 1)	0	0	0	0
Independent Director	Neng-Pai Lin (Note 1)	0	0	-	-
Independent Director	Michael Tsai (Note 1)	0	0	-	-
Senior Vice President & General Manager of the Business Group	Fayu Chen	195,509	0	0	0
Senior Vice President & General Manager of the Business Group	Johnson Hsu	237,977	0	0	0
Vice President & General Manager of the Business Group	David Tsai	108,568	0	0	0
Vice President	Chris Hwang	(48,340)	0	0	0
Vice President	TJ Chen	14,651	0	0	0
Vice President	Joseph Chi	28,479	0	0	0
Vice President	James Chen	112,339	0	0	0
Chief of Staff	Repus Hsiung	(8,712)	0	0	0
General Plant Manager	Apollo Shyong	86,596	0	0	0
Chief Financial Officer	Jona Song	150,974	0	0	0
Chief Supply Chain Officer	Amy Hsu	(37,076)	0	0	0
Chief Technology Officer	Horen Chen	(40,130)	0	0	0
Associate Vice President	CW Sheu	1,999	0	0	0
Associate Vice President	ChingLung Chen	25,443	0	0	0
Associate Vice President	Kidd Huang	64,493	0	0	0
Associate Vice President	Clark Chou	23,016	0	0	0
Associate Vice President	Luder Lu	61,447	0	0	0
Associate Vice President	CC Hsieh	3,008	0	0	0

Job title	Name	2023		2024 (As of April 2)	
		Holding increase (decrease)	Pledged holding increase (decrease)	Holding increase (decrease)	Pledged holding increase (decrease)
Associate Vice President	CC H Huang	10,000	0	(4,476)	0
Associate Vice President	Rick Hsieh (Note 2)	40,263	0	0	0
Associate Vice President	Neil Peng (Note 3)	60,335	0	0	0
Associate Vice President	Hank Tseng (Note 3)	30,711	0	0	0
Chief Accounting Officer	Fion Guan (Note 4)	-	-	0	0
Associate Vice President	Jack YC Liu (Note 2)	-	-	-	-
Associate Vice President	Robin Wu (Note 3)	-	-	-	-

Note 1: Lillian Chao and Rosie Yu were newly elected as independent directors of WNC at the shareholders' meeting on June 7, 2023, while Neng-Pai Lin and Michael Tsai resigned after the comprehensive election of directors at the shareholders' meeting on the same day.

Note 2: Rick Hsieh was promoted to Associate Vice President on May 10, 2023, while Jack YC Liu resigned as Associate Vice President on the same day. Changes in the shareholdings of Jack YC Liu will no longer be disclosed.

Note 3: Neil Peng and Hank Tseng were promoted to Associate Vice President on July 31, 2023, while Robin Wu resigned as Associate Vice President on the same day. Changes in the shareholdings of Robin Wu will no longer be disclosed.

Note 4: Fion Guan was promoted to Chief Accounting Officer on January 1, 2024.

(2) Stock Trades with Related Parties

Name	Reason for the transfer	Transfer date	Transferee	Relationship	Shares	Transfer price
Chris Hwang	Gift	04/17/2023	Li-zhu Qiu	Spouse	50,000	-
CW Sheu	Gift	05/24/2023	Zhong-ming Sheu	Brother	25,000	-
Clark Chou	Gift	11/16/2023	Sheng-ting Chou	Daughter	19,757	-
Clark Chou	Gift	11/16/2023	Gui-ling You	Spouse	19,757	-

(3) Stock Pledge with Related Party: None

9. Related Party Relationship among WNC's 10 largest shareholders

April 2, 2024; Unit: Shares

Name of the shareholder	Shares held by the shareholder		Shares held by spouse or minor children		Shares held in the name of others		Name and relationship of any party among the 10 largest shareholders who is a related party, or is the spouse or a second degree relative of the shareholder		Notes
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Wistron Corporation	96,089,042	19.80	0	0	0	0	Haydn Hsieh	Director of Wistron Corp.	
Yuanta Taiwan Dividend Plus ETF	21,127,655	4.35	0	0	0	0	None	None	
Fuh Hwa Securities Investment Trust Co., Ltd.- Investment Account	18,696,000	3.85	0	0	0	0	None	None	
Labor Pension Fund (The New Scheme)	12,650,530	2.61	0	0	0	0	None	None	
Yong Shun Wang	10,319,491	2.13	0	0	0	0	None	None	
WNC's Employee Share Plan Trust Account at Bank SinoPac	9,982,000	2.06	0	0	0	0	None	None	
Chunghwa Post Co., Ltd.	9,687,131	2.00	0	0	0	0	None	None	
EZmoney Taiwan High Dividend and Momentum ETF	8,899,000	1.83	0	0	0	0	None	None	
Haydn Hsieh	7,302,435	1.50	864,268	0.18	0	0	Wistron Corp.	Director	
Yuanta Taiwan High-Yield Leading Company Fund	6,735,632	1.39	0	0	0	0	None	None	

10. The total number of shares and total equity stake held in any single enterprise by WNC, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by WNC

December 31, 2023; Unit: Shares

Investee Enterprise	Investments made by WNC		Investments made by directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by WNC		Total investments	
	Shares	%	Shares	%	Shares	%
WNC Holding Corporation	2,633,170	100	0	0	2,633,170	100
NeWeb Holding Corporation	9,300,000	100	0	0	93,300,000	100
W-Neweb Corporation	200,000	100	0	0	200,000	100
WNC UK Limited	60,000	100	0	0	60,000	100
WNC Japan Inc.	400	100	0	0	400	100
NeWeb GmbH	150,000	100	0	0	150,000	100
NeWeb Vietnam Co., Ltd.	(Note)	100	(Note)	0	(Note)	100
WebCom Communication (Kunshan) Corporation	(Note)	100	(Note)	0	(Note)	100
WNC (Kunshan) Corporation	(Note)	100	(Note)	0	(Note)	100
Wistron NeWeb (Kunshan) Corporation	(Note)	100	(Note)	0	(Note)	100
NeWeb Service (Kunshan) Corporation	(Note)	100	(Note)	0	(Note)	100

Note: The company is a limited company.

Four. Capital Overview

1. Capital and Shares

(1) Type of Stock

April 2, 2024

Type of stock	Authorized capital			Remarks
	Issued shares (Note)	Un-issued shares	Total shares	
Common stock	485,253,419	314,746,581	800,000,000	Employee stock options: 25,000,000 shares

Note: Including 309,515 shares of common stock converted from convertible corporate bonds awaiting registration.

(2) Related Information for Shelf Registration: None

(3) Sources of Capital

Unit: Except for the par value (in NT\$), numbers are in thousands (Shares or NT\$)

Month/ year	Par value (NT\$)	Authorized capital		Paid-in capital		Remarks		
		Shares	Value	Shares	Value	Sources of capital	Capital increase by assets other than cash	Other
03/2023	10	800,000	8,000,000	404,808	4,048,084	Cancellation of restricted stock awards: 107,000 shares Conversion of convertible corporate bonds: 9,106,000 shares	None	Note 1
05/2023	10	800,000	8,000,000	417,426	4,174,261	Conversion of convertible corporate bonds: 12,618,000 shares	None	Note 2
08/2023	10	800,000	8,000,000	418,067	4,180,674	Conversion of convertible corporate bonds: 641,000 shares	None	Note 3
11/2023	10	800,000	8,000,000	432,462	4,324,621	Cancellation of restricted stock awards: 129,000 shares Conversion of convertible corporate bonds: 14,524,000 shares	None	Note 4
12/2023	10	800,000	8,000,000	482,444	4,824,441	Issuance of shares for cash capital increase: 40,000,000 shares Restricted stock awards: 9,982,000 shares	None	Note 5
03/2024	10	800,000	8,000,000	484,944	4,849,439	Conversion of convertible corporate bonds: 2,500,000 shares	None	Note 6

Note 1: Approval letter 1120009559 issued on March 29, 2023.

Note 2: Approval letter 1120017420 issued on May 26, 2023.

Note 3: Approval letter 1120027470 issued on August 18, 2023.

Note 4: Approval letter 1120038605 issued on November 22, 2023.

Note 5: Approval letter 1120042049 issued on December 18, 2023.

Note 6: Approval letter 1130009457 issued on March 28, 2024.

(4) Composition of Shareholders

April 2, 2024, Unit: Shares

Item \ Shareholder types						Total
	Government agencies	Financial institutions	Other institutional shareholders	Foreign institutions & natural persons	Domestic natural persons	
Number of shareholders	6	11	240	296	45,856	46,409
Shareholding (shares)	29,175,233	5,696,034	232,570,510	60,791,664	157,019,978	485,253,419
Shareholding (%)	6.01	1.17	47.93	12.53	32.36	100.00

(5) Shareholding Distribution Status

April 2, 2024, Unit: Shares

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Shareholding (%)
1-999	17,066	2,936,375	0.61
1,000-5,000	25,010	43,541,716	8.97
5,001-10,000	2,196	16,091,556	3.32
10,001-15,000	694	8,438,238	1.74
15,001-20,000	342	6,073,566	1.25
20,001-30,000	324	7,958,151	1.64
30,001-40,000	162	5,708,665	1.18
40,001-50,000	95	4,363,347	0.90
50,001-100,000	229	16,199,953	3.34
100,001-200,000	126	17,851,450	3.68
200,001-400,000	64	18,148,587	3.74
400,001-600,000	18	9,067,190	1.87
600,001-800,000	19	13,162,420	2.71
800,001-1,000,000	12	10,406,205	2.14
1,000,001 or over	52	305,306,000	62.91
Total	46,409	485,253,419	100.00

(6) Major Shareholders

April 2, 2024; Unit: Shares

Shareholder's Name	Shareholding	Shares	%
Wistron Corp.		96,089,042	19.80
Yuanta Taiwan Dividend Plus ETF		21,127,655	4.35
Fuh Hwa Securities Investment Trust Co., Ltd.-Investment Account		18,696,000	3.85
Labor Pension Fund (The New Scheme)		12,650,530	2.61
Yong Shun Wang		10,319,491	2.13
WNC's Employee Share Plan Trust Account at Bank SinoPac		9,982,000	2.06
Chunghwa Post Co., Ltd.		9,687,131	2.00
EZmoney Taiwan High Dividend and Momentum ETF		8,899,000	1.83
Haydn Hsieh		7,302,435	1.50
Yuanta Taiwan High-Yield Leading Company Fund		6,735,632	1.39

(7) Market Price, Net Worth, Earnings, and Dividends per Share During the Most Recent Two Years

Unit: NT\$

Item		Year	2022	2023	Jan. 1, 2024– Mar. 31, 2024
Market Price per Share	Highest market price		95.5	173.5	165.0
	Lowest market price		60.7	78.0	140.5
	Average market price		75.97	111.87	152.68
Net Worth per Share	Before distribution		50.29	62.92	—
	After distribution		45.29	(Note 1)	—
Earnings per Share	Weighted average shares (unit: thousand shares)		393,613	423,278	—
	Earnings per share		7.93	8.98	—
Dividends per Share	Cash dividends		4.84142564	6.0 (Note 1)	—
	Stock dividends	Dividends from Retained Earnings	0	0	—
		Dividends from Capital Surplus	0	0	—
	Accumulated Undistributed Dividends		0	0	—
Return on Investment	Price / Earnings Ratio (Note 2)		9.58	12.46	—
	Price / Dividend Ratio (Note 3)		15.69	18.65 (Note 1)	—
	Cash Dividend Yield Rate (%) (Note 4)		6.37	5.36 (Note 1)	—

Note 1: Dividends per Share will be finalized after ratification at the 2024 shareholders' meeting.

Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 4: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

(8) Dividend Policy and Implementation Status

A. Dividend policy

If WNC shows a year-end earnings surplus, it firstly pays taxes in full, and then makes up any accumulated losses. Thereafter a 10% appropriation of the remaining amount shall be set aside towards the legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid-in capital. Thereafter an amount shall be set aside or reserved as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Distribution of the remaining profit after setting aside the abovementioned amounts, together with the balance of the unappropriated retained earnings at the beginning of this period, shall be proposed, with no less than 10% as dividends to shareholders, by the Board of Directors and ratified at the shareholders' meeting.

In consideration that WNC is involved in a capital- and technologically-intensive industry and in consideration that WNC is expanding and to ensure its continued and steady growth, a long-term investment plan must be adopted. Therefore, WNC adopts a residual dividend policy as its dividend policy. The cash dividends shall not be less than 10% of the total dividends.

B. Proposed distribution of dividends

The proposal for the distribution of 2023 profits of cash dividends of NT\$6.0 per share, as listed in the table below, was passed at the meeting of the Board on March 6, 2024. The proposal will be implemented after ratification during the Shareholders' Meeting to be held on May 31, 2024.

Earnings Appropriation Statement for Year 2023

Unit: NT\$

Item	Amount
Unappropriated retained earnings at the beginning of the period	6,310,211,272
Plus: Profit after tax (net income) for the year	3,802,829,641
Minus: Changes in the remeasurements of the defined benefit plans	(7,127,200)
Plus: Share-based payment transactions	674,220
Plus: Disposal of investments in equity instruments measured at fair value through other comprehensive income	15,235,252
Minus: Legal reserve	(381,161,191)
Plus: Reversed special reserve	57,319,111
Retained earnings for appropriation	9,797,981,105
Shareholder dividends and bonuses (Cash dividend: NT\$6.0 per share)	(2,909,663,424)
Unappropriated retained earnings at the end of the period	6,888,317,681

C. Descriptions of any expected significant changes to dividend policies: None

(9) The impact of stock dividends distribution proposed in this shareholders' meeting toward WNC's business performance and EPS: N/A

(10) Profit-Sharing Bonuses for Employees and Directors

A. Percentage and scope specified in the Articles of Incorporation:

If WNC shows an annual profit (the profit herein indicates the pretax profit without deducting the profit-sharing bonuses for employees and directors), the profit will be appropriated in accordance with the following. However, the amount to make up any accumulated losses shall be set aside:

- a. No less than 5% as profit-sharing bonuses for employees; where such bonuses are distributed by shares or as cash; employees of controlled companies, with qualifications set by the Board of Directors, can be included;
- b. No more than 1% as directors' profit-sharing bonuses in cash.

B. The accounting treatment if there is a difference between the actual distribution and the estimated basis for calculating profit-sharing bonuses for employees and directors, and the shares as stock bonus for employees:

If the actual amounts subsequently paid differ from the above estimated amounts, the difference will be recorded in the year paid as a change in accounting estimate.

C. Profit-sharing bonuses distribution approved by the Board of Directors

- a. The profit-sharing bonuses for 2023 approved by the Board of Directors is NT\$583.259 million for employees and NT\$53.024 million for directors. There is no difference between the estimated expense and the proposed amounts approved by the Board of Directors.
- b. Ratio of stock bonuses for employees to the net income of the parent-company-only financial statements: N/A

D. The actual distribution of the employees' profit-sharing bonuses and directors' profit-sharing bonuses during the previous year (including the distributed shares, amount, and stock price): If there is a difference between the proposed amount, the difference, reason, and processing status shall be described.

Unit: NT\$

	Proposed amount approved by the Board	Actual distribution amount (Note)
Employees' profit-sharing bonuses (in cash)	453,223,381	453,223,381
Directors' profit-sharing bonuses	41,202,124	41,202,124
Total	494,425,505	494,425,505

Note: The above profit-sharing bonuses for employees and directors were expensed under WNC's 2022 statement of comprehensive income and the same amount was approved in the Board of Directors' meeting on March 10, 2023.

(11) Buyback of Stock: None

2. Issuance of Corporate Bonds:

(1) Issuance of Corporate Bonds:

Issuance	Bonds Issued During the Third Issuance of Domestic Unsecured Convertible Corporate Bonds
Issuing Date	June 27, 2022
Par Value	NT\$100,000
Issuance Price	101% of its par value
Total Amount	NT\$2.8 billion
Interest Rate	Coupon rate: 0%
Tenor and Maturity Date	Three years Maturity: June 27, 2025 (redeemed in advance on March 28, 2024 and terminated over-the-counter trading)
Guarantor	None
Trustee	CTBC Bank Co., Ltd.
Underwriter	KGI Securities Co. Ltd.
Legal Counsel	Handsome Attorneys-at-Law: Ya-wen Chiu
Auditors	KPMG Auditors of the most recent year: Emily Tseng, Hai-Ning Huang Auditors of the most recent quarter: Grace Lu, Emily Tseng
Repayment	Lump sum payment in cash upon maturity except for conversion conducted in accordance with Article 10 of WNC's Regulations Governing the Issuance and Conversion of Bonds Issued During the Third Issuance of Domestic Unsecured Convertible Corporate Bonds or early redemption in accordance with Article 18 of the aforementioned regulations by bondholders or buyback conducted by TPEX.
Outstanding Principals (Note)	NT\$0
Redemption or Early Repayment Clause	Please refer to Article 18 of WNC's Regulations Governing the Issuance and Conversion of Bonds Issued During the Third Issuance of Domestic Unsecured Convertible Corporate Bonds
Restrictions	None
Name of the Credit Rating Agency, Rating Date, Result	Not Applicable

Issuance		Bonds Issued During the Third Issuance of Domestic Unsecured Convertible Corporate Bonds
Other Rights of Bondholders	Amount of converted (exchanged or subscribed) common shares, ADRs, or other securities as of the publication date of the annual report (Note)	39,698,917 shares converted
	Regulations concerning issuance and conversion (exchange or stock rights)	Please refer to the corporate bond section on MOPS for information about bond issuance
Dilution Effect and Other Adverse Effects on Existing Shareholders		The convertible corporate bonds do not have any dilution effect on shares until bondholders convert the bonds. Bondholders can choose the more favorable time during the conversion period to convert the bonds so as to defer or disperse the dilution effect.
Custodian		Not applicable

Note: Over-the-counter trading of the convertible corporate bonds was terminated on March 28, 2024.

(2) Information of Convertible Bonds

Unit: NT\$

Corporate Bond Type		Bonds Issued During the Third Issuance of Domestic Unsecured Convertible Corporate Bonds	
		Year	
Items		2023	January 1 to March 28, 2024
Market Value of Convertible Bonds	Highest	251.0	240.0
	Lowest	111.2	211.0
	Average	136.1	224.09
Conversion Price		72.2/68.5/67.2	67.2
Issue Date and Conversion Price upon Issuance		June 27, 2022 74.5	June 27, 2022 74.5
Conversion Method		Issuance of new shares	Issuance of new shares

(3) Exchangeable Bonds: None

(4) Shelf Registration: None

(5) Bonds with Warrants: None

3. Special Shares: None

4. Overseas Depositary Receipts: None

5. Employee Stock Options: None

6. Issuance of Employee Restricted Stock Awards (RSAs)

(1) Issuance of Employee RSAs

April 2, 2024

Type of employee RSAs	Employee RSAs for 2019	Employee RSAs for 2023
Date of effective registration / Total number of stocks issued	December 30, 2019 / 7,500,000	September 12, 2023 / 10,000,000
Issue date	August 3, 2020	December 5, 2023
Number of employee RSAs issued	7,400,000	9,982,000
Number of employee RSAs that can still be issued	0	0
Issued price	0	0
Employee RSAs as a percentage of shares issued (%)	1.90	2.31
Vesting conditions of employee RSAs	<p>Employees who are still in service at the end of vesting periods are eligible to receive restricted stock awards (RSAs) starting from the first anniversary of the grant date of RSAs. WNC will determine the total number of RSAs distributable each year based on its overall performance, then the number of RSAs the aforementioned employees receive based on their performance assessment results.</p> <p>1. WNC's overall performance indicators A. The vested ratio of the total number of RSAs to be granted during the year is determined based on WNC's EPS from the consolidated financial statements (which have been audited and certified by a certified public accountant) of the most recent year upon the expiration of the vesting period. WNC's EPS will be compared with those of other companies in the network communications industry category:</p> <p>If WNC's EPS ranks among the top 1/3 of companies in the network communications industry, the vested ratio will be 100%.</p> <p>If WNC's EPS ranks below the top 1/3 but among the top 2/3 of</p>	<p>Employees who are still in service at the end of vesting periods are eligible to receive restricted stock awards (RSAs) starting from the first anniversary of the grant date of RSAs. WNC will determine the total number of RSAs distributable each year based on its overall performance, then the number of RSAs the aforementioned employees receive based on their performance assessment results.</p> <p>1. WNC's overall performance indicators A. The vested ratio of the total number of RSAs to be granted during the year is determined based on WNC's EPS from the consolidated financial statements (which have been audited and certified by a certified public accountant) of the most recent year upon the expiration of the vesting period. WNC's EPS will be compared with those of other companies in the network communications industry category:</p> <p>If WNC's EPS ranks among the top 1/3 of companies in the network communications industry, the vested ratio will be 100%.</p> <p>If WNC's EPS ranks below the top 1/3 but among the top 2/3 of</p>

Type of employee RSAs	Employee RSAs for 2019	Employee RSAs for 2023
	<p>companies in the network communications industry, the vested ratio will be 75%.</p> <p>If WNC's EPS fails to rank among the top 2/3 of the companies in the network communications industry, the vested ratio will be 0%.</p> <p>B. The companies in the same network-communications industry category as WNC refer to: Sercomm Corporation, Gemtek Technology Co., Ltd., Microelectronics Technology Inc., Prime Electronics and Satellitics Inc., Zinwell Corporation, Alpha Networks Inc., CyberTAN Technology, Inc., Accton Technology Corporation, Arcadyan Technology Corporation, AzureWave Technologies, Inc., and Senao Networks, Inc. If there are changes to this list, the Remuneration Committee of WNC is in charge of approving the changes.</p> <p>C. With regard to WNC's overall performance indicators, upon the occurrence of circumstances unforeseeable during the formulation of the current measures, such as international industry and economic situations having a significant impact on WNC's operations, WNC's remuneration committee may propose to adjust such indicators or the vested ratio. Any proposed adjustments to the indicators or ratio shall be approved by the Board of Directors before they can be applied.</p> <p>2. Employees' performance indicators</p> <p>Subject to the company's overall performance indicators above, employees with service of one year, two years, and three years following the grant date of RSAs, and who obtain an A or above twice in their annual performance assessment results in the corresponding year(s), can receive up to 100% of the total number of shares to be granted during that/those year(s). Employees who obtain an A and an A- in their performance assessments may receive up to 80% of the total number of shares to be granted during the corresponding year. Employees who obtain an A- twice may</p>	<p>companies in the network communications industry, the vested ratio will be 80%.</p> <p>If WNC's EPS fails to rank among the top 2/3 of the companies in the network communications industry, the vested ratio will be 0%.</p> <p>B. The companies in the same network-communications industry category as WNC refer to: Sercomm Corporation, Gemtek Technology Co., Ltd., Microelectronics Technology Inc., Prime Electronics and Satellitics Inc., Zinwell Corporation, Alpha Networks Inc., CyberTAN Technology, Inc., Accton Technology Corporation, Arcadyan Technology Corporation, AzureWave Technologies, Inc., and Senao Networks, Inc. If there are changes to this list, the Remuneration Committee of WNC is in charge of approving the changes.</p> <p>C. With regard to WNC's overall performance indicators, upon the occurrence of circumstances unforeseeable during the formulation of the current measures, such as international industry and economic situations having a significant impact on WNC's operations, WNC's remuneration committee may propose to adjust such indicators or the vested ratio. Any proposed adjustments to the indicators or ratio shall be approved by the Board of Directors before they can be applied.</p> <p>2. Employees' performance indicators</p> <p>Subject to the company's overall performance indicators above, employees with service of one year, two years, and three years following the grant date of RSAs, and who obtain an A or above twice in their annual performance assessment results in the corresponding year(s), can receive up to 100% of the total number of shares to be granted during that/those year(s). Employees who obtain an A and an A- in their performance assessments may receive up to 80% of the total number of shares to be granted during the corresponding year. Employees who obtain an A- twice may</p>

Type of employee RSAs	Employee RSAs for 2019	Employee RSAs for 2023
	<p>receive up to 60% of the total number of shares to be granted during the corresponding year. Employees with a performance assessment result of B or below forfeit any right to shares during the corresponding year.</p> <p>3. If WNC’s overall performance indicators fail to rank among the top 2/3 of companies in the network communications industry, it is considered, in principle, that the vesting conditions are not met. However, if the employee who has been granted RSAs has made important contributions to the company and if the employee obtains an A or above twice in their performance assessment results in the same year, WNC’s remuneration committee may propose a different number of vested shares within the total number of RSAs granted to the employee during the year. Such a proposal shall be approved by the Board of Directors before it can be applied. In this case, WNC’s overall performance indicators will be excluded as one of the vesting conditions.</p>	<p>receive up to 60% of the total number of shares to be granted during the corresponding year. Employees with a performance assessment result of B or below forfeit any right to shares during the corresponding year.</p>
Restricted rights of employee RSAs	<p>With the exception of inheriting stock awards, employees receiving RSAs shall not sell, pledge, transfer, gift to others, assign, or otherwise dispose of their RSAs before meeting the vesting conditions. Once employees meet the vesting conditions, the RSAs will be sent to employees’ settlement account via a trust account in accordance with the stipulations in the security trust agreement.</p> <p>Employees’ right to attend, raise proposals, speak, and vote at shareholders’ meetings are enforced in accordance with the stipulations in the security trust agreement.</p> <p>Besides the rights stipulated in the security trust agreement mentioned in the previous paragraph, employees who receive RSAs in accordance with the regulations in this section also have the same rights, including but not limited to, stock dividends, bonuses, additional paid-in capital, and stock options via capital increase by cash, as other WNC common stock shareholders have, even before the vesting conditions are met.</p>	<p>With the exception of inheriting stock awards, employees receiving RSAs shall not sell, pledge, transfer, gift to others, assign, or otherwise dispose of their RSAs before meeting the vesting conditions. Once employees meet the vesting conditions, the RSAs will be sent to employees’ settlement account via a trust account in accordance with the stipulations in the security trust agreement.</p> <p>Employees’ right to attend, raise proposals, speak, and vote at shareholders’ meetings are enforced in accordance with the stipulations in the security trust agreement.</p> <p>Besides the rights stipulated in the security trust agreement mentioned in the previous paragraph, employees who receive RSAs in accordance with the regulations in this section also have the same rights, including but not limited to, stock dividends, bonuses, additional paid-in capital, and stock options via capital increase by cash, as other WNC common stock shareholders have, even before the vesting conditions are met.</p>

Type of employee RSAs	Employee RSAs for 2019	Employee RSAs for 2023
	For employees who meet the vesting conditions for RSAs beginning with: book closure dates for issuance of bonus shares, book closure dates for ex-dividend, book closure dates for issuance of shares for cash capital increase, book closure period for shareholders' meetings as stipulated in Paragraph 3 of Article 165 of the Company Act, or other legal closure periods; and ending with the record date of stock rights distribution, the vesting time and procedures shall be decided in accordance with the security trust agreement.	For employees who meet the vesting conditions for RSAs beginning with: book closure dates for issuance of bonus shares, book closure dates for ex-dividend, book closure dates for issuance of shares for cash capital increase, book closure period for shareholders' meetings as stipulated in Paragraph 3 of Article 165 of the Company Act, or other legal closure periods; and ending with the record date of stock rights distribution, the vesting time and procedures shall be decided in accordance with the security trust agreement.
Custody status of employee RSAs	Managed by security trust	Managed by security trust
Measures to be taken when vesting conditions are not met	WNC will redeem at no cost and cancel the employee RSAs when vesting conditions are not met.	WNC will redeem at no cost and cancel the employee RSAs when vesting conditions are not met.
Number of employee RSAs that have been redeemed or bought back	2,051,800	0
Number of released RSAs	5,348,200 (Note)	0
Number of unreleased RSAs	0	9,982,000
Ratio of unreleased RSAs to total issued shares (%)	0	0
Impact on shareholder rights	As employee RSAs are expected to have a limited dilution effect on WNC's EPS, there is no significant impact on the shareholders of WNC.	As employee RSAs are expected to have a limited dilution effect on WNC's EPS, there is no significant impact on the shareholders of WNC.

Note: The number of released shares does not include the 2,051,800 shares that were redeemed and cancelled.

(2) List of executive officers receiving restricted stock awards and the top ten employees with restricted stock awards

April 2, 2024 Unit: NT\$,share

Job title	Name	No. of restricted stock awards received	Restricted stock awards received as a percentage of shares issued (%)	Released				Unreleased				
				Number of released shares	Issued price	Issued amount	Released restricted shares as a percentage of shares issued	Number of unreleased shares	Issued price	Issued amount	Unreleased restricted shares as a percentage of shares issued (%)	
Chairman & CSO	Haydn Hsieh											
Director; President & CEO	Jeffrey Gau											
Senior Vice President & General Manager of Business Group	Fayu Chen											
Senior Vice President & General Manager of Business Group	Johnson Hsu											
Vice President & General Manager of Business Group	David Tsai											
Vice President	Chris Hwang											
Vice President	TJ Chen											
Vice President	Joseph Chi											
Vice President	James Chen	3,404,000	0.70	0	0	0	0	0	0	0	0	0.70
Chief of Staff	Repus Hsiung											
General Plant Manager	Apollo Shyong											
Chief Financial Officer	Jona Song											
Chief Supply Chain Officer	Amy Hsu											
Chief Technology Officer	Horen Chen											
Associate Vice President	CW Sheu											
Associate Vice President	ChingLung Chen											
Associate Vice President	Kidd Huang											
Associate Vice President	Clark Chou											
Associate Vice President	Luder Lu											
Executive officers												

	Job title	Name	No. of restricted stock awards received	Restricted stock awards received as a percentage of shares issued (%)	Released				Unreleased					
					Number of released shares	Issued price	Issued amount	Released restricted shares as a percentage of shares issued	Number of unreleased shares	Issued price	Issued amount	Unreleased restricted shares as a percentage of shares issued (%)		
Executive officers	Associate Vice President	CC Hsieh												
	Associate Vice President	CC H Huang												
	Associate Vice President	Rick Hsieh (Note 1)												
	Associate Vice President	Neil Peng (Note 2)												
	Associate Vice President	Hank Tseng (Note 2)												
	Chief Accounting Officer	Fion Guan (Note 3)												
	Chief Information Officer	Jonathan Li												
	Vice General Plant Manager	Jason YH Chen												
	Chief Human Resource Officer	Joanne Han												
	Executive Director	Having Lu												
Employees	Chief Sustainability Officer	Molly Lin	1,019,000	0.21	0	0	0	0	0	0	0	0	0	0.21
	Executive Director	Petter SH Chen												
	Chief Legal Officer	Kris Chang												
	Chief Quality Officer	I Wei Tao												
	Executive Director	Paul Chen												
	CTO of the Networking BG	Gene Chuang												

Note 1: Rick Hsieh was promoted to Associate Vice President on May 10, 2023.

Note 2: Neil Peng and Hank Tseng were promoted to Associate Vice President on July 31, 2023.

Note 3: Fion Guan was promoted to Chief Accounting Officer on January 1, 2024.

7. Status of New Share Issuance in Connection with Mergers and Acquisitions: None

8. Financing Plans and Implementation

(1) Cash capital increase in 2023 through the issuance of new common shares for cash:

A. Description of the plan

- a. The total amount required for this project: NT\$4,240,000,000.
- b. Source of funds: A total of 40,000,000 shares were issued. The par value of each share is NT\$10 with an issue price of NT\$106, raising a total of NT\$4,240,000,000.
- c. The plan item and estimated progress of fund spending:

Unit: Thousand NT\$

Project	Expected time of completion	Total funds required	Expected Time of Funds Utilization							
			2023		2024				2025	
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Purchase of manufacturing and automation equipment and related deployment fees	Q2 of 2025	4,000,000	120,000 (Note)	520,000 (Note)	680,000	680,000	680,000	680,000	320,000	320,000
Increase in operational funds	Q4 of 2023	240,000	0	240,000	0	0	0	0	0	0
Total		4,240,000	120,000	760,000	680,000	680,000	680,000	680,000	320,000	320,000

Note: These financing projects were implemented in Q3 2023, and payments were made in accordance with related contracts. However, due to the time needed for receipt of funds, payments were made with bank loans and the loans will be repaid after the raised funds are received.

B. Expected benefits

- a. Purchase of manufacturing and automation equipment and related deployment fees

Unit: Thousand NT\$

Year	Products	Production	Sales	Revenue	Gross profits	Profits
2023	Network communications products	203	203	203,478	15,905	(1,115)
2024		3,835	3,835	3,834,783	367,899	68,134
2025		10,049	10,049	10,048,696	996,383	203,205
2026		12,000	12,000	12,000,000	1,298,810	346,872
2027		12,000	12,000	12,000,000	1,298,810	370,872
2028		12,000	12,000	12,000,000	1,298,810	370,872

- b. Increase in operational funds

The average interest rate of WNC's bank loans is 3.32%. Based on this rate, it is estimated that WNC is able to reduce its interest expenses by NT\$664,000 in 2023, and NT\$7,968,000 every year afterwards. This can reduce WNC's interest expenses and enhance its financial structure.

c. Implementation status as of Q1 2024

Unit: Thousand NT\$

Project	Implementation status		Accumulated amount as of the end of Q1 2024	Reasons for being ahead or behind the schedule, and improvement plans
Purchase of equipment	Amount spent	Estimated	1,320,000	The actual amount spent as of the end of Q1 2024 was approximately NTS457,575,000. Implementation was behind schedule because WNC adjusted its equipment procurement schedule in accordance with its global manufacturing strategy, which resulted in a delay in equipment purchase and payment.
		Actual	457,575	
	Implementation progress (%)	Estimated	33.00	
		Actual	11.44	
Increase in operational funds	Amount spent	Estimated	240,000	Completed in Q4 2023.
		Actual	240,000	
	Implementation progress (%)	Estimated	100.00	
		Actual	100.00	

Five. Overview of Business Operations

1. Business Content

(1) Business Scope

A. Main business services

- CC01060 Wired Communication Mechanical Equipment Manufacturing
- CC01070 Wireless Communication Mechanical Equipment Manufacturing
- CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
- CC01080 Electronics Components Manufacturing
- F401010 International Trade
- CF01011 Medical Devices Manufacturing
- F108031 Wholesale of Medical Devices
- F208031 Retail Sale of Medical Apparatus
- CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery
- I301010 Information Software Services
- I301020 Data Processing Services
- I301030 Electronic Information Supply Services

Research, development, manufacturing and sales of the following products:

- a. Satellite communications products
- b. Mobile and portable communications products
- c. Products, components, semi-finished products and peripherals of medical testing equipment, medical diagnostic equipment, smart mobile aids, medical consumables, and medical information transmission systems.
- d. Network communications products, hardware and software integration solutions, and applications of related technologies.

Import/export trade services for the above-mentioned products

B. Revenue distribution

Revenue Distribution of Products by Category

(Unit: Thousand NT\$)

Category	Year	2023	
		Amount	Percentage (%)
Wireless communications products		107,293,866	96.85
Others		3,494,051	3.15
Total		110,787,917	100.00

C. Current products

Category	Item
Satellite communications products	<ul style="list-style-type: none"> • DTH TV dish antenna systems • Single cable multi-output outdoor receiver systems and derivative products • Satellite digital signal convertors • Digital satellite radio receiver systems • Digital HD radio receiver systems • Satellite communications transmitters • 4K/8K high-definition digital satellite radio receivers • Lightweight high-frequency satellite two-way communications receivers
Mobile and home communications products	<ul style="list-style-type: none"> • Wireless broadband access network communications equipment and modules • Mobile indoor and outdoor broadband network terminal devices • Next-generation mmWave cellular signal boosters • Next-generation mmWave mobile broadband home gateways • Small cell radio units • Outdoor small cells

Category	Item
	<ul style="list-style-type: none"> • Smart home devices with voice assistant • Fiber-optic connectivity devices • Surveillance cameras • Automotive cellular/Wi-Fi/BT modules • V2X communications end devices • Miniaturized high-definition interior car cameras • Next-generation V2X communications OBUs • V2X roadside communications modules • Wi-Fi mesh routers • BLE modules and sensors • UWB high-precision positioning devices • High-speed datacenter network switches • Embedded antennas for mobile devices • Broadband QoS software • Enterprise Wi-Fi 7 AP • Home Wi-Fi 7 routers • Smart doorbell cameras
Other products	<ul style="list-style-type: none"> • Miniaturized high-frequency forward collision warning automotive radars • Miniaturized high-definition automotive cameras • Automotive antenna modules • mmWave high-frequency transmission modules • Industrial cellular modems • Narrow-band IoT asset-trackers • RFID portal antennas • Item locating solutions • Real-time reflow oven quality monitoring and temperature prediction systems • Reflow oven production simulation and automatic recipe generation systems • mmWave in-cabin detection sensors

D. New products under development

Category	Items
Microwave communications product series	<ul style="list-style-type: none"> • Next-generation high-power mmWave transceivers • Next-generation miniaturized mmWave RF/antenna units • Outdoor mmWave long-range communications equipment • Non-geostationary satellite broadband equipment • High-power 5G antenna units • 5G small cells • 5G O-RAN L2/L3 software and edge computing servers
Mobile and home communications product series	<ul style="list-style-type: none"> • Cloud-based Wi-Fi access point management software • Microcell base station radio units • Mobile network infrastructure distribution units • 5G fronthaul gateways • Outdoor small cells • AIoT image sensors • UWB positioning devices • UWB smart home devices • Smart wireless sensors for home care • Network security routers • 5G Open RAN network slicing technology • Coaxial cable network adapters • Wi-Fi 7 5G home routers
Other products	<ul style="list-style-type: none"> • Automotive AI image sensors • Fleet management recording and tracking devices • Automotive sensor fusion solutions • Industrial IoT sensors • Battery-free wireless sensors • Cloud-based NDR software

(2) Industry Overview

A. Industry development trends and current market conditions

WNC pays great attention to industry trends in wireless technology across a range of frequency bands, and has cultivated professional competencies in high-speed wireline networks and future communications technologies. Implementation of next-generation network frameworks will drive a new wave of market growth, as shown in the following sections:

In terms of government policies, the US government has formulated plans aiming at increasing the scope of broadband infrastructure deployment. For example, the Biden administration's Infrastructure Investment and Jobs Act (IIJA) includes US\$65 billion of funding for broadband access and US\$1.7 billion of funding channeled to native American tribal governments for broadband deployment on tribal lands, as well as another US\$1.5 billion grant from the Public Wireless Supply Chain Innovation Fund. Likewise, the EU rolled out Europe's Digital Decade in 2021, with the goal that all European households be covered by a Gigabit network by 2030. These programs are anticipated to facilitate the upgrade of broadband infrastructure and accelerate the popularity of high-speed broadband networks.

For wireless communications, telecommunications companies around the world are investing heavily in next-generation 5G networks due to their ultra low latency and low power consumption characteristics. In recent years, many telecom operators have launched 5G FWA broadband services for the purpose of exploiting 5G services and existing spectrums. As of October 2023, 152 operators around the world are providing 5G FWA services.

In line with the government's policies on promotion of 5G networks, WNC has recruited top 5G talent and participated in many 5G R&D projects at home and abroad. The company's 5G open RAN solutions have passed testing by Taiwan's National Development Council and the largest telecommunications company in Taiwan, facilitating the implementation of 5G open RAN for customers in manufacturing, healthcare, education and entertainment fields. In addition, many of WNC's 5G products have obtained international certifications for wireless products, passed OTIC interoperability tests and received TIP badges, with the rest to follow soon.

According to the timelines announced by 3GPP, 5G Release 18 is scheduled to freeze in the first half of 2024. In addition, 3GPP has defined Release 18 as 5G-Advanced. Applications of 5G-Advanced will be extended to include IoT markets, such as automotive communications, which require extremely low-latency connectivity and integration of sensors based on radar, camera, LiDAR, and other technologies. Connected devices need to process much more data in a shorter period of time than in the past, which highlights the importance of AI-assisted data screening. The edge computing capabilities of GPUs, TPUs, and other high-speed processing units, combined with deep learning algorithms, will expand network applications beyond those of specialized networks. AI algorithms will enable the full utilization of the transmission capabilities and bandwidth of next-generation networks, creating many new business opportunities.

The V2X market has been growing steadily due to continued advancements in IoT technology and the ongoing deployment of 5G networks. According to a report from Techno Systems Research (TSR), 43.2 million connected vehicles were sold in 2021, and this figure is expected to reach 71.6 million by 2027. In the future, Telematics Service Providers (TSPs) will bring about new IoV services, such as car control, parking space searching, real-time traffic monitoring and route planning, rental car sharing, voice-controlled in-vehicle infotainment systems, and better automotive safety and driving assistance systems. The maturation of voice-control devices will allow them to expand from the general consumer market to the automotive industry. In connected vehicles, voice control will allow drivers and passengers to have more intuitive control of automotive entertainment systems. Smart home services may also be integrated into such systems.

The automotive industry is currently undergoing a major change, shifting its focus to Mobility as a Service (MaaS). C.A.S.E. (Connected, Autonomous, Shared, and Electric) technologies are currently the four main trends in the automotive industry, and they are driving the digitization and electrification of automobiles. Due to the challenges brought about by climate change, at the 2021 United Nations Climate Change Conference (COP26), more than 30 governments and six major

automakers signed a declaration to work towards all sales of new cars and vans being zero emissions by 2040, or by no later than 2035 in leading markets. Automotive connectivity has been developing rapidly in recent years due to the development of V2X communications technologies, related solutions from upstream chip vendors, and the implementation of 5G C-V2X standards. This has led to V2X-integrated ADAS systems becoming standard in many cars on the U.S. automotive market, filling the gaps which standard sensors cannot fill and providing drivers with more safety information such as on upcoming traffic conditions. The V2X market is expected to grow significantly, and the V2X technology will benefit all road users and reduce the number of accidents. Sensor fusion and the integration of V2X with ADAS are key for cars to quickly achieve Level 4 autonomous driving. With regard to automotive technologies, WNC's automotive modules with value-added software have gained ground with some of our key customers. Our in-cabin 60 GHz radar, along with the 3D point cloud algorithm exclusively developed by WNC, can accurately detect vital signs of occupants inside a vehicle, reducing the likelihood of safety incidents. We have also obtained ISO/SAE 21434 certification, proof of WNC's information security capabilities for automotive devices.

According to estimates from IoT Analytics, overall enterprise IoT spending grew by 18.5% YoY in 2023 to US\$238 billion and their forecast for 2024 is for 20.6% growth. With the publication of the 3GPP Release 17 specification in June 2022, Reduced Capability (RedCap), the most important standard in 5G IoT, was functionally frozen as well. This new development has made mMTC services more likely to materialize and further paved the way for the commercialization of 5G. A new study from Juniper Research forecasts there will be over 360 million 5G IoT devices using public network by 2028. In the past, factors such as inconsistent hardware and software standards and a high level of customization has impeded the mass production of IoT products. Nevertheless, with the emergence of cloud services and edge computing services in recent years, the pace of standardizing specifications of IoT hardware and communications has quickened, helping boost market acceptance of IoT products.

The integration of AI and the IoT (AIoT) will lead to rapid growth for the IoT market and create new business services. The incorporation of AIoT in the Cloud, end devices, and the internet has led to the integration of voice control and visual identification in many consumer products in recent years, turning them into smart end devices. In the future, more and more home appliances and end devices are expected to become AIoT devices. AIoT will also reduce costs and enable more flexible production for the Industrial IoT, allowing it to better adapt to rapidly changing markets. Many service operators are actively promoting 5G private networks, and cloud service providers are also providing 5G private network services, which will lead to faster growth for the IoT in the vertical applications market. As more and more governments around the world place emphasis on environmental protection issues, enterprises are also incorporating ESG concepts into their business operations. Large enterprises are required by regulations to disclose related figures, such as pollution levels, GHG emissions, and use of resources (e.g., water use and energy consumption). All these data can be easily collected with the assistance of AIoT solutions, which is likely to bring new business opportunities to the IoT market.

Three major chip vendors launched Wi-Fi 7 chips in 2022. With faster connectivity and wider bandwidth, Wi-Fi 7 will further reduce latency and allow multiple devices to transmit and receive data simultaneously. Applications of Wi-Fi 7 will also be broader, including AR/VR, smart home devices, online gaming, and telemedicine services. After more Wi-Fi 7-capable products are introduced, companies producing connected products will become more inclined to upgrade their product lines, which will bring about another wave of business opportunities. WNC became the first company in Taiwan's network communications sector to unveil a sample Wi-Fi 7 EAP router in 2022, demonstrating our cutting-edge Wi-Fi software and hardware technologies. WNC has also launched a variety of Wi-Fi 7 solutions and products for operators, including routers, extenders, XGS-PON home gateways and 5G CPEs.

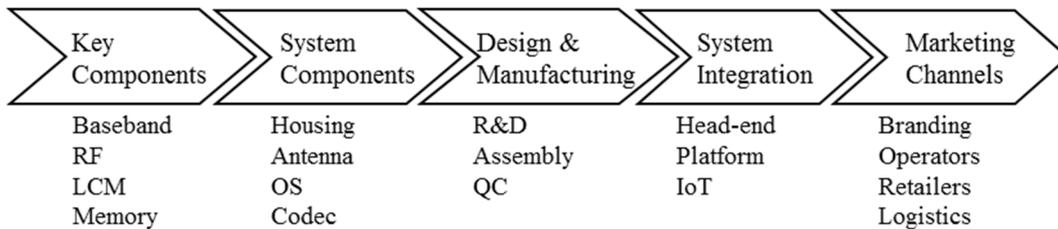
Ground communications are limited by topography. Currently, around 40% of the planet is still not covered by ground communication signals. However, low-earth orbit (LEO) satellite communications can make up for this limitation. The signals of LEO satellites can reach every corner of the planet. To create more business opportunities in the mobility field, vendors of LEO satellite ground equipment are not only aiming at fixed-line network users in rural areas, but are also targeting

Earth Stations in Motion (ESIMs), which means communications equipment on moving carriers such as large vehicles, vessels at sea, and airplanes. In the past, satellite communications was a small market because satellite communications were mainly based on proprietary technologies and required proprietary receiving terminals and satellite galaxies that cannot communicate among products from different companies. As a result, the market was unable to scale up. With ongoing collaboration between 3GPP and companies in the satellite industry for formulation of global standards, satellite communications were incorporated into 5G networks in 3GPP Rel-17, known as 5G Non-Terrestrial Networks (5G NTN). This will enable cell devices complying with the standards to connect to satellites seamlessly and reduce the needs of proprietary devices, thereby increasing the possibilities for growth in the satellite communications market. WNC has long been involved in the satellite industry and invests in the R&D of relevant technologies. With the expansion of the market and customer base, the sector provides considerable growth momentum for future development.

Geopolitical tensions and economic instability around the world persisted in 2023 due to spiraling inflation and tight monetary policies implemented by central banks. In addition, tensions between the US and China, geopolitical conflicts and fluctuating exchange rates also brought about challenges and the network communications sector was heavily impacted. In the face of these obstacles, WNC has worked closely with its customers and suppliers to reduce risks. Despite challenges ahead in 2024, WNC will continue to manage its operations more flexibly to ensure business competitiveness and monitor economic development in major economies while tapping into emerging markets to prepare for the future.

B. Industry value chain

The electronics industry is characterized by its long supply chain, numerous components, and complex cooperative-competitive partnerships. Coinciding with the integration of a variety of product categories and diversified operational strategies, members within the industry value chain have steadily increased. Recent trends demonstrate that antiquated boundaries between specialized divisions and within vertically integrated structures are becoming blurred as the complexity of products increases.



C. Product development trends

a. Upgrades in wireless bandwidth

With the maturation of online streaming and extended reality (XR) technologies, there is growing demand for convenient, high-bandwidth wireless connectivity. This demand has led to the rapid growth of Wi-Fi 6/6E/7, mesh, 5G, and other high-bandwidth wireless communications technologies. 5G will be a key technology in the next decade, because it can bring about a world of ubiquitous real-time connectivity. According to a report, there were 8.5 billion mobile users and 15.7 billion IoT connections worldwide in 2023, and these numbers are expected to reach 9.2 billion and 38.9 billion respectively in 2029. Since different wireless communications technologies have different characteristics, more diverse antenna design capabilities, more precise manufacturing, and more flexible production resource allocation will be required. These capabilities will be the keys to success in the upcoming connectivity revolution.

b. Low Earth Orbit (LEO) satellites

The development of B5G/6G Non-Terrestrial Networks (NTN) by deploying space and high-altitude vehicles carrying communications payloads will help realize full network coverage for the planet. 85% of the Earth's surface currently does not have internet coverage, and numerous enterprises are now looking for a low-cost global connectivity solution as their need for IoT data increases. LEO satellites, which are not affected by geography or surface deployment restrictions, can provide internet connectivity to rural areas at a low cost, expanding coverage around the world. According to a 2022 report from Berg Insight, satellite IoT users are expected to grow from 3.9 million in 2021 to 21.2 million in 2026 for a CAGR of 40.3%. WNC's technical expertise in high-frequency and satellite communications will enable us to engage with satellite communications service operators in a number of ways.

c. Virtualization of network architecture

The disruptive technologies and developments mentioned above are all closely linked to the internet. Without the internet, it would have been difficult to develop technologies such as voice services, wireless broadband, and AI. Because many things depend on the internet, a lot of stress has been placed on network backbones around the world, and has brought people's attention to SDN/NFV and other network virtualization technologies. The implementation of virtualization technology has grown from massive data centers to include various network service platforms. Virtualization is seen as the solution that can meet the bandwidth demand in the B5G age. Using virtualization technology as a foundation enables more flexible data transformation using network slicing, allowing for a variety of new applications to be developed. Open network infrastructure along with universal hardware and virtualization will make networks more flexible and more compatible. It will also make them easier to organize, set up, and manage. The standardization of network equipment marks an expansion in scope and will pave the way for new supply chains and the establishment of an open and free internet.

d. Development of open-source software

Open-source organizations such as prpl Foundation and RDK are devoted to development of a universal service ecosystem for end-user devices of ISPs, including carrier-grade software frameworks such as prplWrt, OpenWrt, and RDK-B. Their purpose is to provide support for Wi-Fi routers and home gateway devices of ISPs. Through community projects and commercial software stacks, these organizations attempt to establish common standards of service ecosystems so that operators can have choices other than proprietary software and chipset solutions and will be able to introduce third-party applications at a faster pace and provide value-added services. As such, more and more carriers are paying attention to and starting to use open-source applications. WNC has the ability to deploy open-source platforms such as OpenWRT, prplOS, and RDK and is capable of customizing them and applying them to all types of network devices. In addition, WNC has also participated in many activities held by these standard organizations to contribute to the industry.

D. Competitive environment

With the development of IoT, AI, big data, and new network applications such as metaverse, the demand for network products is rapidly increasing, related technologies are continuously being upgraded, and more and more peer manufacturers are flocking to new business opportunities. Nevertheless, compared to ordinary wired network products, wireless communications products possess higher technical requirements for wireless RF, antenna design, and network access verification. To fulfill an IoT project-type market that often requires diverse products requested in small quantities, within multi-element applications fields, and with high levels of customization, only manufacturers with deep experience in wireless product design and the capacity for efficient design, effective verification, and scalable mass production can occupy crucially advantageous positions in the new market.

To develop products and technologies, WNC has invested greatly in R&D talent and technological innovation with our expenditure on R&D growing healthily every year. It has also expanded its product portfolio to include wireless to wired, end user to infrastructure products while increasing its

software development capabilities. In addition, WNC has been working closely with partners from industry, government, and academic sectors to develop forward-thinking technologies while focusing on patent applications to secure an advantageous position with technologies in this highly competitive market.

The global industry value chain has been shifting rapidly after the pandemic and major countries are reshoring and nearshoring manufacturing due to geopolitical tensions, driving manufactures to implement global manufacturing strategies. WNC also expanded its manufacturing sites to shorten transportation distances for supply chain operations and enable faster product delivery. Effective management over short supply chains can enhance supply chain resilience and manufacturing quality, enabling WNC to provide more flexible and competitive services to customers in an ever-changing business landscape.

(3) Technology Research and Development

A. Research and development expenditures during the last fiscal year and the current fiscal year.

Unit: Thousand NT\$

Year	2023	Jan. 1, 2024–Mar. 31, 2024
Research and development expenditures	4,006,750	-
Percentage of total revenue (%)	3.62	-

B. Successfully developed technologies or products in 2023

Category	Technology or product
Mobile and home communication products	<ul style="list-style-type: none"> • Cloud-based Wi-Fi AP management software • Home Wi-Fi 7 routers • Smart doorbell cameras • Smart home network control panels • DOCSIS gateways • Smart thermostats • Outdoor 5G mmWave FWA receivers • Indoor 5G FWA receivers • 5G outdoor small cells
Other products	<ul style="list-style-type: none"> • mmWave in-cabin detection sensor • Automotive antenna modules • LEO satellite antenna modules • In-cabin wireless sensing technology • SASE SD-WAN • High-speed datacenter Ethernet switches • UWB RF modules

(4) Long-Term and Short-Term Business Development

Category	Marketing strategy	Operations management
Short-term business development plans	<p>Focusing on technology-oriented ODM/JDM services, WNC sets short-term goals to fully understand and cooperate with all major service operators, channel operators and branding companies in corresponding sales regions, and to improve its interaction with distributors, aiming to establish integrated marketing channels.</p>	<ul style="list-style-type: none"> • Sustaining technology development WNC is built on its professional management team with many years of technological experience. In addition to continuous improvement in the quality of current products, WNC will continue developing products with higher transmission rates and richer functionality to respond to market demands. • Improving production capacity and manufacturing capability In coordination with business expansion and new product development schedules of the company, WNC plans to consolidate and make full use of existing production capacity to actively improve its manufacturing capability and lower costs. It aims to turn its manufacturing strength into the core competency that can create profits.
Long-term business development plans	<p>WNC plans long-term marketing strategies to strengthen current customer relationships and broaden its market share of products. In addition, WNC emphasizes interaction and communication with its customers. WNC's aim is to meet customer demands through effective communication to provide the right product for the right market and proactively develop products for niche markets.</p>	<ul style="list-style-type: none"> • Implementing internal control systems WNC's operations management planning process involves establishing complete management measures and effectively implementing internal control systems, confirming that all areas of operations achieve their goals with efficiency and favorable outcomes. It also involves releasing reliable financial reports and complying with corresponding laws and regulations. By undertaking all of these actions, WNC aims to ensure the profit levels, performance standards, and asset security of the company. • Enhance product research and development With deep understanding of every change in both markets and technologies, development of niche products that feature high profits and growth rates are possible. WNC continues to invest in research and development to grasp key component technologies with the aim of achieving the highest level of consumer satisfaction and product profit levels. • Establishing economies of scale By proactively developing new customers and product lines to realize the effects of economies of scale, and with production capacity expansion and manufacturing capability enhancement, WNC aims to lower manufacturing costs and improve overall competency as well as obtain reasonable growth of both business scale and business profits. • Operational scale in coordination with financial policy <ul style="list-style-type: none"> a. Establish and integrate domestic and overseas productivity according to operational needs. b. Enhance asset and liability management capability, maintain reasonable cash conversion cycles, and provide a healthy financial structure.

2. Market and Sales Overview

(1) Market Analysis

A. Geographic distribution of major product markets

Unit: Thousand NT\$

Area \ Year	2022		2023	
	Amount	Percentage of revenue (%)	Amount	Percentage of revenue (%)
The Americas	60,031,047	63.02	76,266,807	68.84
Asia	20,086,474	21.09	20,644,836	18.63
Europe	15,125,981	15.88	13,877,912	12.53
Others	13,949	0.01	(1,638)	0.00
Total	95,257,451	100.00	110,787,917	100.00

B. Market share

From its establishment in 1996 WNC has continuously developed wireless technologies, accumulating much practical experience, and achieving the following milestones:

- a. Highest revenue of listed network communications manufacturers in Taiwan
- b. Largest worldwide supplier of satellite TV antennas
- c. Leading supplier of in-vehicle satellite radio and in-vehicle networking devices
- d. Major supplier of in-vehicle wireless modules, HF radar products, and smart meter communications solutions
- e. Preferred partner of key global chip suppliers for enterprise-level wireless communications products
- f. 30% market share of laptop built-in antennas (No. 1 globally)

In terms of mobile communications network and enterprise-level wireless devices WNC is second-to-none as a global supplier. In addition to long-term development of 3G and 4G technology the company was a pioneer in the development of 5G technology as well as being the first company to release enterprise-level Wi-Fi 6/6E products. These indicate that WNC's technological capability and product quality is recognized by customers from each industry. In the future, WNC will continue to serve its customers while following its core values.

C. Future market status and growth potential

Improvements in internet technology bring about new applications, which in turn lead to the development of various new technologies. Then, as the new technologies are commercialized, the internet requires further upgrades, forming a never-ending cycle of technological advancements. As we progress toward the goal of a completely wireless world, wireless technologies have developed from one-way control to two-way communications tools. In the future, wireless power/energy transfer will free human creativity from the constraints of power cables, leading to major advancements in product design. As a leader in broadband communications, WNC has always believed that broadband wireless technology development is a never-ending journey. Just as athletes always strive to become faster and stronger, companies are continually working to increase the transmission speed/distance and lower the power consumption of communications technologies. Through this process, we have learned how to overcome environmental, physical, and cost limitations to painstakingly craft our products. In today's overly saturated consumer electronics market, products need to become more refined to remain competitive. Service suppliers, brand companies, and system integrators are starting to emphasize ease-of-use, aesthetics, and low power consumption, because in today's world, electronics products not only need functionality, but also need to focus on various design aspects and find a balance within limitations. In the age of integration, the only companies that can survive are those who have mastered diverse technologies and have extensive experience in development. WNC has a solid foundation in wireless communications technologies, and our software development and system integration capabilities are core

competencies that our customers rely on. These unique traits and our know-how are the reasons that WNC is continuing to grow and thrive today.

D. Competitive Advantages

a. Competitive advantages of WNC

- Professional management team

The management team at WNC has accumulated many years of experience and management capability in the communications field enabling us to fully understand market changes. The management team leads all functional teams to create, practice, and continuously enhance our competitive advantages. The management team at WNC leads the company toward its customer satisfaction goals through a company culture of fundamentals advocacy, teamwork cohesion, customer focus, and value creation.

- Complete product and technology solutions

WNC applies its fundamental strengths in antenna and RF design capabilities. Those strengths are focused in the broadband, multimedia, and IoT domains and in the development of a full range of short-, medium-, and long-distance communications products. WNC has rich experience in microwave communications, digital wireless communications, antenna design, software engineering, and multimedia integration development. Through its outstanding research and development capabilities and in-depth cooperation with global industries, WNC not only provides multi-product solutions but is also able to provide complete technical services including product conception, design, verification, production, and logistics.

- Comprehensive quality management systems

WNC devotes itself to product and service quality and efficiency and has continually made improvements to its management systems. The management system certifications that WNC has obtained include: Quality-related certifications such as ISO 9001: 2015, IATF 16949: 2016, TL9000-H R5.5/M5.0, ANSI/ESD S20.20: 2014, ISO/IEC 17025: 2005, and ISO 13485 Medical devices - Quality management systems; green product certifications such as IECQ QC 080000, SONY Green Partner, and FSC™ Chain-of-Custody; ESH-related certifications such as ISO 14001: 2015, ISO 14064-1: 2006, OHSAS 18001: 2007, CNS 15506: 2011, and ISO 50001:2011; and information safety-related certifications such as ISO/IEC 27001: 2013 and AEO. WNC also continues to implement Six Sigma and Business Process Improvement (BPI) projects in order to provide the highest quality products and services to our customers. WNC established a complete customer advisory system and after-sales service to enhance customer satisfaction and maintain long-term partnerships.

- Lean cost control mechanism

Markets are continuously expanding, and WNC is able to preserve its advantage by maintaining competitive economies of scale. By its lean cost-control mechanism, WNC not only assures the company's steady profit-making capabilities but also continuously improves the company's total operational performance.

- Practical sustainability strategies

Boosting climate resilience and implementing sustainability actions are deemed WNC's key strategies. In addition to setting aggressive goals concerning carbon reduction and taking inventory of the power consumption of manufacturing equipment, WNC has also implemented measures to save energy and reduce carbon emissions and waste and formulated plans to increase renewable energy facilities and related procurements. Our new factories have obtained green building certification and we have enhanced training courses on green product design and related issues. Currently, we are drawing up plans and roadmaps to achieve carbon neutrality by 2050 and submitted an application to join RE100 in August 2003 to align with benchmark companies in the network communications industry in Taiwan and abroad. We have also announced a target of reaching 100% renewable energy by 2040. WNC has participated in the

SBTi and aims to reduce our Scope 1 and 2 GHG emissions by 42% before 2030 against a 2022 baseline, in step with the goal of carbon neutrality by 2050.

E. Future development factors and response strategies

Type	Description	
Favorable factors	<ul style="list-style-type: none"> 5G and mmWave The expansion of 5G networks is ongoing. With a need for high speed, low latency, and widespread deployment every large operator has joined in the roll-out of commercial 5G networks. The deployment of open 5G networks has driven the upgrade of basic network infrastructure. This next-generation virtualized infrastructure uses universal interfaces to connect high speed/high bandwidth RF and processing units, in turn bringing about increased business opportunities for network communications companies. Apart from its investment in 5G technologies, WNC is also an active member of the O-RAN Alliance, contributing with its extensive knowledge of mmWave technology. This has enabled WNC to conduct R&D of 5G mmWave head-end and user-end products from an advantageous forward position. WNC's product lines now include head-end infrastructure products such as switches and Open RAN devices; edge infrastructure products such as private MEC devices, RSUs, signal boosters, automotive cameras, 5G/4G modules, and CPU modules; user-end products such as 5G, Wi-Fi, PON, LEO satellite user-end equipment and webcams; and IoT sensors, modules, and devices for IoT applications. Of these products, IoT sensors, modules, and devices play key roles in 5G private networks. AIoT and integrated networks Smart products have existed in the consumer market for some time, but in recent years, advancements in AI have boosted the value of such products. Increasingly advanced algorithms and deep learning made possible by big data analysis have helped smart products adapt to different usage scenarios. However, with convenience comes new issues. Increased bandwidth loading, increased network latency, and security concerns are all issues that need to be quickly addressed. Besides wireless network products, WNC has also shipped high-end wireline network equipment, solidifying its position in the wireline network technology sector and giving it opportunities to participate in high-speed internet infrastructure projects of major service providers. Proper allocation of processing resources of smart products so that time-critical data that requires secure transfer is transmitted by the quickest and most secure method is of critical importance. These requirements have previously and repeatedly been discussed during the development of autonomous vehicles. Developers and manufacturers of smart products will create many new opportunities and face many new challenges. 	
	Description	Response measures
Unfavorable factors	<ul style="list-style-type: none"> Slow economic growth According to the evaluation report of the World Bank, global economic growth is projected to drop to 2.4% in 2024 from 2.6% in 2023 and 3% in 2022, a slowdown for the third consecutive year. In addition, rising geopolitical tensions are likely to bring in new challenges in the near future, further exacerbating the flagging global economic growth and inflation. This will cause most economies to face even more stagnant economic growth in 2024 and 2025. 	In the face of geopolitical risks and ever-changing customer requirements, WNC has continued to expand its global manufacturing capabilities to improve its response time to changing demands and enhance its operational resilience.
	<ul style="list-style-type: none"> Increased operational costs Rising labor costs due to new regulations and the increasing cost of materials and shipping have placed great pressure on the entire manufacturing industry. Global political risks and uncertainties still exist, which may have a direct or indirect influence on the operations and profit-earning ability of the company. 	In addition to continuing optimization of its global production capacity allocation to support future business growth, WNC will also look to reduce its labor costs and utilize flexible marketing strategies with rapid product integration development capability to match the right product to the right niche market while responding to market demand. The above measures allow WNC to pursue maximum profits, expand the scope of operations, and lower manufacturing costs. Meanwhile, as operators seek to reduce costs and switch from branded to unbranded equipment, many new opportunities abound for WNC.
	<ul style="list-style-type: none"> Influence of exchange rates on company profits Since WNC is mainly focused on export sales of products, changes in exchange rates can affect the profitability of the company. 	Our finance units must focus on exchange rates fluctuations and the demand for capital at all times and take all necessary measures to mitigate risks.

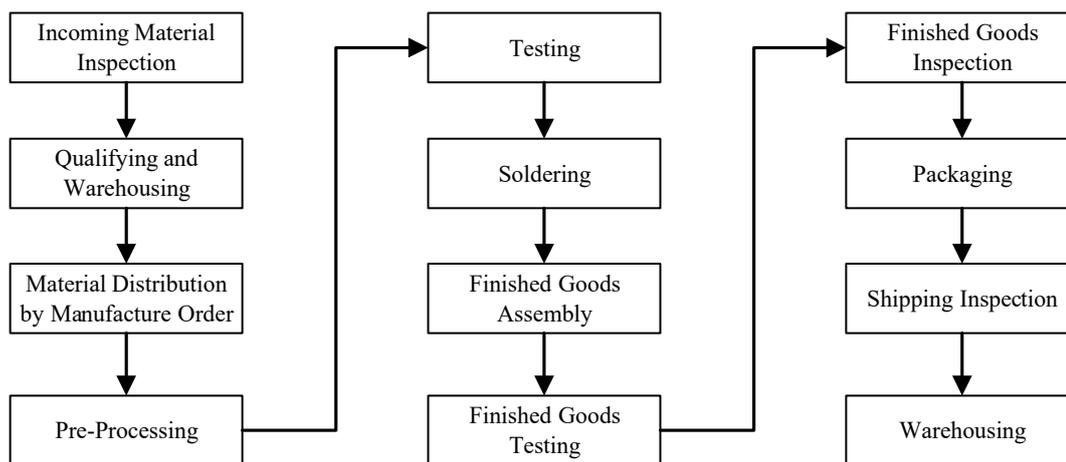
(2) Primary Applications of Major Products and Production Processes

A. Primary Applications

Type	Functions and features of products	Main applications
Antenna Solutions	<ul style="list-style-type: none"> Key technologies include satellite antennas, multi-band antennas and embedded antennas (for use in laptops and tablets). Provision of fast and complete customization services according to different system requirements, as well as antenna modification designs in accordance with ECN. Cutting-edge manufacturing equipment, high performance processes and reliable automated production enable processes to be adjusted according to different product application environments, ensuring antenna quality and cost effectiveness. IoT module solutions for connectivity devices, platforms include Bluetooth®, Bluetooth® Low Energy, RFID and NFC. 	<ul style="list-style-type: none"> Signal receiving and transmission for all kinds of wireless communications devices Wireless receiving and transmission for IoT devices Satellite HF signal receiving and transmission
Module Solutions	<ul style="list-style-type: none"> Provision of all kinds of form factors and technologies (such as Wi-Fi, Bluetooth®, 3G/4G/5G, mmWave, and LPWA) in support of a wide range of application requirements. Specialized RF design capability to enhance transmission strength and achieve outstanding performance. Module and system design experience, automated production and test process capabilities, monthly output can achieve millions of units. System in Package capabilities mean requirements for small form factor IoT device manufacturing can be easily met. 	<ul style="list-style-type: none"> Expansion and flexible conversion of a wide range of wireless communications technology
Network Access Solutions	<ul style="list-style-type: none"> 3G/4G/5G user equipment Verification of 5G vRAN software/hardware platforms 5G mmWave High Power CPE & Repeater Enterprise private networks software/hardware platforms Precision integration of wireless and wireline networks High speed next generation fiber optics network (XGS-PON, NG-PON2) access equipment and platform integration 	<ul style="list-style-type: none"> Enterprise intranet construction and management Telcom WAN end user access Wi-Fi hotspot equipment
Smart Home Solutions	<ul style="list-style-type: none"> Integration of cutting-edge IPTV technologies such as DRM, middleware, Video on Demand, and high performance chip sets for UHD and FHD OTT decryption. Specialized design and manufacture of antennas and signal converters for all types of DBS product applications. Capability in system integration design of high frequency circuits, antenna feed subsystems and dish reflectors, so as to achieve highest product performance and smallest form factor. Integration of all kinds of wireless technologies, supporting monitoring and control of all types of smart devices. PSIA certified full-HD indoor/outdoor IP cameras with HDR and image analysis functions Home security system gateways and sensors Smart home system gateways and sensors 	<ul style="list-style-type: none"> Sharing, broadcast and control of multimedia content Smart home security monitoring
Enterprise Networks and Data Centers Solutions	<ul style="list-style-type: none"> Enterprise Wi-Fi terminal access gateways and Mesh software design Enterprise mmWave P2P Base Station Backhaul Data center 400G grade spine switches Data center Leaf/TOR (Top Of Rack) switches vCPE/uCPE for SD-WAN 	<ul style="list-style-type: none"> Enterprise-use LAN and management systems Software Defined Networks and data centers and core network equipment
AIoT Solutions	<ul style="list-style-type: none"> Smart meters: supplying 3G/4G communications module solutions to Europe, US, Japan, Australia markets as well as home use meter communications modules and smart meter communications hubs Satellite positioning asset trackers Wearable satellite positioning asset trackers Hybrid cloud computing self-organizing network (SON) wireless relay system prototypes IoT hybrid cloud system big data processing software and SON software Hybrid cloud environment IoT learning system design System integration and verification ability approved by major European, US and Japanese operators Real-time reflow oven quality monitoring and temperature prediction systems Reflow oven manufacturing simulation and automatic recipe generation systems 	<ul style="list-style-type: none"> Wireless communications for IoT vertical applications markets
Automotive solutions	<ul style="list-style-type: none"> IATF 16949 verification equipment, complete testing lab and quality control systems for end to end services Telematics: WLAN/Bluetooth®, 3G/4G automotive communications modules and other telematics applications 	<ul style="list-style-type: none"> Telematics receiving and network equipment Vehicle-to-everything (V2X) equipment

Type	Functions and features of products	Main applications
	<ul style="list-style-type: none"> • Vehicle trackers: high level system integration capability for US/Japan/Europe markets OBD-II and fleet management devices • Contract SDARS module manufacturer for major US satellite broadcasters • Tier 2 supplier for international automobile manufacturers, skilled in design and manufacture of RF and microwave related products for satellite and terrestrial communications applications • Comprehensive design and R&D capabilities in HD Radio™ satellite broadcast and DAB broadcast products • Scalable and price competitive blind spot detection (BSD) radar sensor solutions • Complete 24 GHz and 77/79 GHz technology portfolios, supporting advanced driver assistance system (ADAS) applications and functions 	<ul style="list-style-type: none"> • Advanced Driver Assistance Systems (ADAS)

B. Production Process



(3) Supply/Demand Status of Major Raw Materials and Components

The primary raw materials and components of WNC comprise items such as integrated circuits, storage devices, LCDs, filters, modules, chipsets, connection cables and connectors, mechanical components, dish antennas, and PCBs. WNC maintains business relations with two or more suppliers for each type of raw material or component, and, once vendors are qualified, maintains stable and favorable relationships with them.

In addition to fully controlling material supply status, WNC conducts strategic material purchases, adjusts incoming material schedules and implements second sources for materials/parts when needed. To meet customer requirements and conduct production resource planning, WNC has strict requirements regarding the source of materials, quality, and delivery.

(4) Accounts Representing At Least 10% of Total Sales & Purchases During the Most Recent Two Years, the Amount of Sales & Purchases for Each Account, the Percentage of Total Procurement Accounted for by Each Account, and Reason(s) for any Increase or Decrease in the Aforementioned Figures

A. Key Buyers:

Unit: Thousand NT\$

Year	2022				2023				Jan. 1, 2024 to end of previous quarter (Note)			
	No.	Buyer	Procurement Amount	As % of Total Net Procurement	Relation to WNC	Supplier	Procurement Amount	As % of Total Net Procurement	Relation to WNC	Supplier	Procurement Amount	As % of Total Net Procurement
1	Customer A	4,660,775	4.89	None	Customer A	12,953,785	11.69	None	-	-	-	-
-	Other	90,596,676	95.11	-	Other	97,834,132	88.31	-	-	-	-	-
-	Total net sales	95,257,451	100.00	-	Total net sales	110,787,917	100.00	-	-	-	-	-

Note: CPAs have yet to review financial figures for the first quarter of 2024.

B. Key Suppliers:

Unit: Thousand NT\$

Year	2022				2023				Jan. 1, 2024 to end of previous quarter (Note)			
	No.	Supplier	Procurement Amount	As % of Total Net Procurement	Relation to WNC	Supplier	Procurement Amount	As % of Total Net Procurement	Relation to WNC	Supplier	Procurement Amount	As % of Total Net Procurement
1	Company A	9,009,374	10.50	None	Company A	4,424,402	5.22	None	-	-	-	-
-	Other	76,774,978	89.50	-	Other	80,265,788	94.78	-	-	-	-	-
-	Total Net Procurement	85,784,352	100.00	-	Total Net Procurement	84,690,190	100.00	-	-	-	-	-

Note: CPAs have yet to review financial figures for the first quarter of 2024.

Reason for increase/decrease in figures: WNC's business requirements

(5) Production Value During the Most Recent Two Years

Unit: Thousand Set; Thousand NT\$

Year	2022			2023		
	Capacity	Quantity	Value	Capacity	Quantity	Value
Wireless communications products	345,000	335,323	97,431,580	298,000	291,370	114,512,161

Note: WNC's major products are wireless communications products. The changes in capacity and quantity were primarily caused by changes in the product portfolio and the expansion of production sites/lines.

(6) Sales Value During the Most Recent Two Years

Unit: Thousand Set; Thousand NT\$

Year	2022				2023			
	Domestic		Export		Domestic		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Wireless communications products	10,617	1,327,933	248,329	90,820,245	10,440	1,601,439	184,901	105,692,427
Others	-	237,661	-	2,871,612	-	123,255	-	3,370,796
Total	10,617	1,565,594	248,329	93,691,857	10,440	1,724,694	184,901	109,063,223

3. Employee Data During the Most Recent Two Years and the Current Fiscal Year up to the Date of Printing of the Annual Report

Year		2022	2023	Jan. 1, 2024 – Mar. 31, 2024
Number of employees	Sales	560	606	728
	Research and development	1,510	1,605	1,693
	Manufacturing	2,219	2,076	1,860
	Administration	765	743	587
	Direct labor employee	6,602	6,656	7,003
	Total	11,656	11,686	11,871
Average age		33.3	34.0	34.1
Average years of service		3.7	3.9	3.8
Education	PhD (%)	0.32	0.35	0.35
	Master's (%)	14.9	15.63	14.1
	Bachelor's (%)	32.39	33.40	32.0
	Others (%)	52.39	50.62	53.55

4. Environmental Protection Measures

In our technology-intensive industry, WNC's main manufacturing processes cover the fields of SMT, precision assembly, product testing, and technical development. These processes produce less pollution compared to other industries. In managing waste materials, WNC has entrusted qualified suppliers that are recognized by the Environmental Protection Administration (EPA) to conduct waste clearance and processing, and to file declarations electronically in accordance with the relevant legal stipulations. In addition, we have made arrangements for our suppliers to conduct on-site audits at fixed intervals to ensure the process flows and the suppliers' processing methods are in compliance with relevant regulations. For new or changed processes, related pollution prevention facilities will be promptly built to prevent pollution-related issues from arising and ensure regulatory compliance.

WNC has been certified based on the ISO 14001 environmental management system since 2005, and conducts systematic management to ensure full implementation of operational policies and continuous improvement. WNC passed ISO 14001: 2015 certification and received a renewed certificate in November 2017. To ensure the smooth operation of management systems, WNC entrusts a certification body to conduct onsite audits at its factories on an annual basis. All sites around the globe have passed third-party audits for management systems as of November, 2023. Taiwan sites have completed their annual certification renewal and extended the validity period of certificates, while other sites have completed their annual verification and the certificates remain valid.

Following the introduction of the ISO50001 energy management system in 2017, WNC developed an energy management platform in 2018. Energy baselines are established through data collection and modular computing, which enables real-time monitoring of energy use. The system automatically distributes energy and resource usage reports, assisting monitoring and management by the responsible units so that abnormalities can be detected at an early stage. Focus is placed on high-power consumption units and equipment, enabling management to reduce consumption and waste and to achieve energy conservation, carbon reduction, and to reduce impact on the environment. Efforts to implement carbon reduction measures in factories continued. In 2023, WNC accelerated its phasing out of aged equipment and the deploying of equipment that consumes less power. All WNC's sites around the globe passed the annual ISO 50001 audits in 2023 and energy consumption at each site remains under close monitoring to ensure reasonable use of energy resources.

To accurately track the company's greenhouse gas (GHG) emissions in real time, WNC introduced an ISO 14064 GHG emissions inventory system to all its manufacturing sites and was recertified for ISO 14064: 2018 in 2020. In addition to identifying sources of carbon emissions and calculating the CO₂ equivalents at all sites, WNC has pinpointed significant sources of GHG emissions. In 2023, WNC also included other indirect emission sources in the inventory process, including emissions created due to business trips, waste disposal, and transportation of materials and products. In addition, to comply with the government's carbon reduction policies and meet customer expectations, all manufacturing sites have passed annual audits for ISO 14064 as of March, 2023. In response to the launch of the Sustainable Development Roadmap of the Financial Supervisory Commission (FSC), starting 2023 WNC has included its overseas subsidiaries in the scope of the global GHG inventory plan, with verification scheduled for 2024. Additionally, to better understand and analyze the organization's carbon footprint, carbon management platform selection was restarted in 2023. A system platform will be used to manage carbon emissions from all sites and offices. Scope 3 carbon emission records will be included to serve as a basis for subsequent carbon reduction strategies and for the implementation of the Science Based Targets initiative (SBTi).

To meet corporate social responsibilities and realize environmental sustainability, WNC established short- and mid-term ESG goals in 2022 in addition to carbon and waste reduction measures such as phasing out equipment that consumes too much electricity, water recycling and waste reuse at factories.

The capacity of public incinerators in Taiwan is insufficient to meet demand while increased transportation due to relocation of production lines leads to more packaging waste. This has caused waste disposal costs to climb and companies are scrambling for waste disposal capacity. In the past, some recyclers gave rewards to WNC for recyclable waste but they are charging WNC for the service now, leading to an increase in total costs. WNC is constantly looking for new waste disposal companies in search of the most preferential unit price as a way of managing costs, and is also exploring opportunities to cooperate with upstream and downstream partners to promote recycling and reuse of waste. By doing so, WNC can pursue circular

economy concepts and also reduce waste to take some pressure off of waste storage facilities. All WNC sites began waste reduction projects in 2023. A packaging material recycling project is also being implemented. Through purchase agreements, WNC changed its packaging materials from unrecyclable plastics into recyclable forms and thereby improved the recycling rate of manufacturing waste. In 2023, the annual waste recycling rate of the WNC's plants in Taiwan has reached 89%, a 3.5% YoY growth in comparison to 2022. The waste recycling rate of all WNC sites the same year was 87.3%

A plan to install solar panels at WNC sites was launched in 2017, and green electricity was officially adopted in December 2017 in WNC headquarters. Solar panels have also been installed in other manufacturing sites and became operational in 2018. In June 2023, the S3 site in the Southern Taiwan Science Park commenced operations, with installation of a solar power generation system. Also, to reduce carbon emissions during operations, the S1 site proposed a solar power expansion plan in 2023. This involved adding additional solar panels to the rooftop solar power generation system, and is expected to be completed by April 2024 with grid connection to be finalized later in the same year.

In response to the production needs of the S1 site, WNC completed the installation of in-plant wastewater treatment facilities in August, 2020. The facilities perform real-time monitoring based on process needs, allowing the company to adjust its water pollution prevention plans in a timely manner to comply with statutory regulations.

To meet future production expansion needs, in 2023 the S1 site obtained the permit for the installation of air pollution control equipment and is preparing for related construction efforts. These measures will help WNC meet production timelines and comply with statutory regulations and ESG requirements.

(1) Total losses (including compensation) and fines for environmental pollution in the most recent fiscal year and the current fiscal year up to the date of printing of the annual report as well as possible expenses and measures relating to environmental protection in the present and future (if the aforementioned items cannot be reasonably estimated or described, the reason(s) for this should be provided):

A. Losses due to environmental pollution:

WNC did not incur any losses due to environmental pollution issues in 2023.

B. Countermeasures and possible expenses in the future:

WNC and its subsidiaries place great emphasis on environmental protection. Besides implementing pollution prevention measures internally, WNC commissions qualified vendors to process/reuse business waste in accordance with related laws and regulations. WNC will also continue to enhance internal training regarding regulations and reporting/handling processes related to environmental protection.

5. Labor Relations

(1) Benefits, continuing education, training, and pension systems for employees and their implementation status, as well as labor agreements and measures that protect employee rights:

A. Employee benefits:

a. Taiwan sites:

Employees at Taiwan sites have labor insurance and National Health Insurance as required by law. WNC's Employee Welfare Committee handles matters related to employee welfare, such as distributing welfare funds and organizing activities and gatherings for employees in accordance with regulations. Other employee benefits include employee stock ownership trust, childbirth subsidies, wedding cash gifts, funeral subsidies, birthday/holiday gifts, and an online library. Employee recreation centers, reading rooms, health centers, massage services are also available at Taiwan sites. New parents are provided with newborn gift sets and maternity bags, along with facilities such as lactation rooms as well as designated parking spaces for pregnant women. Additionally, to assist employees in balancing work and family needs, flexible working hours from 8:00 a.m. to 9:00 a.m. and flexible work options are offered, creating a family-friendly work environment conducive to achieving a good work-life balance.

b. China sites:

As required by law, employees at WNC's China sites have comprehensive insurance coverage (five types of insurance and a mutual housing fund) as well as accident insurance. A union and an employee meal service committee have been established, and events such as dinner gatherings and arts/outdoor activities are held for employees. Other benefits include childbirth subsidies, holiday gifts, and raffle drawings. There are also employee recreation centers and reading rooms.

c. Vietnam site:

As required by labor laws, employees at WNC's Vietnam site have medical insurance, social insurance, unemployment insurance, and occupational injury insurance, and may establish a union. Other employee benefits include birthday/holiday gifts, and care given to employees who encounter family difficulties.

B. Employee education and training:

WNC places great emphasis on employee learning and encourages employees to expand their knowledge via means such as participating in external training, including conferences, seminars, and professional training and education courses. Subsidies are provided for employees taking such training. For internal training, WNC organizes face-to-face courses as well as online courses taught over Teams. Recordings of these courses are uploaded to the eHRD online learning system. 119 e-learning courses were uploaded in 2023, and 6,420 employees took these courses. WNC has also established a website for self-learning and organizes activities such as Reskill & Upskill Study Month, Quality Month, Teacher's Day and Growth Mindset on the website to create an atmosphere that encourages learning.

The five WNC colleges are led by senior managers as directors of the colleges, and they work with committees composed of experts in different fields to formulate a course framework for the five WNC colleges in accordance with WNC's business strategies, external trends, and academic and industry theories. The directors and committees have also created a course level system (levels 1–4) by referring to WNC's business processes, enabling employees to quickly grasp which course is best suited to teach them the professional knowledge they lack. To ensure course quality and learning efficacy, the teaching materials and tests used in WNC college courses are reviewed by experts in a wide range of fields. Employee test results are reviewed, and after-class surveys given out to obtain feedback on employees' satisfaction level regarding the courses, how much they learned from the courses, their thoughts on the instruction method, and suggestions regarding the courses. The feedback will be used to improve course quality. WNC colleges organized a total of 342 courses in 2023.

In 2023, the amount of time spent on training employees at Taiwan sites was 180,535 hours, of which 107,241 hours were spent on IDL employee training and 73,294 hours were spent on DL employee training. A total of 4,018 IDL employees and 4,389 DL employees underwent training during the year. Besides imparting knowledge from within WNC, joint classes were held with academia, other companies in the industry and suppliers to enhance knowledge sharing and stimulate employee growth.

Areas of emphasis for WNC colleges in 2023:

a. Digital Intelligence Leadership College:

The Digital Intelligence Leadership College focuses on the cultivation of skills relating to cooperation, adaptability, and sustainable growth, with the goal of giving every employee the means to be a leader. In 2023, the Digital Intelligence Leadership College organized a total of 141 courses in two categories, Management and General Knowledge, along with one lecture. Courses in the management category, such as Leadership Communication Skills as well as Performance Counseling, focus on developing management skills, and are formulated based on the management responsibilities and requirements of managers at all levels and the management skills of mid and high-level managers. Courses in the General Knowledge category, such as ESG-related courses, Experiencing WNC Culture, Data Governance, Mentorship Skills and Communication, and Ethics and Anti-Corruption, cover topics on WNC policies, organizational

culture, digital transformation, individual performance, regulatory audits and more. The e-learning courses that new employees need to take during their probation periods are also in the General Knowledge category, as are skills training courses for different environmental, safety & health roles. In response to the challenges posed by the digital economy and sustainable transformation in 2023, a lecture titled AI and ESG Sustainability Transformation, Forward-Thinking for the Next Decade was organized.

b. Business College:

In accordance with WNC's operational directives and global trends, the Business College organized a total of 15 courses in 2023. High-level supervisors were invited to share their successful business strategies and experiences in interacting with customers, and industry and academic experts were also invited to share insights on industry trends and the economic environment. Through the exchange of practical experiences and interactions both internally and externally, we aim to facilitate the expansion of employees' macroscopic perspectives and experiential learning, ultimately achieving business exchanges and success.

c. Smart Manufacturing College:

In 2023, the Smart Manufacturing College organized 99 courses, with the goal of providing customers with defect-free and competitive products. The college provides courses on 6 Sigma, manufacturing processes, green product design, quality systems, equipment, smart factories and problem analysis/solving, as well as courses on training for, and application of IATF 16949, ISO 13485, IECQ QC080000, TL9000, and other quality standards.

d. Research and Development (R&D) College:

The R&D College organized 73 courses in 2023 in accordance with WNC's product technology directives. The WNC R&D Forum (WRDF) divides research and development into six primary areas, and the R&D College utilizes the forum to conduct cross-disciplinary technology exchanges and learning and invites internal/external experts to impart technological know-how and knowledge to WNC's R&D personnel, which enables R&D personnel from different fields to obtain more comprehensive perspectives and share design ideas. Besides organizing basic R&D courses, the R&D College also organizes the DFX and System Integration series of courses, which uses past cases and cross-disciplinary integration technologies to provide more comprehensive opportunities for R&D throughout the product design process. Furthermore, lectures on product carbon emission regulations and trends were organized in 2023 to cultivate awareness of green product design and forward-thinking capabilities.

e. AI College:

In December of 2019 WNC established an AI College. The College convenes information, software, R&D and automation supervisors to head up a management committee. After referencing the Institute for Information Industry's AI talent framework, the AI College organized its courses to focus on the areas of computational thinking, programming languages and AI development. In 2023 two masters' seminars, 11 online courses and the inaugural AI Hackathon were hosted. Through cross-unit AI technology exchange, innovative AI techniques have been infused into product design and workflow processes. Via a hybrid learning model, employees learn AI concepts, further grasp the connections and opportunities between AI and the company's products, and develop the ability to use knowledge acquired through hands-on practice.

C. Pension system:

a. Taiwan sites:

For the benefit of employees after retirement, WNC's Taiwan sites have established regulations in accordance with the Labor Standards Act and the Labor Pension Act. These regulations cover retirement conditions, payment standards, procedures used to apply for pensions, and the payment of pensions. In addition to setting aside 6% of an employee's monthly wage as pension for eligible employees as per the Labor Pension Act, WNC has also established an Employee Retirement Reserve Funds Supervisory Committee in accordance with law. This committee allocates pension preparation funds monthly according to regulations on the appropriation and management of labor

retirement reserve funds, and deposits funds at a designated financial agency, in an account under the name of the Employee Retirement Reserve Funds Supervisory Committee.

b. China sites:

WNC's China sites set aside 16% of an employee's monthly wage each month as pension for eligible employees as per the Labor Law and Social Insurance Law of the People's Republic of China.

c. Vietnam site:

WNC's Vietnam sites set aside 21.5% of an employee's monthly wage as social, medical, occupational injury, and unemployment insurance as per related social insurance laws of Vietnam.

D. Employee-manager agreements:

a. Taiwan sites:

Establishment of an employee suggestions platform and optimization of the platform user experience: Employees may make suggestions by using the platform on their PCs or scanning a QR code using their cellphones. Responsible units respond on the same platform upon receiving suggestions meaning that employees can receive updates at any time.

Establishment of labor-management meetings: meetings are held each quarter for employees and managers to communicate and coordinate items related to labor-management cooperation and improvement measures that protect employee rights and enhance labor relations.

b. China sites:

For WNC's China sites, meetings between high-level supervisors and employees are arranged to regularly communicate and coordinate labor-management cooperation and other items related to the enhancement of employee rights.

c. Vietnam site:

Group agreements have been stipulated. Quarterly meetings are arranged for the company representatives to communicate with employees, so as to enhance labor relations.

(2) Company losses due to labor disputes in the most recent year and as of the date of the publication of this annual report (including violations of the Labor Standards Act as discovered in inspections, list date of violation, violation number, legal regulation violated, content of violation, content of penalty) as well as possible expenses and response measures relating to labor disputes in the present and future (if the aforementioned items cannot be reasonably estimated or described, the reason(s) for this should be provided):

- A. A former WNC employee surnamed Ye claimed that his layoff on the grounds of incompetence was illegal, and filed a lawsuit to confirm the existence of an employment relationship. The first, second, and third trials ruled in favor of WNC, and the judgments have become final. But Ye appealed the final decision. The appeal has been rejected, and the case is now completely finalized.
- B. A WNC employee surnamed Lu claimed that his dismissal was illegal and filed a lawsuit to confirm the existence of an employment relationship. The first trial confirmed the employment relationship between the two parties but both sides had partial victories and partial losses. Lu appealed the decision. After both the second and third appellate courts rejected the appeals from both parties, confirming the existence of an employment relationship between them, Lu still appealed the decision. Subsequently, the appellate court rejected the appeal. With both appeals and retrials being rejected, the case is now completely finalized.
- C. We received multiple complaints alleging workplace harassment against a former employee surnamed Yang at S2 in March 2022. After the complaint and appeal investigation, it was confirmed that harassment did occur, resulting in the termination of employment for the former employee, Yang. However, Yang claimed that his dismissal was illegal and filed a lawsuit with the Tainan District Court to confirm the existence of an employment relationship. The first trial ruled in favor of WNC, but Yang appealed the decision. The case has not yet been concluded.

D. WNC has been fined a total of NT\$100,000 for violating the Labor Standards Act in the most recent year and as of the date of the publication of this annual report. WNC has paid the fines in accordance with the deadline. The details are as follows:

Date of violation	Violation number	Legal regulation violated and content of violation	Content of penalty	Possible expenses relating to violation in the present and future	Response measures
02/02/2023	Nan-Huan-Zi No. 1120002928	Violation of Paragraph 1, Article 24 of the Labor Standards Act, failure to pay overtime wages as required by law	Fined NT\$50,000	NT\$50,000	Overtime wages for extended working hours will be paid in accordance with legal regulations
07/26/2023	Nan-Huan-Zi No. 1120021541	Violation of Paragraph 2, Article 32 of the Labor Standards Act, exceeding 46 hours of extended working hours in one month	Fined NT\$50,000	NT\$50,000	Any extension of working hours for workers will be handled in accordance with relevant laws and regulations

In summary, although WNC has lawsuits arising from labor disputes as mentioned in (1) to (3) above, cases (1) and (3) have currently been judged in favor of WNC; in addition, the amount involved in case (2) is not significant for WNC. Thus, the lawsuits will not have any major impact on WNC's finances and operations regardless of their outcome. In addition, as shown in case (4) above, the incidents where WNC was fined by the competent authority for violating the Labor Standards Act have all been rectified, and the fines paid account for a very small proportion of the company's operating income or shareholders' equity. There would be no major impact on WNC's finances or operations.

(3) WNC has established rules and regulations regarding employee behavior and ethics and expects employees to understand the moral and ethical standards they must uphold in their work as well as their rights and duties. The rules and regulations are as follows:

- A. WNC's Ten Beliefs and Ten Principles: Since its establishment, WNC has been very active in cultivating a positive company culture. Ten beliefs and ten principles have thus been established for all employees to follow.
- B. Service Principles in WNC Employment Regulations: Employees shall comply with the service principles stated in WNC Employment Regulations, including principles related to company honor, team spirit, and loyalty, to enable us to gain the respect and trust of customers, suppliers, and industry players.
- C. WNC Employment Regulations: Principles regarding human resource management and employee behavior are explicitly stated and listed in WNC Employment Regulations.
- D. Personnel Resource Management Levels of Responsibility: This chart stipulates the authorization levels for various levels of management in WNC regarding issues related to human resources.
- E. Workplace Sexual Harassment Prevention Measures, Complaint and Withdrawal Regulations: These regulations have been established to prevent sexual harassment, protect the dignity of employees, and ensure workplace equity.
- F. Employee Leave Regulations: These regulations include descriptions and related rules regarding various types of employee leave.
- G. Overtime Hours Management Measures and Employee Compensatory Leave Management Measures: These regulations list the definitions of overtime work and compensatory leave, how the hours for such work and leave are calculated, and how to apply for overtime work or compensatory leave.

- H. Implementation Measures for Annual Leave: These measures state the method by which special leave days are calculated, how unused annual leave is handled, and other related regulations.
- I. Employee Performance Management Regulations: These regulations detail the procedures for employee performance/goal management and performance evaluation. The results of performance evaluations will be used as a basis for promotions, salary increases, bonuses, and employee training/development. The results will also be used to demonstrate what is expected of employees.
- J. Management Regulations for Evaluating Employees During Their Probation Period: These procedures are used to evaluate new employees to ascertain whether their performance (including behavior) meet WNC requirements. The results of these evaluations are used to decide whether employees meet the standards of full-time employees.
- K. Regulations Governing the Posting of Announcements on the WNC Website and Employee Internet Usage: These regulations provide a set of rules for the posting of announcements on the WNC website and employee internet usage to prevent misuse of network resources.
- L. Information Security Manual and Information Security Policy Statement: The information security policy is established to ensure the security of information media, and achieving the goal of information security for the company.
- M. Regulations on Employee Rewards and Disciplinary Actions / TW Plants Incentive and Disciplinary Action Guidelines: These procedures list the standards and processes for employee rewards/disciplinary actions.
- N. Employee Resignation Procedures: These regulations stipulate how employees, supervisors, and HR personnel in charge of handling resignations shall handle the resignation process.
- O. Employee Transfer Management Regulations: These regulations stipulate how employees, supervisors, and HR personnel in charge of handling job assignments shall establish employee shift schedules and handle procedures related to internal job changes.
- P. Code of Ethical Conduct: The WNC ethical behavior code of conduct helps ensure that employee behavior complies with ethical standards and enables stakeholders to better understand WNC's ethical standards.

(4) WNC has adopted the measures below to provide a safe work environment and ensure employee safety:

- A. WNC holds to its ESH principles. It has announced an ESH & Energy management policy and established ESH management measures. The policy and management measures provide employees with a point of reference regarding ESH compliance and management.
- B. A dedicated first-tier unit is assigned to be responsible for occupational safety and health operations in WNC sites. In accordance with regulations, each unit has established its own occupational safety and health supervisor as well as occupational safety and health management personnel. To further implement and strengthen on-site operational controls, production process supervisors and special operations supervisors are designated in compliance with applicable regulations.
- C. Management systems: WNC regularly conducts checks to ensure that it is in compliance with the ISO 14001 environmental management system standard, ISO 45001 occupational health and safety management system standard, and the CNS 45001 occupational health and safety management standards. A third-party verification agency is commissioned every year to conduct on-site audits and verification.
 - a. WNC has established a management systems committee, with WNC's CEO serving as the chairperson and the top-tier managers of WNC's business groups and business units serving as committee members. The committee convenes management and review meetings regularly and the chairperson appoints a systems management representative to oversee system operations. This ensures the effectiveness and appropriateness of the ESH-related management systems and enables continuous improvement of WNC's sustainable operations and fulfillment of its sustainability goals.

- b. WNC conducts regular compliance assessments and identification of the company's status, abides by domestic and international occupational safety and health regulations, and follows relevant trends. WNC examines ESH-related regulations, international standards, and the requirements of stakeholders to ensure compliance with relevant requirements.
 - c. WNC conducts annual internal and external audits and regularly organizes training for its internal audit personnel (including initial and recurrent training). Internal and external audit plans are implemented for comprehensive review of teamwork operations of ESH management systems and improvements to this aspect are constantly made.
 - d. WNC conducts risk assessments of environmental protection factors and occupational safety and health hazards, identifies the pollution and environmental impact created throughout a product's life cycle and the hazards posed to operations and the environment. WNC then establishes ESH management measures and SOPs and implements control measures, lowering impact to the environment and reducing hazards to personnel safety and health.
 - e. WNC establishes ESH performance targets and management plans each year and regularly reviews and tracks implementation progress and effectiveness of such targets and plans.
 - f. WNC enhances communication between internal/external units, facilitating implementation of ESH-related matters and benchmarking. WNC also establishes and maintains friendly relationships with neighboring plants and has built a support system with neighboring sites.
 - g. WNC is continually implementing employee health management, health promotion, and occupational accident prevention plans, as well as monitoring the work environment and conducting emission testing and inspection to protect the safety and health of its employees and ensure that the company complies with emission standards.
- D. In accordance with regulations, WNC employs qualified and licensed personnel particular to each task, and also provides the following education and training:
- a. Safety and health education and training for new employees.
 - b. Safety and health education and training for all WNC employees.
 - c. Training and establishing one qualified first aider for every 50 employees.
 - d. In accordance with regulations, WNC provides regular on-the-job safety management training to employees responsible for special tasks, such as fire prevention management personnel, supervisors for operations involving organic solvents, personnel in charge of operations involving radiation, operators of equipment involving high pressure gases, and forklift operators. The training provided is adjusted to fit the job requirements of different tasks.
 - e. Personnel are assigned to receive training on safety design, maintenance, and operations safety in accordance with operational and risk management requirements.
- E. Firefighting equipment safety and factory contingency plans:
- a. WNC has established a comprehensive firefighting system, which includes alarm systems, escape tools, and firefighting equipment, in accordance with firefighting regulations.
 - b. In addition to regular inspection of firefighting equipment, WNC conducts audits from time to time to ensure the efficiency of the equipment and the systems. In accordance with regulations, qualified personnel are commissioned to conduct annual maintenance of firefighting equipment, and the maintenance results are reported to the competent authority.
 - c. A monitoring and alarm system for high-temperature/hazardous equipment has been established, and drills are conducted monthly to ensure the efficiency of real-time warning and risk response mechanisms.
 - d. WNC has implemented measures to improve electrical safety in production areas and reduce the risk of electrical fires. These measures include establishing electrical wiring guidelines, improving management in relevant areas, increasing the inspection frequency for low-voltage electrical distribution boards, and conducting regular infrared inspections of extension cords, high-temperature/hazardous equipment, and electrical wiring in areas with medium to high electrical safety risks.
 - e. Group firefighting/fire prevention training is regularly organized, abnormalities, earthquakes etc. are recorded.
 - f. Buildings are inspected for public safety every two years, and inspection results are reported to the competent authority.

- g. Fire monitoring and control measures for hot work have been implemented.
- h. WNC's participation in the civil defense force of the Hsinchu Science Park has enhanced its regional mobilization and response capabilities.
- i. WNC has established relationships with clinics and neighboring companies to enhance emergency rescue capabilities, including a system for providing first aid to injured personnel and for securing their transportation to medical care facilities.
- j. In response to the pandemic, the epidemic prevention team adjusted prevention measures as needed in response to government policies and the pandemic situation. In order to reduce the impact of plant operations interruptions or shutdowns, each unit clearly defined the operational items of each stage of the Business Continuity Plan (BCP) and carried out simulation drills, in order to minimize the impact on production.

F. Employee health:

- a. New employees undergo physical examinations before they report to work.
- b. Physical examinations, including additional examination items for employees responsible for special tasks, are provided annually.
- c. Free influenza vaccinations are provided to employees annually.
- d. Quarterly health lectures are held to increase the health care knowledge of employees.
- e. Health promotion activities such as cancer screenings, hiking events, and weight-loss programs are held quarterly.
- f. Physicians make monthly visits to WNC, including on-site visits to operations sites, to provide services such as health consultation and employee reinstatement evaluation.
- g. The water quality of water dispensers is inspected every month.
- h. Articles on health care and disease prevention information are posted on the WNC portal site for employee reference.
- i. Inspection of special working areas is conducted every half year to check the levels of chemical substances, organic solvents, dust, and noise. Results of these inspections are provided to employees.

G. Mechanical equipment / personnel safety:

- a. To lessen operational risk, protective devices are installed on all equipment, safety SOPs are provided, and equipment operators are given education and training.
- b. Machines, equipment and jigs/fixtures that carry potential risk of injury are continually being improved, safety measures have been strengthened at the source, and acceptance inspection systems and digital sign-off systems are introduced to improve management effectiveness and efficiency. These measures help lower the incidence of occupational accidents.
- c. Periodic maintenance and inspection of machinery to ensure stability and safety of equipment, lessening operational risk; annual inspections of dangerous machinery and equipment are carried out according to the law by qualified contractors.
- d. Safety and health audits and inspections and recommendations on improvements are done so as to ensure operational safety.
- e. Qualified electrical technicians are commissioned to regularly inspect and maintain high and low voltage equipment as well as regularly carry out infra-red safety testing.
- f. Stringent safety inspections upon site entry are in place, protective gear and inventory management measures implemented, and low-hazard alternatives are promoted. These effectively reduce personnel health risks and losses due to disasters.
- g. Chemical storage areas are established to store chemical substances, personal protective gear and other emergency equipment. Training in packaging operations, hazard awareness, and use of protective equipment is provided for operators to ensure operational safety and proper emergency response.
- h. To protect the safety and health of employees, local exhaust systems are installed in special work areas that have quantifiable dust particles in the air or involve the use of chemical substances and organic solvents. Monitoring/inspection mechanisms are established and regularly maintained. Protective equipment is provided for employees to use.
- i. An operations permit application mechanism is in place to identify potential risks and check for corresponding protective measures. Supervisor education is continually being improved to

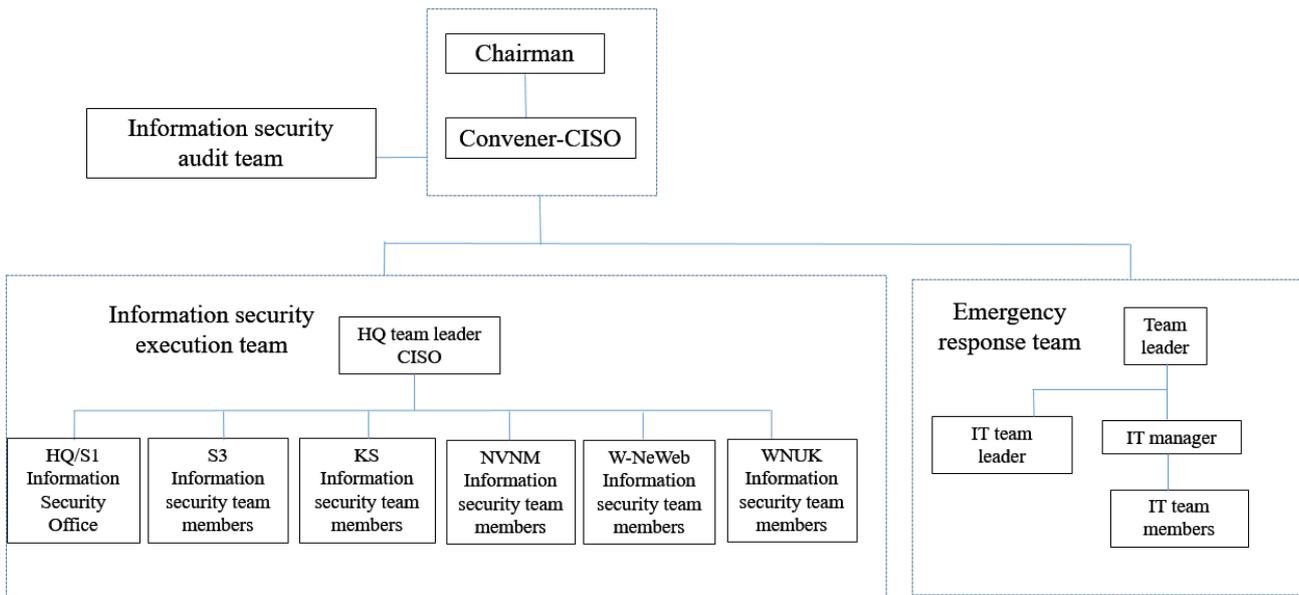
- enhance on-site safety and health management effectiveness. The occupational safety unit also conducts unannounced audits to ensure that control measures are effectively implemented.
- j. Meetings with contractors are regularly held. Contractors are required to sign the Commitment to Work Safety for Contractors in WNC Plants.
 - k. Subcontractors are informed of the location, operational risks, and safety standards prior to subcontractor training. A toolbox safety meeting system is implemented to enhance communications and awareness of safety before construction begins, so as to lessen contractors' and employees' operational risk.
 - l. Occupational safety and health training courses on various topics are held, and information on traffic and operational safety is posted on internal websites to increase hazard awareness, defensive driving skills, and safety of employees.
- H. Personnel safety control: WNC employees must wear their ID badges when entering/exiting WNC sites. Security personnel are stationed at the primary entrances and exits of WNC sites. They are responsible for conducting security checks, ensuring employee safety, and protecting the security of WNC property.
- I. Food safety and hygiene:
- a. WNC selects qualified catering companies to provide catering services at WNC canteens, and these companies are required to comply with laws and regulations related to food safety and hygiene.
 - b. Catering personnel regularly undergo training relating to kitchen safety and health and emergency response measures to ensure work safety and effective management of accidents.
 - c. Catering personnel undergo regular health examinations. Personnel who have contracted pulmonary tuberculosis, hepatitis, sexually transmitted diseases, and skin diseases, or those that are carriers of contagious diseases such as typhoid fever, are prohibited from working as catering personnel.
 - d. WNC requires catering companies to use food ingredients that have passed inspection, and has compiled a key ingredients-vendor list. WNC also conducts audits on the food ingredients used in its canteens from time to time to ensure food safety.
 - e. WNC's general affairs and industrial safety personnel conduct monthly inspections of kitchens to ensure catering operations and the kitchen equipment meet safety and sanitation regulations.

6. Information Security Management

WNC strictly adheres to the contracts and confidentiality agreements entered into with customers, implements control over confidential information, and has a robust information security policy in place. In 2014, WNC set up an Information Security Committee, which oversees the creation and promotion of information protection measures. The Information Security Management Review Committee is composed of top-tier supervisors of each departmental unit, with the President and CEO as the chairman of the committee and the head of the DMIS unit as the convener. An ISMS management review meeting is held every six months to ensure the promotion and implementation of information security policies and related laws and regulations, and to review implementation effectiveness and progress of information security projects and matters.

(1) Information Security Management Strategy and Structure

A. Information Security Risk Management Structure:

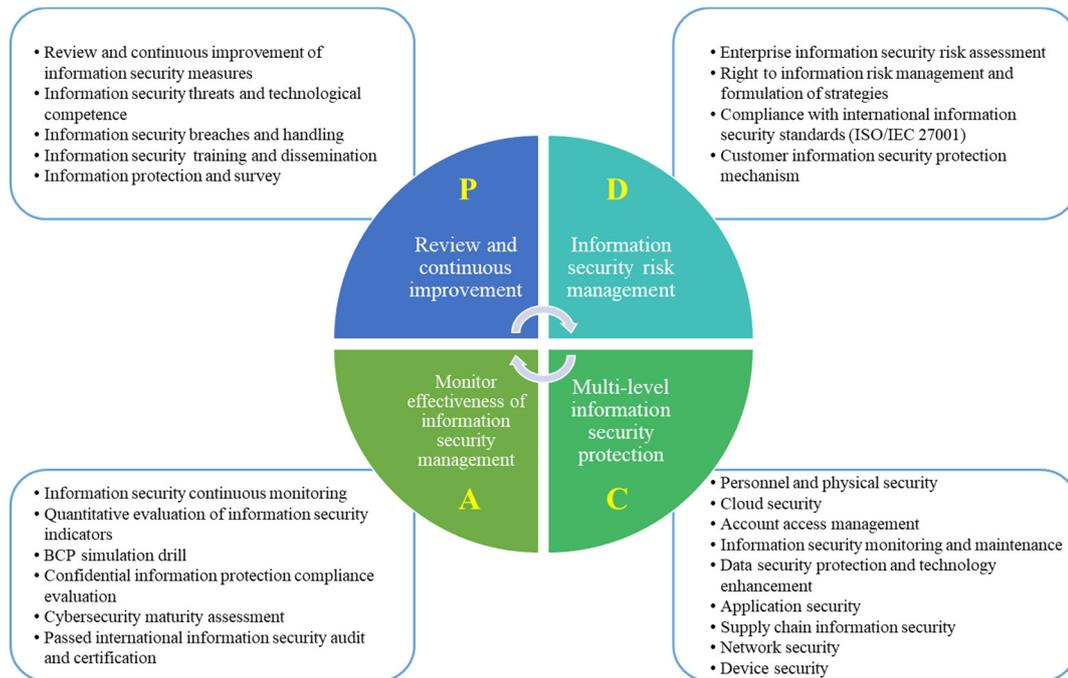


B. Information Security Management Policy:

- a. WNC follows the ISO/IEC 27001: 2013 standard and thus adopts the Plan-Do-Check-Act (PDCA) methodology in the establishment of an information security management system and in the maintenance of its effective operation and continuous improvement.
- b. Planning and establishment (Plan):
According to the overall strategy and goals of the company, establish an information security committee to control threats and vulnerabilities, plan risk assessment, design and build a control mechanism to establish an information security management system.
- c. Implementation and operation (Do):
According to evaluation results, establish or modify an appropriate control mechanism.
- d. Monitoring and checking (Check):
Supervise the implementation of operational items of the information security management system, and evaluate and check the effectiveness.
- e. Maintenance and improvement (Act):
According to the results and recommendations of monitoring and checking, implement corrective measures, improve and implement an appropriate control mechanism to maintain the operations of the information security management system.

In addition, information security measures as well as training and reminders relating to information security are evaluated on a regular basis in accordance with performance indicators and maturity evaluation results to ensure that key confidential data is not leaked.

Enterprise Information Security Risk Management and Improvement Framework



C. Management Plans:

WNC, apart from conducting the following on a yearly basis: inventory and updating of information asset lists, risk assessment, business impact analysis, disaster recovery drills, regular review of user and privileged accounts and access privileges, review of firewall rules, security awareness and training, vulnerability scanning and penetration testing, is also, in terms of management aspects, and in response to the newly announced 27001: 2022, actively executing a version replacement project with the help of an external consultant. Verification is scheduled for September, 2024. In 2023 introduction of automotive products cybersecurity development standards was completed (ISO 21434 & TISAX) along with IEC 62443-4-1 (secure development of products used in industrial automation and control systems) which is slated for verification in April, 2024. With regard to the technical aspect establishment of an SOC information security reporting mechanism, expansion of endpoint detection systems/services (MDR, XDR & MxDR) to monitor and report related information security events, building of endpoint compliance and risk management systems, and establishment of information security routines are underway. Optimization of daily information security inspection and the exception reporting platform, strengthening of supplier outsourcing development and management requirements, implementation of information security violation incident inspection and disciplinary mechanisms, ISO27001 internal and external compliance inspections, and strengthening of personnel information security awareness education training and case sharing are also ongoing. We also adopt social engineering drills and other control mechanisms as needed and continuously improve the entire information security management system to ensure the confidentiality, integrity, and availability of the company's information-related systems.

D. Information security management resources:

- a. Daily information security spot checks, bi-weekly information security room meetings, twice yearly ISMS management review conference.
- b. Information security protection insurance
- c. In order to embed information security concepts in every employee, employees can learn about information security through the information security promotion area on the company's internal website, and must complete information security courses every year. In addition, employees must

sign an NDA and complete an information security course as part of onboard training, including information security policy, regulations and case studies.

- d. Established high availability internal, external and production line firewalls and introduced sandboxes for threat analysis and defense.
- e. Optimized and continuously improved analysis, monitoring and investigation of suspicious behavior within horizontal and vertical traffic in intranet systems.
- f. Implemented 24/7 detection and reporting functionality via a third party threat and vulnerability detection platform as well as providing patches for vulnerabilities discovered.
- g. Optimized and strengthened WNC's outsourced SOC services and 24/7 information security monitoring items and coverage.
- h. Improved guidelines for reporting of information security incidents and established mechanisms for detecting, investigating and handling of said incidents.
- i. Re-reviewed identification of trade secrets data and monitoring mechanisms for said data.
- j. Optimized MDR/XDR/MxDR threat detection services to boost threat detection and response for key systems relating to WNC's operations.
- k. Conducted information security risk and compliance checks on endpoint computers to ensure compliance with WNC regulations so that they can connect to the company's network environment.
- l. Continuing to conduct anti-virus software replacement and boosting of coverage.
- m. Strengthened the information security protection mechanism for customer and supplier equipment entering the factory and established a supplier information security risk level identification mechanism.

(2) Major information security incidents

Please list losses and potential impact (such as impact to the company's operations or reputation) due to major information security incidents and the countermeasures taken in the most recent fiscal year and the current fiscal year up to the date of printing of the annual report. State the facts if such losses cannot be reasonably estimated: None

7. Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Investment	Ademco Manufacturing Holding Mexico, S. De R.L. De C.V., Ademco I LLC Ademco Inc.,	02/02/2024 to expiration of contract	Asset acquisition	Agreement clauses, observance of the law
Plant lease	Wiwynn Corporation	01/07/2019 to 01/18/2023 (automatic renewal after expiration)	Plant leasing in S2	Legal use, priority given to continuous leases
Land lease	Hsinchu Science Park Bureau	08/01/2019 to 12/31/2026	Changes to the Act for Establishment and Administration of Science Parks	Observance of the law, legal use
	Southern Taiwan Science Park Bureau	10/18/2019 to 10/17/2039	Land leasing	Observance of the law, legal use
Authorization	MPEG LA, L.L.C.	01/01/2008 to 12/31/2025 (AVC)	Patent licensing	Confidentiality clauses and authorization limits
	MPEG LA, L.L.C.	12/26/2014 to 12/31/2025 (HEVC)	Patent licensing	Confidentiality clauses and authorization limits
	HDMI Licensing L.L.C.	03/18/2008 to 03/17/2023 (automatic renewal after expiration)	Patent licensing	Confidentiality clauses and authorization limits
	Dolby Laboratories Licensing Corporation	01/31/2011 to 03/31/2023 (automatic renewal after expiration)	System licensing	Confidentiality clauses and authorization limits
	Via Licensing Corporation	06/03/2011 to 06/02/2026	Patent licensing	Confidentiality clauses and authorization limits
	Access Advance LLC (HEVC Advance)	12/16/2021 to 12/31/2025 (automatic five-year extension)	Patent licensing	Confidentiality clauses and authorization limits
Construction	Yih Shin Construction Co., Ltd.	04/29/2020 to the end of the construction warranty period	Establishment of plant S3–civil engineering	Acceptance and warranty clauses
	Acter Group Corporation Ltd.	10/08/2020 to the end of the construction warranty period	Establishment of plant S3–mechanical and electrical engineering	Acceptance and warranty clauses
	Auto Tech Corporation Inc.	06/16/2020 to the end of the construction warranty period	Establishment of plant S3–Automated Storage/Retrieval System (ASRS)	Acceptance and warranty clauses
	Synergy Co., Ltd.	08/01/2021 to the end of the construction warranty period	Establishment of plant S3–purchase, sale, and installation of solar panels	Acceptance and warranty clauses

Six. Financial Standing

1. Most Recent Five-Year Condensed Financial Information

(1) Consolidated Financial Information

Condensed Balance Sheets

Unit: Thousand NT\$

Item	Year	Most recent five-year financial information					Jan. 1, 2024– Mar. 31, 2024
		2019	2020	2021	2022	2023	
Current assets		24,637,286	28,189,008	33,475,270	52,405,547	54,240,993	-
Property, plant, and equipment		7,050,586	7,043,544	8,214,463	10,542,590	10,942,301	-
Intangible assets		188,517	109,231	160,393	188,812	338,376	-
Other assets		2,560,338	2,597,193	2,646,879	2,740,998	3,691,005	-
Total assets		34,436,727	37,938,976	44,497,005	65,877,947	69,212,675	-
Current liabilities	Before distribution	16,197,980	17,949,263	23,930,083	39,603,579	34,642,232	-
	After distribution	17,173,561	18,943,099	24,762,634	41,627,621	Note	-
Non-current liabilities		2,073,349	3,204,124	3,564,323	5,918,177	4,078,891	-
Total liabilities	Before distribution	18,271,329	21,153,387	27,494,406	45,521,756	38,721,123	-
	After distribution	19,246,910	22,147,223	28,326,957	47,545,798	Note	-
Equity attributable to parent's shareholders		16,165,398	16,785,589	17,002,599	20,356,191	30,491,552	-
Capital stock		3,902,323	3,976,243	3,965,585	4,047,695	4,845,764	-
Capital surplus		4,196,118	4,538,207	4,512,709	5,129,386	11,905,097	-
Retained earnings	Before distribution	8,428,762	8,907,628	9,096,656	11,419,881	13,207,451	-
	After distribution	7,453,181	7,913,792	8,264,105	9,395,839	Note	-
Other equity		(361,805)	(636,489)	(572,351)	(240,771)	533,240	-
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total equity	Before distribution	16,165,398	16,785,589	17,002,599	20,356,191	30,491,552	-
	After distribution	15,189,817	15,791,753	16,170,048	18,332,149	Note	-

Source: Consolidated financial statements audited by a CPA; 2024 Q1 financial information has not been reviewed by a CPA

Note: The resolution for earnings distribution for 2023 has not yet been approved at the Shareholders' Meeting; the distribution numbers are not listed.

Condensed Statements of Comprehensive Income

Unit: Thousand NT\$

Item	Year	Most recent five-year financial information					Jan. 1, 2024– Mar. 31, 2024
		2019	2020	2021	2022	2023	
Net operating revenues		62,239,582	62,648,731	67,229,599	95,257,451	110,787,917	-
Gross profit		7,089,931	6,950,837	7,253,928	11,594,715	13,594,445	-
Operating income (loss)		1,595,299	1,472,463	880,736	3,237,633	4,671,176	-
Non-operating income and expenses		288,426	253,289	530,929	522,491	130,097	-
Income before income tax		1,883,725	1,725,752	1,411,665	3,760,124	4,801,273	-
Continuing operations' profit for the period		1,461,173	1,466,920	1,232,154	3,121,720	3,802,830	-
Losses from discontinued operations		-	-	-	-	-	-
Net income (loss)		1,461,173	1,466,920	1,232,154	3,121,720	3,802,830	-
Other comprehensive income for the period (net after-tax)		24,047	64,934	(133,862)	231,149	1,864,604	-
Total comprehensive income for the period		1,485,220	1,531,854	1,098,292	3,352,869	5,667,434	-
Profit to parent's shareholders		1,461,173	1,466,920	1,232,154	3,121,720	3,802,830	-
Profit to non-controlling interests		-	-	-	-	-	-
Total comprehensive income to parent's shareholders		1,485,220	1,531,854	1,098,292	3,352,869	5,667,434	-
Total comprehensive income to non-controlling interests		-	-	-	-	-	-
EPS before adjusted (NT\$)		3.76	3.76	3.15	7.93	8.98	-

Source: Consolidated financial statements audited by a CPA; 2024 Q1 financial information has not been reviewed by a CPA

(2) Parent-Company-Only Financial Information

Condensed Balance Sheets

Unit: Thousand NT\$

Item		Year	Most recent five-year financial information				
			2019	2020	2021	2022	2023
Current assets			19,097,334	20,629,232	23,086,472	43,079,057	47,411,859
Property, plant, and equipment			5,433,406	5,430,315	5,634,268	6,844,748	6,642,361
Intangible assets			187,401	105,943	157,467	186,813	336,901
Other assets			9,201,993	10,161,144	10,866,038	11,269,396	12,674,568
Total assets			33,920,134	36,326,634	39,744,245	61,380,014	67,065,689
Current liabilities	Before distribution		15,769,241	16,391,059	19,201,645	35,119,775	32,513,349
	After distribution		16,744,822	17,384,895	20,034,196	37,143,817	Note
Non-current liabilities			1,985,495	3,149,986	3,540,001	5,904,048	4,060,788
Total liabilities	Before distribution		17,754,736	19,541,045	22,741,646	41,023,823	36,574,137
	After distribution		18,730,317	20,534,881	23,574,197	43,047,865	Note
Equity attributable to parent's shareholders			16,165,398	16,785,589	17,002,599	20,356,191	30,491,552
Capital stock			3,902,323	3,976,243	3,965,585	4,047,695	4,845,764
Capital surplus			4,196,118	4,538,207	4,512,709	5,129,386	11,905,097
Retained earnings	Before distribution		8,428,762	8,907,628	9,096,656	11,419,881	13,207,451
	After distribution		7,453,181	7,913,792	8,264,105	9,395,839	Note
Other equity			(361,805)	(636,489)	(572,351)	(240,771)	533,240
Treasury stock			-	-	-	-	-
Non-controlling interest			-	-	-	-	-
Total Equity	Before distribution		16,165,398	16,785,589	17,002,599	20,356,191	30,491,552
	After distribution		15,189,817	15,791,753	16,170,048	18,332,149	Note

Source: Parent-company-only financial statements audited by a CPA

Note: The resolution for earnings distribution for 2023 has not yet been approved at the Shareholders' Meeting; the distribution numbers are not listed.

Condensed Statements of Comprehensive Income

Unit: Thousand NT\$

Item	Year	Most recent five-year financial information				
		2019	2020	2021	2022	2023
Net operating revenues		58,889,906	58,839,430	61,907,489	89,503,582	106,708,965
Gross profit		5,555,906	5,501,702	5,727,198	9,600,139	11,408,708
Operating income (loss)		1,108,061	1,033,334	535,140	2,736,594	3,913,626
Non-operating income and expenses		610,966	570,886	730,846	889,193	752,450
Income before income tax		1,719,027	1,604,220	1,265,986	3,625,787	4,666,076
Continuing operations' profit for the period		1,461,173	1,466,920	1,232,154	3,121,720	3,802,830
Losses from discontinued operations		-	-	-	-	-
Net income (loss)		1,461,173	1,466,920	1,232,154	3,121,720	3,802,830
Other comprehensive income for the period (net after-tax)		24,047	64,934	(133,862)	231,149	1,864,604
Total comprehensive income for the period		1,485,220	1,531,854	1,098,292	3,352,869	5,667,434
Profit to parent's shareholders		1,461,173	1,466,920	1,232,154	3,121,720	3,802,830
Total comprehensive income to parent's shareholders		1,485,220	1,531,854	1,098,292	3,352,869	5,667,434
EPS before adjusted (NT\$)		3.76	3.76	3.15	7.93	8.98

Source: Parent-company-only financial statements audited by a CPA

(3) CPA Opinions in the Most Recent Five Years

Year	Name of CPA firm	Name of CPA	Auditor's opinion
2019	KPMG	Emily Tseng, Hai-Ning Huang	Unmodified opinion
2020	KPMG	Emily Tseng, Hai-Ning Huang	Unmodified opinion
2021	KPMG	Emily Tseng, Hai-Ning Huang	Unmodified opinion
2022	KPMG	Grace Lu, Emily Tseng	Unmodified opinion
2023	KPMG	Grace Lu, Emily Tseng	Unmodified opinion

2. Most Recent Five-Year Financial Analysis

(1) Consolidated Financial Analysis

Item	Period	Most recent five-year financial information					Jan. 1, 2024– Mar. 31, 2024
		2019	2020	2021	2022	2023	
Financial ratio	Total liabilities to total assets (%)	53.06	55.76	61.79	69.10	55.95	-
	Long-term debts to property, plant, and equipment (%)	258.68	283.80	250.37	249.22	315.93	-
Ability to pay off debt	Current ratio (%)	152.10	157.05	139.89	132.33	156.57	-
	Quick ratio (%)	106.16	109.35	81.92	68.53	98.90	-
	Interest coverage ratio	19.46	26.99	22.50	15.23	9.06	-
Ability to operate	A/R turnover (times)	4.88	4.81	4.68	5.13	4.96	-
	A/R turnover days	75	76	78	71	74	-
	Inventory turnover (times)	6.83	7.26	5.52	4.39	4.40	-
	Accounts payable turnover (times)	5.73	5.55	5.40	5.57	5.81	-
	Average days to sell inventory	53	50	66	83	83	-
	Property, plant, and equipment turnover (times)	9.29	8.89	8.81	10.16	10.31	-
	Total assets turnover (times)	1.84	1.73	1.63	1.73	1.64	-
Earnings ability	Return on assets (%)	4.56	4.20	3.12	6.04	6.34	-
	Return on equity (%)	9.13	8.90	7.29	16.71	14.96	-
	Profit before tax to paid-in capital ratio (%)	48.27	43.40	35.60	92.90	99.08	-
	Net income ratio (%)	2.35	2.34	1.83	3.28	3.43	-
	EPS before adjusted (NT\$)	3.76	3.76	3.15	7.93	8.98	-
Cash flow	Cash flow ratio (%)	28.41	19.84	Note 1	Note 1	20.62	-
	Cash flow adequacy ratio (%)	68.25	87.16	31.77	5.51	33.01	-
	Cash reinvestment ratio (%)	13.16	9.34	Note 2	Note 2	11.65	-
Leverage	Operating leverage	1.91	2.07	2.77	1.55	1.45	-
	Financial leverage	1.07	1.05	1.08	1.09	1.15	-

Analysis of items whose increase or decrease in amount are above 20% in the last two years:

1. “Long-term debts to property, plant, and equipment” increased mainly due to an increase in shareholder equity caused by an increase in cash capital.
2. “Quick ratio” increased mainly due to decreases in inventory and accounts payable.
3. “Interest coverage ratio” decreased mainly due to an increase in bank loans and impact from rising interest rates.
4. “Cash flow adequacy ratio” increased mainly due to an increase in net cash flow in business operations.
5. “Cash flow ratio” and “cash reinvestment ratio” increased mainly due to a change from negative to positive net cash flow in operational activities.

Source: Consolidated financial statements audited by a CPA; 2024 Q1 financial information has not been reviewed by a CPA

Note 1: Net cash flow generated from operating activities was negative and has no analytical value.

Note 2: Net cash flow generated from operating activities with cash dividends deducted was negative and has no analytical value.

(2) Parent-Company-Only Financial Analysis

Item		Period	Most recent five-year financial information				
			2019	2020	2021	2022	2023
Financial ratio	Total liabilities to total assets (%)		52.34	53.79	57.22	66.84	54.53
	Long-term debts to property, plant, and equipment (%)		334.06	367.12	364.60	383.66	520.18
Ability to pay off debt	Current ratio (%)		121.10	125.86	120.23	122.66	145.82
	Quick ratio (%)		91.96	91.47	78.81	83.05	110.60
	Interest coverage ratio		21.79	29.30	22.73	20.57	14.79
Ability to operate	A/R turnover (times)		4.71	5.03	5.05	4.60	4.05
	A/R turnover days		77	73	72	79	90
	Inventory turnover (times)		13.23	10.99	8.63	7.60	7.78
	Accounts payable turnover (times)		5.56	5.29	5.70	5.57	47
	Average days to sell inventory		28	33	42	48	4.95
	Property, plant, and equipment turnover (times)		12.04	10.83	11.19	14.34	15.82
	Total assets turnover (times)		1.80	1.68	1.63	1.77	1.66
Earnings ability	Return on assets (%)		4.67	4.31	3.36	6.47	6.34
	Return on equity (%)		9.13	8.90	7.29	16.71	14.96
	Profit before tax to paid-in capital ratio (%)		44.05	40.35	31.92	89.58	96.29
	Net income ratio (%)		2.48	2.49	1.99	3.49	3.56
	EPS before adjusted (NT\$)		3.76	3.76	3.15	7.93	8.98
Cash flow	Cash flow ratio (%)		18.48	19.35	Note 1	Note 1	20.1
	Cash flow adequacy ratio (%)		56.20	78.58	28.79	6.76	31
	Cash reinvestment ratio (%)		7.76	9.68	Note 2	Note 2	11.87
Leverage	Operating leverage		1.74	2.02	3.07	1.45	1.39
	Financial leverage		1.08	1.06	1.12	1.07	1.09
<p>Analysis of items whose increase or decrease in amount are above 20% in the last two years:</p> <ol style="list-style-type: none"> 1. “Long-term debts to property, plant, and equipment” increased mainly due to an increase in shareholder equity caused by an increase in cash capital. 2. “Quick ratio” increased mainly due to decreases in inventory and accounts payable. 3. “Interest coverage ratio” decreased mainly due to an increase in bank loans and impact from rising interest rates. 4. “Cash flow adequacy ratio” increased mainly due to an increase in net cash flow in business operations. 5. “Cash flow ratio” and “cash reinvestment ratio” increased mainly due to a change from negative to positive net cash flow in operational activities. 							

Source: Parent-company-only financial statements audited by a CPA

Note 1: Net cash flow generated from operating activities was negative and has no analytical value.

Note 2: Net cash flow generated from operating activities with cash dividends deducted was negative and has no analytical value.

Formulas used for calculating the figures in the above table are as follows:

1. Financial ratio

- (1) Total liabilities to total assets = Total liabilities/total assets
- (2) Long-term debts to property, plant and equipment = (Net equity + non-current liabilities)/net property, plant and equipment

2. Ability to pay off debt

- (1) Current ratio = Current assets/current liabilities
- (2) Quick ratio = (Current assets – inventory – prepaid expenses)/current liabilities
- (3) Interest coverage ratio = Net income before interest and taxes/interest expenses

3. Ability to operate

- (1) Accounts receivable (including accounts receivable and notes receivable from operations) turnover = Net sales/average accounts receivable (including accounts receivable and notes receivable from operations) balance
- (2) Accounts receivable turnover days = 365/accounts receivable turnover
- (3) Inventory turnover = Cost of goods sold/average inventory
- (4) Accounts payable (including accounts payable and notes payable from operations) turnover = Cost of goods sold/average accounts payable (including accounts payable and notes payable from operations) balance
- (5) Average number of days to sell inventory = 365/inventory turnover
- (6) Property, plant and equipment turnover = Net sales/net fixed assets
- (7) Total assets turnover = Net sales/total assets

4. Earnings ability

- (1) Return on assets = [Profit after tax + interest expense × (1 – effective tax rate)]/average total assets
- (2) Return on equity = Profit after tax/average net equity
- (3) Net income ratio = Net income/net operating revenue
- (4) Earnings per share (EPS) = (Net income attributable to shareholders of the parent – preferred stock dividends)/weighted average of outstanding shares

5. Cash flow

- (1) Cash flow ratio = Net cash flows generated from operating activities/current liabilities
- (2) Cash flow adequacy ratio = Net cash flows generated from operating activities in the most recent five years/(capital expenditure + increase in inventory + cash dividends) in the most recent five years
- (3) Cash reinvestment ratio = (Net cash flows generated from operating activities – cash dividends)/(gross property, plant and equipment + long-term investments + other non-current assets + working capital)

6. Leverage

- (1) Operating leverage = (Net operating revenue – variable operating cost and expense)/net operating income
- (2) Financial leverage = Net operating income/(net operating income – interest expenses)

3. 2023 Audit Committee's Review Report

The Board of Directors has prepared the Wistron NeWeb Corporation 2023 business report, financial statements, and the profit distribution proposal. Grace Lu and Emily Tseng from the CPA firm KPMG were retained to audit the financial statements of Wistron NeWeb Corporation and have issued an audit report relating to the financial statements. The business report, financial statements, and the profit distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Wistron NeWeb Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

Wistron NeWeb Corporation, 2024 Annual Shareholders' Meeting

Chairman of the Audit Committee: Karen Hsin

March 6, 2024

4. 2023 Consolidated Financial Statements and CPA Audit Report:

Refer to Appendix 1 for details

5. 2023 Parent Company Only Financial Statements and CPA Audit Report:

Refer to Appendix 2 for details

6. The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in the most recent year and as of the date of the publication of this Annual Report: None

Seven. Financial Analysis, Financial Performance Analysis, and Risk Management

1. Financial Analysis (Consolidated)

Financial Analysis

Unit: Thousand NT\$

Item	2022	2023	Increased/decreased amount	Change percentage (%)
Current assets	52,405,547	54,240,993	1,835,446	3.50
Property, plant, and equipment	10,542,590	10,942,301	399,711	3.79
Intangible assets	188,812	338,376	149,564	79.21
Other assets	2,740,998	3,691,005	950,007	34.66
Total assets	65,877,947	69,212,675	3,334,728	5.06
Current liabilities	39,603,579	34,642,232	(4,961,347)	(12.53)
Non-current liabilities	5,918,177	4,078,891	(1,839,286)	(31.08)
Total liabilities	45,521,756	38,721,123	(6,800,633)	(14.94)
Capital stock	4,047,695	4,845,764	798,069	19.72
Capital surplus	5,129,386	11,905,097	6,775,711	132.10
Retained earnings	11,419,881	13,207,451	1,787,570	15.65
Other equity	(240,771)	533,240	774,011	(321.47)
Total equity	20,356,191	30,491,552	10,135,361	49.79

Analysis of items whose increase or decrease in amount are above 20%:

1. "Intangible assets" increased mainly due to increases in miscellaneous intangible assets.
2. "Other assets" increased mainly due to an increase in the rating of financial assets measured at fair value through other comprehensive income.
3. "Non-current liabilities" decreased mainly due to the continued conversion of corporate bonds into common stock.
4. "Capital surplus" increased mainly due to an increase in share premium through issuance of shares to increase cash capital and the conversion of convertible corporate bonds.
5. "Other equity" increased mainly due to an increase in the rating of financial assets measured at fair value through other comprehensive income, which led to an increase in unrealized gains (losses) from financial assets measured at fair value through other comprehensive income.

2. Financial Performance Analysis (Consolidated)

Financial Performance Analysis

Unit: Thousand NT\$

Item	2022	2023	Increased/decreased amount	Change percentage (%)
Net operating revenues	95,257,451	110,787,917	15,530,466	16.30
Operating costs	83,662,736	97,193,472	13,530,736	16.17
Gross profit	11,594,715	13,594,445	1,999,730	17.25
Operating expenses	8,357,082	8,923,269	566,187	6.77
Operating income	3,237,633	4,671,176	1,433,543	44.28
Total non-operating income and expenses	522,491	130,097	(392,394)	(75.10)
Income before income tax	3,760,124	4,801,273	1,041,149	27.69
Income tax	638,404	998,443	360,039	56.40
Net income	3,121,720	3,802,830	681,110	21.82
Analysis of items whose increase or decrease in amounts are above 20%:				
1. "Operating income," "income before income tax," "income tax" and "net income" increased mainly due to the increase in revenue and operating income.				
2. "Total non-operating income and expenses" decreased mainly due to an increase in financial costs.				

The estimated sales quantities and the basis of the estimation, which may influence the company's finance and business in the future, and strategies in response:

WNC's products cover a wide range of applications, with large price differentials across diverse products. Therefore, it's not appropriate to use sales quantity as a basic metric. WNC, as a leader in the integration of wired and wireless communications technologies, will continue devoting resources into new technologies and new product development to retain its leading position in the industry. WNC accelerates upgrades of cross-platform hardware and software integration capabilities and provides continuous development of key communications technologies. With years of experience in antenna design, system integration and applicable interface development, WNC aims to provide professional and flexible communications solutions for the IoT. We will continue promoting Industry 4.0 from a macro management perspective to strengthen operational management efficiency and competitiveness.

3. Cash Flow Analysis

(1) Cash Flow Analysis for the Last Fiscal Year:

Unit: Thousand NT\$

Beginning cash balance	Net cash flows generated from operating activities	Cash flows of investing and financing activities	Effect of exchange rate changes	Ending cash balance	Contingency plans for insufficient cash position	
					Investing activities	Financing activities
4,282,803	7,144,013	(3,343,803)	(168,243)	8,061,104	-	-

A. Cash flow analysis:

- The positive net cash flows generated from operating activities of NT\$7.144 billion was mainly due to a decrease in inventory amount.
- The negative net cash flows used in investing activities of NT\$3.344 billion were mainly due to purchase of new equipment and payments for new plant construction.
- The positive net cash flows in financing activities of NT\$146 million were mainly due to issuing new shares to increase cash capital, repaying bank loans and issuing cash dividends.

B. Remedial Actions for Liquidity Shortfall: None.

(2) Cash Flow Projection for the Next Year:

WNC's policy is to maintain stable cash flows. It regularly assesses its account cash balance and the cash flows of its operating activities, investment activities, and financing activities, and also assesses the status of the financial market, carefully planning and managing its cash flows to ensure the sufficiency and suitability of capital required for business operations.

4. Effects of Significant Capital Expenditures on Financial Operations

WNC's major capital expenditures in recent years consist primarily of production and automated equipment purchases as well as construction of production sites. Capital expenditure in 2022 and 2023 amounted to NT\$3,592.192 million and NT\$3,031.573 million, respectively, with the main sources of capital being WNC's own capital, loans from banks and cash capital from issuance of new shares. WNC has expanded the production capacity of its production sites in the Southern Taiwan Science Park and Vietnam to meet the requirements of its global production capacity deployment and long-term business development plans and to enhance its long-term competitiveness, which in turn will likely benefit WNC's finances and long-term business operations.

5. Policy for Investment

WNC's policy for investment is to target long-term strategic investment. In 2023, investment loss recognized under the equity method was NT\$7.376 million. WNC disposed of all equity for the investment in August 2023 and the gain on disposal of investments was NT\$15.616 million.

In the future, WNC will continue to carefully evaluate the investment plan for adherence to this principle of long-term strategic investment.

6. Risk Management

(1) How do interest rate, exchange rate, or inflation influence WNC's profits and losses, and how can it manage concomitant risks?

Unit: Thousand NT\$

Item	2023
Interest income	43,306
Interest expense	596,041
Exchange gain	206,859

WNC had around NT\$8.06 billion in cash as of the end of 2023; we invested the surplus funds after considerable evaluation of the risks involved while closely monitoring fluctuations in bank lending rates regularly to reduce interest rate risks.

Approximately 98.44% of WNC's revenue was from export sales, and most of the export-sale amounts were quoted in U.S. dollars. Most of the material-purchasing amounts were also quoted in U.S. dollars. Therefore, the majority of WNC's currency exchange risk can be reduced and offset by regular import/export activities (a natural hedge). Other small amounts of foreign currencies can be exchanged to NT dollars depending on capital needs or market situations.

There was no major inflation influence on WNC during the past year.

The action plans to cope with the impact from interest rates, exchange rates, and inflation are:

- A. Further mutually offset foreign assets and liabilities to avert risk.
- B. Make plans and arrangements in advance for fund yields and borrowing costs in light of WNC's business anticipation and funds requirements.
- C. Use auxiliary tools, such as derivative financial products, to avoid risks under proper risk guidelines.

(2) What were the major reasons for WNC to engage in high-risk or leveraged investments, make loans, make guarantees, or buy derivatives? What were the reasons for gains or losses in these and what are the future measures for response?

WNC has not engaged in any high-risk or highly leveraged investments in the past year. It has not loaned funds or endorsed or entered into guarantees for any parties other than the subsidiaries wholly owned by itself, and no loss has been incurred.

WNC executed derivatives transactions under the related regulations of the company, and the transactions were within our business scope. The goal of such transactions is to avoid most market price risks.

Looking ahead, WNC will adhere to its existing principles and will not make high-risk and highly leveraged investments. We will only loan to other parties or endorse and enter into guarantees for other parties under WNC’s applicable regulations. Derivatives transactions will be performed strictly in compliance with the Rules and Procedures for Derivative Transactions set forth by WNC.

(3) Future R&D and Expected R&D Investment

A. Future R&D

Category	Items
Microwave communications	<ul style="list-style-type: none"> • Next-generation high-power mmWave transceivers • Next-generation miniaturized mmWave RF/antenna units • Outdoor mmWave long-range communications equipment • Non-geostationary satellite broadband equipment • High-power 5G antenna units • 5G small cells • 5G O-RAN L2/L3 software and edge computing servers
Mobile and home communications	<ul style="list-style-type: none"> • Cloud-based Wi-Fi access point management software • Microcell base station radio units • Mobile network infrastructure distribution units • 5G fronthaul gateways • Outdoor small cells • AIoT image sensors • UWB positioning devices • UWB smart home devices • Smart wireless sensors for home care • Network security routers • 5G Open RAN network slicing technology • Coaxial cable network adapters • Wi-Fi 7 5G home routers
Other products	<ul style="list-style-type: none"> • Automotive AI image sensors • Fleet management recording and tracking devices • Automotive sensor fusion solutions • Industrial IoT sensors • Battery-free wireless sensors • Cloud-based NDR software

B. Revenue to be invested in research and development

WNC will continue to invest in equipment for the above-mentioned products and recruit outstanding research and development personnel for innovation and development in order to maintain a leading role in the technologies involved, taking full advantage of market opportunities. In view of this, it is estimated that 4% of WNC’s revenues will be invested in research and development in 2024.

(4) The impact of legal and regulatory changes on WNC

Significant policy and law changes internationally and domestically will be understood by the related responsible personnel and appropriate response measures will be enacted.

(5) Impact of technological (including information security risks) and industrial changes on WNC

To protect WNC and its customers' confidential information (including trade secrets and intellectual property) and reduce various types of losses and operational impact, WNC's headquarters, manufacturing sites in Hsinchu Science Park, Southern Taiwan Science Park, Vietnam, and China, and subsidiaries in the United States and United Kingdom have acquired ISO/IEC 27001 information security management system certification (valid from October 6, 2023 to October 6, 2025), developed information security risk assessment and management processes, and adopted an Information Security Policy that regulates operating procedures to manage account password access privileges, manages account holder access, manages portable storage devices, protects information system security, manages information backup and restoration, controls confidential information, and classifies and protects the documents of all departments. These security measures serve to avoid the improper accessing of and tampering with the company's information systems and prevent the theft or leakage of the company or its customers' trade secrets and intellectual property.

Although WNC has established the aforementioned policies, processes, and information security control measures, we still cannot guarantee that controls or important operating information systems can completely circumvent the impact of new risks and cyberattacks. These attacks may destroy company operations or attempt to steal the company's trade secrets and other sensitive information by illegally hacking into our Intranet systems or our supply chain networks. When under cyberattack, relevant information systems may lose important information or cause service suspension. WNC continuously adopts the PDCA cycle to check and evaluate applicable regulations and operating procedures so as to ensure their appropriateness and effectiveness. WNC will continue to improve its business continuity plans and information system frameworks to enhance its capability to handle cyberattacks, raise the resiliency of its information systems, and reduce the time it takes to resume normal operations.

The Digital Information Management Division installs internal cloud-based R&D platforms for centralizing the storage and management of R&D information to protect the company's R&D results and confidential information and to provide a safe and secure space for information access and exchange. We also initiate trade secret inventory operations that involve identifying and organizing each department's trade secrets and to remind employees of and confirm their access and custody measures. WNC sees suppliers as partners who are vital to the success of the company. In addition to having suppliers sign a confidentiality agreement, we also expanded the applicable scope of supplier evaluations in 2023, and will continue to adopt supplier questionnaires, define key suppliers and conduct audits on suppliers' compliance status, experience sharing activities, and review and improvement plans to encourage suppliers to actively support and comply with our information security policies and regulations.

In 2023, we conducted the annual ISO 27001 internal/external audit and risk assessments, carried out operational impact analysis, and performed recovery drills according to our business continuity plans formulated at the start of 2023. We also conducted an expanded BCP drill involving multiple sites and production units. A red team exercise was carried out to enhance our anti-virus/anti-hacker response measures and drills, and a simulated DR drill involving WNCERP cloud backup was also completed to help improve our threat intelligence analysis services so we can better evaluate the network security of our information systems. In addition, through mechanisms such as intelligence analysis and threat hunting, we continue to conduct preemptive detection and prevention of issues relating to geopolitical events and external information security incidents, and carry out projects relating to enhancing our information security protection network.

In 2024, geopolitical tensions will continue to pose serious challenges. As usage of IoT/OT and other connected devices and adoption of external cloud services such as IaaS, PaaS and SaaS have become more commonplace, the challenges to information security have increased, and we've had to expand the scope of our information security risk assessment and management. WNC has continued to strengthen controls and protective measures in both management aspects and technical aspects. In terms of the management aspect, we have commissioned external consultants to help us meet the requirements of ISO 27001: 2022 and target to boost the information security awareness of company employees by integrating external resources to expanding the scope of phishing and social engineering drills. In terms of the technical aspect, we will continue to integrate an intrusion and behavior detection joint defense system, enhance the visualization of vulnerabilities through conducting vulnerability scans on servers

and webpages, and implement inspection systems and processes for secure codes used in systems and product development to boost the transparency of information security, build a multi-level defense network, and reduce internal/external risks to ensure continuity of operations.

Other technology and industry advancements in recent years have not directly and materially impacted the company's finance and businesses. Nevertheless, due to fierce market competition, we obtained ISO 21434 and TISAX certification in 2023 in response to customer requirements; these international standards are related to product safety design and production control procedures for automotive products. In addition, due to the information security requirements of our products, we started implementing a product safety development management system based on IEC62443-4-1 standards in September 2023.

(6) Impact of corporate image change on risk management and the related action plan

N/A. There has been no change to WNC's corporate image.

(7) Possible risks relative to the expected gains from acquisitions and their solutions

N/A. WNC does not have any acquisition plans.

(8) Possible risks relative to the expected gains of plant facility expansion and related solutions

A feasibility study and financial analysis is conducted by a designated task force for all plant facility expansions to understand all scenarios and prepare appropriate countermeasures.

(9) Supply and distribution concentration

There is no concentration risk pertaining to suppliers and customers.

(10) The impact of share transfers made by directors, supervisors or shareholders with greater than 10% shareholdings on WNC and any relevant countermeasures

None

(11) Impact of management changes on WNC and action plans

Major business plans are properly evaluated and then presented as the result of an overall assessment of the industry and market conditions by WNC's professional executive officers and executed after approval by the Board of Directors. WNC has established a complete and organized business structure with each department being distinguished by their assigned responsibilities and duties. The management strategy is fully applied through the implementation of an internal management system and communication between each department. Management is therefore efficient, business results are assured, and the risk and negative impact of management changes on company operations are reduced significantly.

(12) Where (1) WNC and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10%, and/or any company or companies controlled by WNC are involved in litigious and non-litigious matters that have been concluded by means of a final and unappealable judgment or are still under litigation and (2) where such a dispute could materially affect shareholders' equity or the price of WNC's stock, the facts of the dispute, amount of money at stake in the dispute, the date of the litigation's commencement, the main parties in the dispute, and the status of the dispute as of the date of printing of this annual report:

A. In March 2022, WNC filed a civil lawsuit with the United States District Court for the Southern District of New York against Genesis Networks Telecom Services, LLC (hereinafter referred to as "Genesis") and its affiliated company GNET, asking for repayment of accounts payable and interest as well as any legal expenses pertaining to the lawsuit. In July 2023, the aforementioned court passed a summary judgement that the defendant is liable for paying the entirety of the accounts payable owed to WNC, and thus WNC successfully won this lawsuit.

B. On November 25, 2021, WNC purchased equipment from YU-CHEN SYSTEM TECHNOLOGY CORP. (hereinafter referred to as "YCS"). Due to the fact that the purchased equipment was unable to pass acceptance checks, after several rounds of negotiations, WNC sent a legal attest letter to

YCS on February 23, 2023 requesting contract rescission and restoration to status quo ante. WNC filed a lawsuit with the Taiwan Hsinchu District Court in May 2023, and at present the case is under review by the court. The value of the claim in the lawsuit is estimated to be between NT\$ 7 and 10 million.

As the monetary value involved in the aforementioned lawsuit is within manageable range and not considered significant for WNC, the lawsuit will not have any major impact on WNC's finances or operations regardless of its outcome.

(13) Other risks

None

7. Other Important Matters

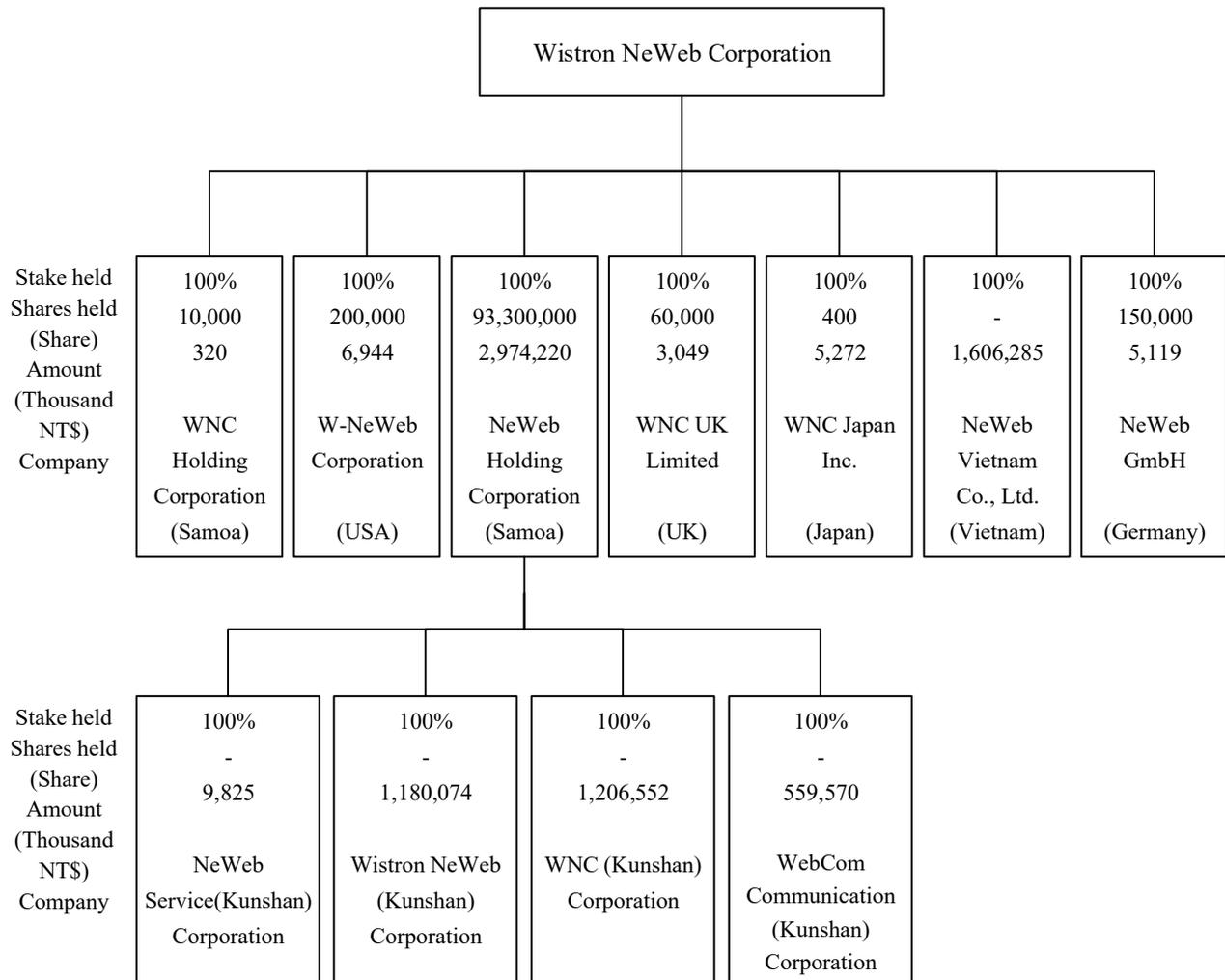
None

Eight. Special Disclosure

1. Summary of Affiliated Companies

(1) Organizational Chart

As of December 31, 2023



(2) Information Disclosure Statement for Affiliated Companies in Accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”:

Consolidated Financial Statements of Affiliated Companies

Representation Letter

The entities that are required to be included in the consolidated financial statements of affiliated companies of Wistron NeWeb Corporation as of and for the year which ended December 31, 2023, under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements” that have been certified by the Financial Supervisory Commission, R.O.C. The information required to be disclosed is included in the consolidated financial statements. Consequently, Wistron NeWeb Corporation has not prepared a separate set of consolidated financial statements for affiliated companies.

Company Name: Wistron NeWeb Corporation

Chairman: Haydn Hsieh

Date: March 6, 2024

(3) Business Scope of WNC and Its Affiliated Companies

The business scope of WNC and its affiliated companies includes the design, research and development, production, and sales of networking and communications products, as well as services for the products.

(4) Affiliated Companies Information

As of December 31, 2023

Company	Date of Establishment	Address	Capital Stock	Business Activities
WNC Holding Corporation	10/09/2001	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	USD 10,000	Holding company
NeWeb Holding Corporation	05/17/2002	P.O. Box 217, Apia, Samoa	USD 93,300,000	Holding company
W-Neweb Corporation	02/27/2003	1525 McCarthy Blvd, Suite 206, Milpitas, CA 95035	USD 200,000	Sales of satellite communications product series and mobile communications product series
WNC UK Limited	06/04/2014	Herschel House 58 Herschel Street Slough SL1 1PG	GBP 60,000	Related services for wireless communications products

Company	Date of Establishment	Address	Capital Stock	Business Activities
WNC Japan Inc.	01/23/2015	3F, Wise Next Shin Yokohama, 2-5-14 Shin- Yokohama Kohoku-ku, Yokohama-shi, Kanagawa-ken, Japan	JPY 20,000,000	Related services for wireless communications products
NeWeb GmbH	09/23/2021	Mergenthaler Allee 15-21, 65760 Eschborn, Germany	EUR 150,000	Provides distribution and after- sales service in the EU area.
NeWeb Vietnam Co., Ltd.	04/06/2020	Land Lot CN01, Dong Van III Industrial Zone, Dong Van Ward, Duy Tien Town, Ha Nam Province, Vietnam	USD 54,000,000	Sales of satellite communications product series and mobile communications product series
WebCom Communication (Kunshan) Corporation - Kunshan Plant	11/14/2003	121 DuJuan Rd., Precision Machinery Industrial Park, Kunshan City, Jiangsu Province, P.R.C.	USD 17,000,000	Sales of satellite communications product series and mobile communications product series
WNC (Kunshan) Corporation	03/01/2004	88 Central Avenue, Comprehensive Free Trade Zone, Kunshan City, Jiangsu Province, P.R.C.	USD 38,000,000	Sales of satellite communications product series and mobile communications product series
Wistron NeWeb (Kunshan) Corporation	04/07/2006	789 Yujinxiang Rd., Comprehensive Free Trade Zone, Kunshan City, Jiangsu Province, P.R.C.	USD 38,000,000	Sales of satellite communications product series and mobile communications product series
NeWeb Service (Kunshan) Corporation	08/02/2007	88 Central Avenue, Comprehensive Free Trade Zone, Kunshan City, Jiangsu Province, P.R.C.	USD 300,000	Repair of satellite communications product series and mobile communications product series

(5) Shareholders in Common of WNC and Its Affiliated Companies with Deemed Control and Subordination: None

(6) Affiliated Companies' Directors, Supervisors, and Key Managers Information

As of December 31, 2023

Company	Title	Name / Representative	Shareholding	
			Shares	%
WNC Holding Corporation	Director	Wistron NeWeb Corp. Representative: Haydn Hsieh, Jeffrey Gau	10,000	100
NeWeb Holding Corporation	Director	Wistron NeWeb Corp. Representative: Haydn Hsieh, Jeffrey Gau	93,300,000	100
W-Neweb Corporation	Director	Wistron NeWeb Corp. Representative: Feng-Yuh Juang	200,000	100
WNC UK Limited	Director	Wistron NeWeb Corp. Representative: Chun Lee	60,000	100
WNC Japan Inc.	Director	Wistron NeWeb Corp. Representative: Jeffrey Gau	400	100
NeWeb GmbH	Director	Wistron NeWeb Corp. Representative: Jeffrey Gau, Marco Romero, Winston Hsieh	150,000	100
NeWeb Vietnam Co., Ltd.	Director	Wistron NeWeb Corp. Representative: Jeffrey Gau, Johnson Hsu, Apollo Shyong	Limited company	100
WebCom Communication (Kunshan) Corp.	Director	NeWeb Holding Corporation Representative: Jeffrey Gau, Fayu Chen, Apollo Shyong	Limited company	100
WNC (Kunshan) Corp.	Director	NeWeb Holding Corporation Representative: Jeffrey Gau, Fayu Chen, Apollo Shyong	Limited company	100
Wistron NeWeb (Kunshan) Corp.	Director	NeWeb Holding Corporation Representative: Jeffrey Gau, Fayu Chen, Apollo Shyong	Limited company	100
NeWeb Service (Kunshan) Corp.	Director	NeWeb Holding Corporation Representative: Jeffrey Gau, Fayu Chen, Apollo Shyong	Limited company	100

(7) Affiliated Companies' Business Operations

Unit: Thousand NT\$, except for EPS, which is in NT\$
As of December 31, 2023

Company	Capital	Total asset	Total liability	Net value	Operating revenue	Operation profit (loss)	Net income (loss)	EPS
Wistron NeWeb Corp.	4,845,764	67,065,689	36,574,137	30,491,552	106,708,965	3,913,626	3,802,830	8.98
W-NeWeb Corp.	6,944	9,471,918	8,561,879	910,039	22,751,155	163,243	119,448	-
NeWeb GmbH	5,119	9,132	2,110	7,022	51,873	2,464	2,011	-
WNC UK Limited	3,049	35,423	4,639	30,784	50,177	2,385	1,849	-
WNC Japan Inc.	5,272	9,676	2,035	7,641	11,662	963	661	-
NeWeb Vietnam Co., Ltd.	1,606,285	10,173,155	8,424,620	1,748,535	24,179,527	244,041	82,942	
WNC Holding Corp.	320	288	-	288	-	(78)	8,163	-
NeWeb Holding Corp.	2,974,220	12,160,450	-	7,190,448	-	-	315,962	-
WebCom Communication (Kunshan) Corp.	559,570	2,208,320	673,353	1,534,967	2,360,395	31,333	62,518	-
WNC (Kunshan) Corp.	1,206,552	5,082,800	1,961,320	3,121,480	9,434,789	125,249	118,729	-
Wistron NeWeb (Kunshan) Corp.	1,180,074	4,834,849	2,353,448	2,481,401	13,975,366	185,388	131,124	-
NeWeb Service (Kunshan) Corp.	9,825	80,462	27,867	52,595	47,706	2,562	3,591	-

(8) Affiliated Companies' Annual Reports: None

2. Private Placement Securities in the Most Recent Year and as of the Publication Date of this Annual Report: None
3. Status of WNC Common Shares Acquired, Disposed of, and Held by Affiliated Companies in the Most Recent Year and as of the Publication Date of this Annual Report: None
4. Other Necessary Supplements: None

Nine. Any events in the most recent year and as of the publication date of this Annual Report that had significant impact on shareholders' rights or security prices as defined by Item 3, Paragraph 2 of Article 36 of the Securities and Exchange Law of Taiwan: None

Appendix 1:

Representation Letter

The entities that are required to be included in the combined financial statements of Wistron NeWeb Corporation as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10 , "Consolidated Financial Statements. " endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Wistron NeWeb Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Wistron NeWeb Corporation
Chairman: Haydn Hsieh
Date: March 6, 2024



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

To the Board of Directors
Wistron NeWeb Corporation:

Opinion

We have audited the consolidated financial statements of Wistron NeWeb Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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, 2023 and 2022, 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 with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“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 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 of 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, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follow:

1. Revenue recognition from contracts with customers

Please refer to Note 4(16) “Summary of Significant Accounting Policies— Revenue from contract with customers”, and Note 6(20) “Explanation of Significant Accounts— Revenue from contracts with customers” to the consolidated financial statements.



Description of key audit matters:

The customers of the Group are spread globally. Due to differences in technology, markets, economy, or legal environment, the degree of control over customers is relatively complex. The timing of revenue recognition for sales may vary due to different trading terms with customers. The risk of revenue recognized in the incorrect period may arise as of the balance sheet date. Therefore, recognizing revenue at the correct time is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Testing the design and implementation of the main internal controls related to the timing of revenue recognition; engaging with computer auditing experts to participate in engagement planning and risk assessment and to assist in relevant tests; selecting sales transactions within the period before and after the balance sheet date to test whether revenue had been recognized in the appropriate period.

2. Valuation of Inventories

Please refer to Note 4(8) “Summary of Significant Accounting Policies – Inventories”, Note 5 “Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty”, and Note 6(3) “Explanation of Significant Accounts – Inventories, net” to the consolidated financial statements.

Description of key audit matters:

The Group mainly engages in the research and development, as well as the production of wireless communication products, wherein its inventories are measured at the lower of cost and net realizable value. Due to the rapid changes in telecommunication industry, the old models produced by the Group may quickly be replaced with new ones, resulting in a risk in which the carrying value of inventories may be higher than its net realizable value. The net realizable value of inventory, which is tentative and might be subject to significant fluctuations, is mainly determined based on the assumptions of the estimated selling price of the products within a specific time horizon. Therefore, the valuation of inventories is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Obtaining the inventory aging report and checking the accuracy with the general ledger; testing the accuracy of the aging of inventory based on the available documents of the last valid transaction; understanding the management's method of calculating the net realizable value, and to perform testing by vouching relevant documents to the testing samples; evaluate the reasonableness of the accounting policy for inventory write-down or slow-moving provision, and making an assessment of their adequacy for aging inventories ; as well as considering the appropriateness of the Group’s disclosures in the accounts.

Other Matter

Wistron NeWeb Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, 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 with the IFRSs, IASs, IFRC, 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 members of 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 auditor's 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 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 a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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 audit resulting in this independent auditors' report are Chien-Hui Lu and Mei-Yu Tseng.

KPMG

Taipei, Taiwan (Republic of China)
March 6, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Wistron NeWeb Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Assets				
Current assets:				
Cash and cash equivalents (notes 6(1) and (23))	\$ 8,061,104	12	4,282,803	7
Financial assets at fair value through other comprehensive income – current (notes 6(2) and (23))	2,907,931	4	911,734	2
Notes receivable (note 6(2))	525,897	1	15,028	-
Accounts receivable, net (note 6(2))	22,312,373	32	21,617,652	33
Receivables from related parties (notes 6(2) and 7)	146,213	-	75,485	-
Inventories, net (note 6(3))	19,524,455	28	24,649,284	37
Other financial assets – current (note 8)	309,355	-	238,464	-
Other current assets	453,665	1	615,097	1
Total current assets	54,240,993	78	52,405,547	80
Non-current assets:				
Financial assets at fair value through other comprehensive income – non-current (notes 6(2) and (23))	56,724	-	89,179	-
Investments accounted for using equity method (note 6(4))	-	-	80,490	-
Property, plant and equipment (notes 6(5) and 7)	10,942,301	16	10,542,590	16
Right-of-use assets (note 6(6))	1,607,669	3	1,853,120	3
Investment property, net (note 6(7))	966,476	1	-	-
Intangible assets (notes 6(8) and 7)	338,376	1	188,812	-
Deferred tax assets (note 6(16))	946,548	1	630,997	1
Refundable deposits (note 7)	15,006	-	17,075	-
Other non-current assets	98,582	-	70,137	-
Total non-current assets	14,971,682	22	13,472,400	20
Total assets	\$ 69,212,675	100	65,877,947	100
Liabilities and Equity				
Current liabilities:				
Short-term loans (notes 6(9), (23) and (26))	\$ 9,996,646	14	12,514,166	19
Contract liabilities – current (note 6(20))	1,213,080	2	1,005,249	2
Notes and accounts payable	14,687,660	21	18,498,891	28
Payables to related parties (note 7)	133,123	-	112,449	-
Salary and bonus payable	3,232,734	5	3,028,331	4
Other accrued expenses	2,530,524	4	2,427,993	4
Provision – current (note 6(11))	120,086	-	115,955	-
Lease liabilities – current (notes 6(13), (23) and (26))	45,004	-	55,615	-
Long-term loans, current portion (notes 6(9), (23) and (26))	768,559	1	505,024	1
Other current liabilities (notes 6(10) and (26))	1,914,816	3	1,339,906	2
Total current liabilities	34,642,232	50	39,603,579	60
Non-current liabilities:				
Bonds payable (notes 6(12), (23) and (26))	44,869	-	2,102,597	3
Long-term loans (notes 6(9), (23) and (26))	2,119,742	3	1,928,379	3
Deferred tax liabilities (note 6(16))	213,160	-	170,168	-
Lease liabilities – non-current (notes 6(13), (23) and (26))	1,530,330	3	1,554,544	3
Net defined benefit liabilities – non-current (note 6(15))	129,712	-	124,724	-
Other non-current liabilities (notes 6(10), (26) and 7)	41,078	-	37,765	-
Total non-current liabilities	4,078,891	6	5,918,177	9
Total liabilities	38,721,123	56	45,521,756	69
Equity (notes 6(17) and (18)):				
Ordinary share capital	4,824,441	7	3,958,091	6
Capital collected in advance	21,323	-	89,736	-
Share capital awaiting retirement	-	-	(132)	-
Capital surplus	11,905,097	17	5,129,386	8
Retained earnings	13,207,451	19	11,419,881	17
Other equity	533,240	1	(240,771)	-
Total equity	30,491,552	44	20,356,191	31
Total liabilities and equity	\$ 69,212,675	100	65,877,947	100

See accompanying notes to

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Wistron NeWeb Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,			
	2023		2022	
	Amount	%	Amount	%
Net operating revenue (notes 6(20) and 7)	\$110,787,917	100	95,257,451	100
Operating costs (notes 6(3), (13), (15), (21) and 7)	<u>97,193,472</u>	<u>88</u>	<u>83,662,736</u>	<u>88</u>
Gross profit	<u>13,594,445</u>	<u>12</u>	<u>11,594,715</u>	<u>12</u>
Operating expenses (notes 6(2), (13), (15), (21) and 7):				
Selling	3,277,202	3	2,994,461	3
General and administrative	1,636,398	1	1,489,410	2
Research and development	4,006,750	4	3,583,889	4
Expected credit impairment loss	2,919	-	289,322	-
Total operating expenses	<u>8,923,269</u>	<u>8</u>	<u>8,357,082</u>	<u>9</u>
Net operating income	<u>4,671,176</u>	<u>4</u>	<u>3,237,633</u>	<u>3</u>
Non-operating income and expenses:				
Interest income (note 6(22))	43,306	-	11,465	-
Other income (notes 6(14), (22) and 7)	462,625	-	320,185	-
Other gains and losses (notes 6(22) and 7)	227,583	-	467,119	1
Finance costs (notes 6(12), (13) and (22))	(596,041)	-	(264,190)	-
Share of loss of associates accounted for using equity method (note 6(4))	(7,376)	-	(12,088)	-
Total non-operating income and expenses	<u>130,097</u>	<u>-</u>	<u>522,491</u>	<u>1</u>
Income before income tax	4,801,273	4	3,760,124	4
Income tax expense (note 6(16))	<u>998,443</u>	<u>1</u>	<u>638,404</u>	<u>1</u>
Net income	<u>3,802,830</u>	<u>3</u>	<u>3,121,720</u>	<u>3</u>
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of defined benefit plans (note 6(15))	(8,909)	-	42,571	-
Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	2,015,487	2	(45,111)	-
Less: Income tax related to items that will not be reclassified subsequently (note 6(16))	<u>1,826</u>	<u>-</u>	<u>4,855</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>2,004,752</u>	<u>2</u>	<u>(7,395)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	(175,096)	-	305,630	-
Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss (note 6(4))	(89)	-	(7,450)	-
Less: Income tax related to items that may be reclassified subsequently (note 6(16))	<u>(35,037)</u>	<u>-</u>	<u>59,636</u>	<u>-</u>
Total items that may be reclassified subsequently to profit or loss	<u>(140,148)</u>	<u>-</u>	<u>238,544</u>	<u>-</u>
Other comprehensive income	<u>1,864,604</u>	<u>2</u>	<u>231,149</u>	<u>-</u>
Total comprehensive income	<u>\$ 5,667,434</u>	<u>5</u>	<u>3,352,869</u>	<u>3</u>
Earnings per share (New Taiwan Dollars) (note 6(19))				
Basic earnings per share	<u>\$ 8.98</u>		<u>7.93</u>	
Diluted earnings per share	<u>\$ 8.60</u>		<u>7.43</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Wistron NeWeb Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Capital			Retained earnings			Exchange differences on translation of foreign financial statements	Other equity			
	Ordinary share capital	Capital collected in advance	Share capital awaiting retirement	Legal reserve	Special reserve	Unappropriated retained earnings		Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	Deferred compensation cost	Total	Total equity
Balance as of January 1, 2022	\$ 3,965,585	-	-	2,486,321	279,915	6,330,420	(571,995)	209,459	(209,815)	(572,351)	17,002,592
Net income for the period	-	-	-	-	-	3,121,720	-	-	-	-	3,121,720
Other comprehensive income for the period	-	-	-	-	-	34,056	238,544	(41,451)	-	197,093	231,149
Total comprehensive income for the period	-	-	-	-	-	34,056	238,544	(41,451)	-	197,093	231,149
Appropriation and distribution of retained earnings:						3,155,776	238,544	(41,451)	-	197,093	3,352,869
Appropriation for legal reserve	-	-	-	118,287	-	(118,287)	-	-	-	-	-
Appropriation for special reserve	-	-	-	-	82,620	(82,620)	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	-	(832,551)	-	-	-	-	(832,551)
Due to donated assets received	-	-	-	-	-	-	-	-	-	-	11
Issuing convertible bonds	-	-	-	-	-	99,263	-	-	-	-	99,263
Conversion of convertible bonds	-	89,736	-	-	-	543,025	-	-	-	-	632,761
Share-based payment transactions	(7,494)	-	(132)	-	-	(25,622)	-	-	-	-	101,239
Balance as of December 31, 2022	3,958,091	89,736	(132)	2,604,608	362,535	8,452,738	(333,451)	168,008	(75,328)	(240,771)	20,356,191
Net income for the period	-	-	-	-	-	3,802,830	-	-	-	-	3,802,830
Other comprehensive income for the period	-	-	-	-	-	(7,127)	(140,148)	2,011,879	-	1,871,731	1,864,604
Total comprehensive income for the period	-	-	-	-	-	(7,127)	(140,148)	2,011,879	-	1,871,731	1,864,604
Appropriation and distribution of retained earnings:						3,795,703	(140,148)	2,011,879	-	1,871,731	5,667,434
Appropriation for legal reserve	-	-	-	315,577	-	(315,577)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(197,092)	197,092	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	-	(2,024,042)	-	-	-	-	(2,024,042)
Capital increase by cash	400,000	-	-	-	-	3,922,500	-	-	-	-	4,322,500
Due to donated assets received	-	-	-	-	-	22	-	-	-	-	22
Conversion of convertible bonds	368,895	(68,413)	-	-	-	1,767,156	-	-	-	-	2,067,638
Share-based payments transactions	97,455	-	132	-	-	674	-	-	(1,082,485)	(1,082,485)	101,809
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	15,235	-	(15,235)	-	(15,235)	-
Balance as of December 31, 2023	\$ 4,824,441	21,323	-	2,920,185	165,443	10,121,823	(473,599)	2,164,652	(1,157,813)	533,240	30,491,552

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Wistron NeWeb Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2023	2022
Cash flows from operating activities:		
Income before income tax	\$ 4,801,273	3,760,124
Adjustments:		
Adjustments to reconcile loss (profit)		
Depreciation	1,917,079	1,676,232
Amortization	167,533	113,804
Expected credit impairment loss	2,919	289,322
Net gain on financial assets and liabilities at fair value through profit or loss	(2,342)	(441)
Interest expense	596,041	264,190
Interest income	(43,306)	(11,465)
Dividend income	(79,835)	(67,356)
Compensation cost arising from share-based payment transactions	189,309	101,239
Share of loss of associates accounted for using equity method	7,376	12,088
Gain on disposal of property, plant and equipment	(2,687)	(9,980)
Gain on disposal of investments	(15,616)	-
Provision for inventory devaluation loss	1,124,216	569,006
Adjustment for other non-cash-related losses, net	28,343	14,209
Total adjustments to reconcile loss	<u>3,889,030</u>	<u>2,950,848</u>
Changes in operating assets and liabilities:		
Notes receivable	(510,869)	489,081
Accounts receivable	(697,640)	(7,214,894)
Receivables from related parties	(70,728)	132,035
Inventories	4,000,613	(11,769,627)
Other operating assets	89,797	(259,845)
Notes and accounts payable	(3,811,231)	7,152,853
Payables to related parties	39,049	56,393
Other operating liabilities	730,673	1,722,096
Total changes in operating assets and liabilities	<u>(230,336)</u>	<u>(9,691,908)</u>
Total adjustments	<u>3,658,694</u>	<u>(6,741,060)</u>
Cash flows generated from (used in) operations	8,459,967	(2,980,936)
Interest received	39,626	11,364
Dividends received	81,086	68,594
Interest paid	(571,354)	(207,219)
Income taxes paid	(865,312)	(307,231)
Net cash flows generated from (used in) operating activities	<u>7,144,013</u>	<u>(3,415,428)</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(59,132)
Proceeds from disposal of financial assets at fair value through other comprehensive income	50,494	-
Acquisition of financial assets at fair value through profit or loss	(1,950,000)	(1,630,000)
Proceeds from disposal of financial assets at fair value through profit or loss	1,952,342	1,630,441
Proceeds from disposal of investments accounted for using equity method	89,080	-
Acquisition of property, plant and equipment	(3,031,573)	(3,592,192)
Proceeds from disposal of property, plant and equipment	16,293	34,678
Decrease in refundable deposits	2,069	8,012
Acquisition of intangible assets	(335,516)	(157,452)
Increase in other non-current assets	(136,992)	(53,080)
Net cash flows used in investing activities	<u>(3,343,803)</u>	<u>(3,818,725)</u>
Cash flows from financing activities:		
Increase in short-term loans	49,811,879	52,539,278
Repayments of short-term loans	(52,270,608)	(46,921,351)
Issuance of bonds	-	2,822,155
Proceeds from long-term loans	1,024,300	768,900
Repayments of long-term loans	(567,319)	(130,653)
Decrease in guarantee deposits received	(363)	(2,385)
Repayment of the principal portion of lease liabilities	(62,535)	(56,454)
Cash dividends paid	(2,024,042)	(832,551)
Capital increase by cash	4,235,000	-
Due to donated assets received	22	11
Net cash flows generated from financing activities	<u>146,334</u>	<u>8,186,950</u>
Effect of exchange rate changes	<u>(168,243)</u>	<u>240,234</u>
Net increase in cash and cash equivalents	3,778,301	1,193,031
Cash and cash equivalents at beginning of period	4,282,803	3,089,772
Cash and cash equivalents at end of period	<u>\$ 8,061,104</u>	<u>4,282,803</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Wistron NeWeb Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

**(amounts expressed in Thousands of New Taiwan Dollars,
except for per share information and unless otherwise noted)**

1. Company history

Wistron NeWeb Corporation (the “Company”) was founded in Hsinchu, Republic of China (R.O.C.), on December 7, 1996. The registered address of the Company’s office is 20 Park Avenue II, Hsinchu Science Park, Hsinchu 308, Taiwan, R.O.C. The Company’s ordinary shares were publicly listed on the Taiwan Stock Exchange on September 22, 2003.

The consolidated financial statements comprises the Company and its subsidiaries (together referred to as the “ Group”) and the Company’ s interest in associates. The Group is engaged mainly in the research, development, manufacturing and sales of the following products, including wired communication equipment, wireless communication networking equipment, electronic components, regulated telecommunication radio frequency equipment, medical devices, electric power generation, transmission and distribution machinery, satellite communication systems, mobile and portable communication products, products, components, semi-finished products and peripherals of medical testing equipment, medical diagnostic equipment, smart mobile aids, medical consumables, medical information transmission systems, Information and communications technology (ICT) products, software and hardware integration solutions information software services, data processing services, and application services of electronic data supply.

2. Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on March 6, 2024.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C.(“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the new amendment from which do not have a significant impact on its consolidated financial statements, from May 23, 2023.

- Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”

Wistron NeWeb Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(2) The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the (following) new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(3) The impact of IFRSs issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

4. Summary of material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are summarized as follows. Except for those described individually, the significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(2) Basis of preparation

A. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

- (a) Financial assets at fair value through profit or loss (FVTPL) are measured at fair value;

Wistron NeWeb Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

- (b) Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value; and,
- (c) The net defined benefit liabilities are measured as the fair value of the plan assets, less, the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (TWD), which is the Company's functional currency. Unless otherwise noted, all financial information presented in TWD has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and the entities controlled by the Company (its subsidiaries). The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

B. List of subsidiaries in the consolidated financial statements

The list of subsidiaries is included in the consolidated financial statements:

<u>Name of Investor</u>	<u>Name of Subsidiary</u>	<u>Business</u>	<u>Percentage of Ownership</u>	
			<u>December 31, 2023</u>	<u>December 31, 2022</u>
the Company	NeWeb Holding Corporation (NEWH)	Investment holding company	100 %	100 %
the Company	WNC Holding Corporation (WNCH)	Investment holding company	100 %	100 %
the Company	W-NeWeb Corporation (NUSA)	Sales of satellite communication and portable communication products	100 %	100 %
the Company	WNC UK Limited (NUK)	Services for wireless communication products	100 %	100 %

Wistron NeWeb Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

<u>Name of Investor</u>	<u>Name of Subsidiary</u>	<u>Business</u>	<u>Percentage of Ownership</u>	
			<u>December 31, 2023</u>	<u>December 31, 2022</u>
the Company	WNC JAPAN Inc. (NJP)	Services for wireless communication products	100 %	100 %
the Company	NeWeb Vietnam Co., Ltd. (NVNM)	Manufacturing and sales of satellite communication and portable communication products	100 %	100 %
the Company	NeWeb GmbH (NEU)	Sales and services for wireless communication products	100 %	100 %
NEWH	WNC (Kunshan) Corporation (NQJ)	Manufacturing and sales of satellite communication and portable communication products	100 %	100 %
NEWH	Webcom Communication (Kunshan) Corporation (NYC)	Manufacturing and sales of satellite communication and portable communication products	100 %	100 %
NEWH	Wistron NeWeb (Kunshan) Corporation (NQX)	Manufacturing and sales of satellite communication and portable communication products	100 %	100 %
NEWH	NeWeb Service (Kunshan) Corporation (NQC)	Repair and maintenance services for satellite communication and portable communication products	100 %	100 %

C. List of subsidiaries which are not included in the consolidated financial statements: None.

(4) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are retranslated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction. Foreign currency differences arising from retranslation are recognized in profit or loss except for the differences in equity instruments at FVOCI, which are recognized in other comprehensive income.

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B. Foreign operations

The assets and liabilities of foreign operations are translated to TWD using the exchange rates at the reporting date with the exception of shareholders' equity, which is translated at historical cost rates, and income and expenses, which are translated to TWD at the average rate for the period. Foreign currency differences are recognized in other comprehensive income.

(5) Classification of current and non-current assets and liabilities

The Group classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

- A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. It holds the asset primarily for the purpose of trading;
- C. It expects to realize the asset within twelve months after the reporting period; or
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

- A. It expects to settle the liability in its normal operating cycle;
- B. It holds the liability primarily for the purpose of trading;
- C. The liability is due to be settled within twelve months after the reporting period; or
- D. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash comprise cash, cash in bank and checking deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(7) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component are initially measured at the transaction price.

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A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI and FVTPL.

The Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Whereas dividends derived from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

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(c) Financial assets measured at FVTPL

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit loss (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, receivables, other financial assets and refundable deposits).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12-months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment as well as forward- looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.

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The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due and the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amounts of the assets.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity transaction

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amounts of consideration received less the direct cost of issuing.

(c) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds (TWD) that can be converted to share capital at the option of the holder, where the number of shares to be issued is fixed.

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The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

(d) Financial liabilities

Financial liabilities not classified as held-for-trading, or designated as at FVTPL, which comprise loans and borrowings, accounts payable, and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method.

(e) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations has been discharged or cancelled, or has expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

(f) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amounts presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the standard cost method and includes expenditure and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in process, the cost includes an appropriate share of direct labors and production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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(9) Investment in associates

Associates are those entities over which the Group has a significant influence and the authority to participate in the financial and operating policy decisions of the investees but not to the extent of controlling or joint controlling over those policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate. When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. If the useful life of a component is different from that of other parts of the asset, the component depreciation should be provided separately.

If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- (a) Buildings: 3 to 50 years
- (b) Machinery and equipment: 1 to 6 years
- (c) Research and development equipment: 5 to 6 years
- (d) Other equipment: 3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

D. Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(11) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as non-operating income on a straight line basis over the term of the lease.

(12) Leases

A. Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

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- (a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- (b) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (c) the Group has the right to direct the use of an asset if either:
 - i. the Group has the right to the direct use of the identified asset when it has the decision-making rights that are most relevant to the changes on how and for what purpose the asset is used throughout the period.
 - ii. the decision on how, and for what purpose, the asset is used is predetermined,
 - (i) the Group has the right to operate the asset, without the supplier having the right to change those operating instructions; or
 - (ii) the Group designed the asset in a way that predetermines how, and for what purpose, it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

B. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (a) fixed payments (including in-substance fixed payments);

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- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when:

- (a) there is a change in future lease payments arising from the change in an index or rate; or
- (b) there is a change in the Group's estimate of the amounts expected to be payable under a residual value guarantee; or
- (c) there is a change in the assessment regarding the purchase option; or
- (d) there is a change in the assessment on whether the Group will exercise an extension or a termination option; or
- (e) there is any lease modifications

When the lease liability is remeasured, other than lease modification, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize the right-of-use assets and lease liabilities for its offices, which qualify as short-term leases, as well as its other equipments, which qualify as short-term leases and low-value asset leases. The relevant lease payments and is recognized in expense on a straight-line basis during the lease period.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- (a) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- (b) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (c) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- (d) there is no substantive change in other terms and conditions of the lease.

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In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

C. As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

(13) Intangible assets

A. Research and development

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Other expenditure is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over 1 to 5 years for intangible assets.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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(14) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amounts are estimated.

The recoverable amounts of an asset or cash-generating unit (CGU) are the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

(15) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for warranties is recognized when the underlying products are sold. The provision is based on historical warranty data.

(16) Revenue from contract with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below:

A. Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

When the Group offers volume discounts to its customers, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refunded liability is recognized for expected volume discounts payable to customers in relation to sales made. No element of financing is deemed present as the sales are made with a credit term, which is consistent with the market practice.

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The Group reduces revenue by the amounts of expected returns and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Group reassesses the estimated amounts of expected returns.

The Group's obligation to provide a refund for faulty product under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(11).

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

B. Rendering of services

Some of the manufacturing and sales contracts of the Group include pre-production activities such as researching, developing, designing and testing of new products. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the reporting date as a proportion of the total services to be provided.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. In case of fixed-price contracts, the customer pays the fixed amounts based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

If the contract includes an hourly fee, revenue is recognized in the amounts to which the Group has a right to invoice. Customers are invoiced on a monthly basis and a consideration is payable when invoiced.

C. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(17) Government grants

Government grants are recognized as deferred income at fair value and then be recognized in profit on a straight-line basis if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

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(18) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amounts of future benefit that employees have earned in the current and prior periods, discounting that amounts and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amounts expected to be paid if the Company has a present legal or constructive obligation to pay this amounts as a result of past service provided by the employee and the obligation can be estimated reliably.

(19) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amounts recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amounts ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

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For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between the expected and the actual outcomes.

(20) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amounts of current tax payables or receivables are the best estimate of the tax amounts expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for reporting purposes and their respective tax bases. Deferred taxes are recognized except for temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences, and it is probable that they will not reverse in the foreseeable future.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- A. The entity has the legal right to settle tax assets and liabilities on a net basis; and
- B. the taxing of deferred tax assets and liabilities fulfills one of the scenarios below:
 - (a) levied by the same taxing authority; or
 - (b) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

Deferred tax assets are recognized for the unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

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(21) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds payable, unvested restricted stock awards and employee remuneration through the issuance of shares.

(22) Operating segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Material accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimations.

Management continues to monitor the accounting estimations and assumptions. Management recognizes any changes in the accounting estimations during the period in which the estimates are revised and in any future periods affected.

Valuation of inventories

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgments and estimates to determine the net realizable value of inventory for obsolescence and unmarketable items at the reporting date. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of the estimated selling price of the products within a specific time horizon. However, due to the rapid industrial transformation, the above estimation may have a significant change. Please refer to note 6(3) for further description of the valuation of inventories.

The Group's accounting policies and disclosures include the fair value measurement for financial assets and liabilities. The Group determines the fair value using the independent data sources which reflect the current market condition and confirming the data available are independent, reliable, in consistent with other sources and represent the exercisable price. The Group also periodically assesses the evaluation model, performs retrospective tests, and updates inputs together with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the results of the valuation.

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The Group evaluates the assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used and is categorized as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For the assumption used in fair value measurement, please refer to note 6(23) of the financial instruments.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash, cash in bank and checking deposits	\$ 3,817,868	3,798,923
Time deposits	4,243,236	483,880
	\$ 8,061,104	4,282,803

Please refer to note 6(23) for the disclosure of foreign currency risk of the financial assets and liabilities.

(2) Financial assets

A. Financial assets at fair value through other comprehensive income (FVOCI):

Equity instruments at FVOCI

	December 31, 2023	December 31, 2022
Current:		
Domestic listed stocks	\$ 2,907,931	911,734
Non-current:		
Foreign unlisted stocks	\$ 56,724	89,179

These investments in equity instruments not held for trading, and therefore, are accounted for as FVOCI.

The Group sold its shares in NeWave Sensor Solutions, LLC at a fair value of \$50,494 in the third quarter of 2023, resulting in a gain of \$19,044 that was reclassified from other comprehensive income to retained earnings.

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B. Notes receivable, accounts receivable (including related parties), net:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Current:			
Notes receivable	\$ 525,897	15,028	504,109
Accounts receivable	22,628,665	21,994,882	14,779,988
Accounts receivable from related parties	<u>146,213</u>	<u>75,485</u>	<u>207,520</u>
	23,300,775	22,085,395	15,491,617
Less: loss allowance	<u>(316,292)</u>	<u>(377,230)</u>	<u>(87,908)</u>
	<u><u>\$ 22,984,483</u></u>	<u><u>21,708,165</u></u>	<u><u>15,403,709</u></u>

The Group applies the simplified approach to provide for its loss allowance used for expected credit loss, which permit the use of lifetime expected loss provision for its receivables. To measure the expected credit loss, receivables have been grouped based on the shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The expected loss allowance was determined as follows:

	<u>Not past due</u>	<u>Past due within 60 days</u>	<u>Past due 61 to 90 days</u>	<u>Past due 91 to 180 days</u>	<u>Past due more than 181 days</u>	<u>Total</u>
December 31, 2023						
<u>Group 1</u>						
Weighted-average expected credit loss rate	- %	- %	- %	- %	73.98 %	
Gross carrying amount	\$ <u>16,018,061</u>	<u>1,328,902</u>	<u>1,451</u>	<u>23,818</u>	<u>2,698</u>	<u>17,374,930</u>
Expected credit loss allowance	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,996</u>	<u>1,996</u>
<u>Group 2</u>						
Weighted-average expected credit loss rate	- %	- %	- %	- %	100.00 %	
Gross carrying amount	\$ <u>3,618,556</u>	<u>1,967,004</u>	<u>347</u>	<u>25,642</u>	<u>314,296</u>	<u>5,925,845</u>
Expected credit loss allowance	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>314,296</u>	<u>314,296</u>
Gross carrying amount	\$ <u>19,636,617</u>	<u>3,295,906</u>	<u>1,798</u>	<u>49,460</u>	<u>316,994</u>	<u>23,300,775</u>
Expected credit loss allowance	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,292</u>	<u>316,292</u>

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	<u>Not past due</u>	<u>Past due within 60 days</u>	<u>Past due 61 to 90 days</u>	<u>Past due 91 to 180 days</u>	<u>Past due more than 181 days</u>	<u>Total</u>
December 31, 2022						
<u>Group 1</u>						
Weighted-average expected credit loss rate	- %	- %	- %	- %	2.85 %	
Gross carrying amount	\$ <u>16,726,047</u>	<u>2,224,289</u>	<u>58,916</u>	<u>14,028</u>	<u>69,935</u>	<u>19,093,215</u>
Expected credit loss allowance	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,996</u>	<u>1,996</u>
<u>Group 2</u>						
Weighted-average expected credit loss rate	- %	- %	- %	- %	100.00 %	
Gross carrying amount	\$ <u>2,221,741</u>	<u>391,820</u>	<u>1,552</u>	<u>1,833</u>	<u>375,234</u>	<u>2,992,180</u>
Expected credit loss allowance	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,234</u>	<u>375,234</u>
Gross carrying amount	\$ <u>18,947,788</u>	<u>2,616,109</u>	<u>60,468</u>	<u>15,861</u>	<u>445,169</u>	<u>22,085,395</u>
Expected credit loss allowance	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>377,230</u>	<u>377,230</u>

Group 1: Customer of low risk.
Group 2: Customer of generic risk.

The movements in the allowance for doubtful accounts with respect to receivables were as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 377,230	87,908
Impairment loss recognized	2,919	289,322
Amounts written off	(63,857)	-
Ending balance	\$ <u>316,292</u>	<u>377,230</u>

(3) Inventories, net

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Raw materials	\$ 11,155,756	18,492,540
Work in process and semi-finished products	1,080,729	1,214,758
Finished goods	<u>7,287,970</u>	<u>4,941,986</u>
	\$ <u>19,524,455</u>	<u>24,649,284</u>

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The details of operating costs were as follows:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	\$ 96,079,578	83,105,497
Inventory devaluation and obsolescence loss	1,124,216	569,006
Revenue from sale of scrap	(10,326)	(11,445)
Physical inventory (gain) loss	4	(322)
	<u>\$ 97,193,472</u>	<u>83,662,736</u>

(4) Investments accounted for using equity method

Aggregate information of associates accounted for using equity method, that are not individually material to the Group which included in the consolidated financial statements of the Group was as follows:

	December 31,	December 31,
	2023	2022
Aggregate carrying amount of associates that are not individually material	\$ -	<u>80,490</u>

Shares attributable to the Group were as follows:

	For the years ended December 31,	
	2023	2022
Net loss	\$ (7,376)	(12,088)
Other comprehensive loss	(89)	(7,450)
Total comprehensive loss	<u>\$ (7,465)</u>	<u>(19,538)</u>

The Group disposed the entire equity interests in its investments accounted for using equity method at a value of \$89,080 in August 2023, with the related gains on disposal amounting to \$15,616 recognized as other gains and losses in the consolidated statement of comprehensive income.

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(5) Property, plant and equipment

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Research and development equipment</u>	<u>Other equipment</u>	<u>Rental assets</u>	<u>Construction in progress and equipment awaiting inspection</u>	<u>Total</u>
Cost:							
Balance as of January 1, 2023	\$ 7,016,669	10,329,297	1,349,681	1,677,884	334,464	2,057,374	22,765,369
Additions	274,047	821,029	105,664	212,907	-	1,694,645	3,108,292
Disposals and obsolescence	(2,869)	(500,614)	(56,835)	(82,790)	-	-	(643,108)
Reclassification to investment property	(519,829)	-	-	-	(334,464)	-	(854,293)
Reclassification to other	1,878,995	688,819	1,445	36,482	-	(2,627,998)	(22,257)
Effect of exchange rate changes	(41,458)	(83,843)	(2,633)	(22,967)	-	(12,613)	(163,514)
Balance as of December 31, 2023	<u>\$ 8,605,555</u>	<u>11,254,688</u>	<u>1,397,322</u>	<u>1,821,516</u>	<u>-</u>	<u>1,111,408</u>	<u>24,190,489</u>
Balance as of January 1, 2022	\$ 6,105,512	8,637,522	1,227,458	1,433,522	334,464	1,611,924	19,350,402
Additions	85,112	1,396,458	131,827	291,283	-	1,945,978	3,850,658
Disposals and obsolescence	(122,179)	(363,714)	(18,897)	(123,849)	-	-	(628,639)
Reclassification to other	841,871	570,551	7,913	53,095	-	(1,526,204)	(52,774)
Effect of exchange rate changes	106,353	88,480	1,380	23,833	-	25,676	245,722
Balance as of December 31, 2022	<u>\$ 7,016,669</u>	<u>10,329,297</u>	<u>1,349,681</u>	<u>1,677,884</u>	<u>334,464</u>	<u>2,057,374</u>	<u>22,765,369</u>
Accumulated depreciation:							
Balance as of January 1, 2023	\$ 3,053,451	6,904,045	1,031,420	1,208,042	25,821	-	12,222,779
Depreciation for the period	403,450	1,141,477	119,869	175,661	3,345	-	1,843,802
Disposals and obsolescence	(2,869)	(494,310)	(55,192)	(77,131)	-	-	(629,502)
Reclassification to investment property	(47,611)	-	-	-	(29,166)	-	(76,777)
Reclassification to other	-	(4,685)	-	-	-	-	(4,685)
Effect of exchange rate changes	(29,205)	(58,746)	(1,676)	(17,802)	-	-	(107,429)
Balance as of December 31, 2023	<u>\$ 3,377,216</u>	<u>7,487,781</u>	<u>1,094,421</u>	<u>1,288,770</u>	<u>-</u>	<u>-</u>	<u>13,248,188</u>
Balance as of January 1, 2022	\$ 2,711,570	6,325,203	928,316	1,151,718	19,132	-	11,135,939
Depreciation for the period	437,986	892,189	121,074	148,211	6,689	-	1,606,149
Disposals and obsolescence	(122,179)	(357,363)	(18,897)	(105,502)	-	-	(603,941)
Effect of exchange rate changes	26,074	44,016	927	13,615	-	-	84,632
Balance as of December 31, 2022	<u>\$ 3,053,451</u>	<u>6,904,045</u>	<u>1,031,420</u>	<u>1,208,042</u>	<u>25,821</u>	<u>-</u>	<u>12,222,779</u>
Carrying amounts:							
Balance as of December 31, 2023	<u>\$ 5,228,339</u>	<u>3,766,907</u>	<u>302,901</u>	<u>532,746</u>	<u>-</u>	<u>1,111,408</u>	<u>10,942,301</u>
Balance as of December 31, 2022	<u>\$ 3,963,218</u>	<u>3,425,252</u>	<u>318,261</u>	<u>469,842</u>	<u>308,643</u>	<u>2,057,374</u>	<u>10,542,590</u>
Balance as of January 1, 2022	<u>\$ 3,393,942</u>	<u>2,312,319</u>	<u>299,142</u>	<u>281,804</u>	<u>315,332</u>	<u>1,611,924</u>	<u>8,214,463</u>

Please refer to note 6(7) for the disclosure of property, plant and equipment reclassify to investment property.

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(6) Right-of-use assets

	<u>Land</u>	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2023	\$ 1,958,595	83,758	15,517	2,057,870
Additions	-	28,723	-	28,723
Decrease	-	(139)	-	(139)
Write-off	-	(16,940)	-	(16,940)
Reclassification to investment property	(219,498)	-	-	(219,498)
Effect of exchange rate changes	(1,160)	(880)	-	(2,040)
Balance as of December 31, 2023	<u>\$ 1,737,937</u>	<u>94,522</u>	<u>15,517</u>	<u>1,847,976</u>
Balance as of January 1, 2022	\$ 1,662,985	78,928	13,163	1,755,076
Additions	273,142	11,565	2,354	287,061
Write-off	-	(9,754)	-	(9,754)
Effect of exchange rate changes	22,468	3,019	-	25,487
Balance as of December 31, 2022	<u>\$ 1,958,595</u>	<u>83,758</u>	<u>15,517</u>	<u>2,057,870</u>
Accumulated depreciation:				
Balance as of January 1, 2023	\$ 147,957	43,373	13,420	204,750
Depreciation for the period	39,824	32,531	922	73,277
Write-off	-	(16,940)	-	(16,940)
Reclassification to investment property	(19,805)	-	-	(19,805)
Effect of exchange rate changes	(232)	(743)	-	(975)
Balance as of December 31, 2023	<u>\$ 167,744</u>	<u>58,221</u>	<u>14,342</u>	<u>240,307</u>
Balance as of January 1, 2022	\$ 105,917	24,440	12,694	143,051
Depreciation for the period	41,846	27,511	726	70,083
Write-off	-	(9,754)	-	(9,754)
Effect of exchange rate changes	194	1,176	-	1,370
Balance as of December 31, 2022	<u>\$ 147,957</u>	<u>43,373</u>	<u>13,420</u>	<u>204,750</u>
Carrying amounts:				
Balance as of December 31, 2023	<u>\$ 1,570,193</u>	<u>36,301</u>	<u>1,175</u>	<u>1,607,669</u>
Balance as of December 31, 2022	<u>\$ 1,810,638</u>	<u>40,385</u>	<u>2,097</u>	<u>1,853,120</u>
Balance as of January 1, 2022	<u>\$ 1,557,068</u>	<u>54,488</u>	<u>469</u>	<u>1,612,025</u>

Please refer to note 6(7) for the disclosure of right-of-use assets reclassified to investment property.

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(7) Investment property, net

	<u>Owned property</u>	<u>Right-of-use</u>	
	<u>Buildings</u>	<u>assets</u>	
		<u>Land</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2023	\$ -	-	-
Reclassification from property, plant and equipment	854,293	-	854,293
Reclassification from right-of-use assets	-	219,498	219,498
Balance as of December 31, 2023	<u>\$ 854,293</u>	<u>219,498</u>	<u>1,073,791</u>
Accumulated depreciation and impairment losses:			
Balance as of January 1, 2023	\$ -	-	-
Reclassification from property, plant and equipment	76,777	-	76,777
Reclassification from right-of-use assets	-	19,805	19,805
Depreciation for the year	8,538	2,195	10,733
Balance as of December 31, 2023	<u>\$ 85,315</u>	<u>22,000</u>	<u>107,315</u>
Carrying amount:			
Balance as of December 31, 2023	<u>\$ 768,978</u>	<u>197,498</u>	<u>966,476</u>
Fair value:			
Balance as of December 31, 2023			<u>\$ 996,055</u>

Investment property comprises buildings that are leased to third parties under operating leases, including properties that are held as right-of-use assets, as well as properties that are owned by the Company. The property is reclassified from property, plant and equipment to investment property based on its book value at the time of change of use. For related information (including rental income and direct operating expenses incurred), please refer to note 6(14).

The fair value measurement of investment property is calculated using the replacement cost method and income approach. The replacement cost method is measured by the construction costs for reconstructing the same building using the identical or similar building materials of the original building, less the accumulated depreciation of the building. Income approach determines the fair value of the investment property based on the aggregate of the expected future cash flows and the associated profit and period-end value for each period, adjusted by using the appropriate discount rates. The fair value measurement for the investment properties has been categorized as a Level 3 fair value based on the input to the valuation technique used.

As of December 31, 2023, the Group's investment properties were not pledged as collateral.

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(8) Intangible assets

	<u>Software</u>	<u>Other intangible assets</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2023	\$ 267,052	182,181	449,233
Additions	42,287	274,854	317,141
Write-off	(110,629)	(39,489)	(150,118)
Effect of exchange rate changes	(153)	-	(153)
Balance as of December 31, 2023	<u>\$ 198,557</u>	<u>417,546</u>	<u>616,103</u>
Balance as of January 1, 2022	\$ 324,515	112,096	436,611
Additions	52,342	89,700	142,042
Write-off	(110,098)	(19,615)	(129,713)
Effect of exchange rate changes	293	-	293
Balance as of December 31, 2022	<u>\$ 267,052</u>	<u>182,181</u>	<u>449,233</u>
Amortization:			
Balance as of January 1, 2023	\$ 177,165	83,256	260,421
Amortization for the period	82,096	85,437	167,533
Write-off	(110,629)	(39,489)	(150,118)
Effect of exchange rate changes	(109)	-	(109)
Balance as of December 31, 2023	<u>\$ 148,523</u>	<u>129,204</u>	<u>277,727</u>
Balance as of January 1, 2022	\$ 205,860	70,358	276,218
Amortization for the period	81,291	32,513	113,804
Write-off	(110,098)	(19,615)	(129,713)
Effect of exchange rate changes	112	-	112
Balance as of December 31, 2022	<u>\$ 177,165</u>	<u>83,256</u>	<u>260,421</u>
Carrying amounts:			
Balance as of December 31, 2023	<u>\$ 50,034</u>	<u>288,342</u>	<u>338,376</u>
Balance as of December 31, 2022	<u>\$ 89,887</u>	<u>98,925</u>	<u>188,812</u>
Balance as of January 1, 2022	<u>\$ 118,655</u>	<u>41,738</u>	<u>160,393</u>

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(9) Bank loans

A. Short-term loans

	December 31, 2023	December 31, 2022
Unsecured bank loans	<u>\$ 9,996,646</u>	<u>12,514,166</u>
Unused short-term credit lines	<u>\$ 14,740,378</u>	<u>6,082,732</u>
Range of interest rates	<u>1.88%~6.40%</u>	<u>1.40%~6.89%</u>

Please refer to note 6(23) for the disclosure of interest risk, foreign currency risk and liquidity risk.

B. Long-term loans (including current portion)

	December 31, 2023	December 31, 2022
Unsecured bank loans	<u>\$ 2,888,301</u>	<u>2,433,403</u>
Unused long-term credit lines	<u>\$ 1,620,000</u>	<u>2,351,600</u>
Range of interest rates	<u>1.20%~1.79%</u>	<u>1.08%~1.66%</u>
Maturity date	Due by May, 2031	Due by May, 2031

Please refer to note 6(23) for the disclosure of interest risk and liquidity risk.

C. Government low interest loans

As of December 31, 2023 and 2022, the accumulated amounts of preferential interest rate loans from the banks by the Company under the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” were \$3,652,700 and \$2,628,400, respectively. The difference between the recognized loan calculated using the market interest rate, and the actual repayment preferential interest rate measured in accordance with the government grants, had been recognized as deferred income. Please refer to note 6(10). If the Company fails to meet the conditions in the above project during the loan period, with the National Development Fund terminating the grants, the Company shall pay the original interest rate, plus the annual interest rate.

(10) Deferred income

	December 31, 2023	December 31, 2022
Deferred income - government grants	<u>\$ 33,736</u>	<u>28,466</u>
Current	\$ 9,080	7,115
Non-current	24,656	21,351
	<u>\$ 33,736</u>	<u>28,466</u>

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(11) Provisions – current

	<u>Warranties</u>
Balance as of January 1, 2023	\$ 115,955
Provisions made for the period	45,848
Provisions utilized during the period	<u>(41,717)</u>
Balance as of December 31, 2023	<u>\$ 120,086</u>
Balance as of January 1, 2022	\$ 98,539
Provisions made for the period	107,277
Provisions utilized during the period	<u>(89,861)</u>
Balance as of December 31, 2022	<u>\$ 115,955</u>

(12) Bonds payable

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Convertible bonds payable	\$ 2,800,000	2,800,000
Unamortized discounts on bonds payable	(631)	(49,503)
Cumulative converted amount	<u>(2,754,500)</u>	<u>(647,900)</u>
Carrying amount	<u>\$ 44,869</u>	<u>2,102,597</u>
Equity element – conversion options (recorded in capital surplus – share options)	<u>\$ 1,613</u>	<u>76,294</u>
	<u>For the years ended December 31,</u>	<u>2023</u>
Interest expense	<u>\$ 9,910</u>	<u>12,466</u>

The Company issued 28,000 shares of three year unsecured convertible bonds with 0% interest rate in Taiwan on June 27, 2022, each with a face value of \$100,000 and an effective interest rate of 0.93% on the original debt component.

The conversion price was \$74.5 per share at the time of issuance. The conversion price would be adjusted according to the formula stated in provisions of issuance if the conversion price of the Company's ordinary shares is adjusted in accordance with the terms of issuance. The convertible bond was issued without replace clause. As the distribution of cash dividends, the above conversion price was adjusted down to \$68.5 per share since July 18, 2023; and as the capital increase by cash, the above conversion price was adjusted down to \$67.2 per share since November 30, 2023.

From the day following the 3rd month after the issuance date (September 28, 2022) to the 40th day before the maturity date (May 18, 2025), if the outstanding balance of the convertible bonds is less than 10% of the total face value of the bonds, the Company may redeem the outstanding bonds within 5 business days after the call date of the bonds by cash at the face value of the bonds.

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Except for the conversion of the convertible bonds into the Company's ordinary shares by the holders of the bond, or the early redemption of the bonds by the Company in accordance with this regulation, or the cancellation of the bonds by the Company through purchase from the securities company, the Company will repay 100% of the face value of the bonds in cash at maturity.

(13) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	\$ <u>45,004</u>	<u>55,615</u>
Non-current	\$ <u>1,530,330</u>	<u>1,554,544</u>

For the maturity analysis, please refer to note 6(23).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2023	2022
Interest on lease liabilities	\$ <u>18,211</u>	<u>18,386</u>
Expenses relating to short-term leases	\$ <u>56,816</u>	<u>68,904</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>4,086</u>	<u>3,197</u>

The amounts recognized in the statement of cash flows for the Company were as follows:

	For the years ended December 31,	
	2023	2022
Total cash outflow for leases	\$ <u>141,664</u>	<u>147,044</u>

A. Real estate leases

The Group leases land and buildings for its office spaces and staff dormitory. The leases of land typically run for 20 to 50 years, and the office spaces and staff dormitory for 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Group sub-leases some of its right-of-use assets under operating leases. Please refer to note 6(14).

Some leases of land and office spaces contain extension options exercisable. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

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The lease payment of the land contract depends on the assessed present value setting by the local district, and the additional construction cost incurred once a year of the public facilities is settled after amortization Management adjustment.

B. Other leases

The Group leases other equipment, with lease terms of 3 to 4 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

In addition, the Group has elected not to recognize the right-of-use assets and lease liabilities for its office spaces and other equipment, which qualifies as short-term leases and low-value asset leases.

(14) Operating lease

The investment property leased out by the Company has been classified as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(7) that sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, are as follows:

	December 31, 2023
Less than one year	\$ 107,070
One to two years	<u>4,461</u>
Total undiscounted lease payments	<u><u>\$ 111,531</u></u>

In 2023, the rental income, and the direct expenses (including repairs and maintenance), generated from investment property amounted to \$53,535 and \$626 respectively.

(15) Employee benefits

A. Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Company were as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligation	\$ 338,914	330,697
Fair value of plan assets	<u>(209,202)</u>	<u>(205,973)</u>
Net defined benefit liabilities	<u><u>\$ 129,712</u></u>	<u><u>124,724</u></u>

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

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(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). Minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$209,202 as of December 31, 2023. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds.

(b) Movements in the present value of the defined benefit obligation

The movements in the present value of the defined benefit obligation of the Company for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Defined benefit obligation as of January 1	\$ 330,697	360,317
Current service costs and interest	6,173	3,056
Remeasurements of the net defined benefit liabilities		
— Actuarial loss arising from experience adjustments	5,331	18,949
— Actuarial loss (gain) arising from changes in financial assumptions	4,502	(46,644)
Benefits paid from plan assets	(7,789)	(4,981)
Defined benefit obligation as of December 31	\$ 338,914	330,697

(c) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Company for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Fair value of plan assets as of January 1	\$ 205,973	187,857
Interest income	3,427	1,116
Remeasurements of the net defined benefit liabilities		
— Return on plan assets (excluding current interest)	924	14,876
Contributions made	6,667	7,105
Benefits paid from plan assets	(7,789)	(4,981)
Fair value of plan assets as of December 31	\$ 209,202	205,973

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(d) Expenses recognized in profit or loss

The Company's expenses recognized in profit or losses for the years ended December 31, 2023 and 2022, were as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Current service costs	\$ 621	882
Net interest on the net defined benefit liabilities	<u>2,125</u>	<u>1,058</u>
	<u>\$ 2,746</u>	<u>1,940</u>

(e) Remeasurements of the net defined benefit liabilities recognized in other comprehensive income

The Company's remeasurements of the net defined benefit liabilities recognized as accumulated in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Cumulative amounts as of January 1	\$ (215,415)	(257,986)
Recognized for the period	<u>(8,909)</u>	<u>42,571</u>
Cumulative amounts as of December 31	<u>\$ (224,324)</u>	<u>(215,415)</u>

(f) Actuarial assumptions

The following are the Company's significant actuarial assumptions of the present value of the defined benefit obligation at the reporting date:

	<u>December 31,</u>	<u>December 31,</u>
	<u>2023</u>	<u>2022</u>
Discount rate	1.625 %	1.750 %
Future salary increase rate	5.000 %	5.000 %

The Company expects to make a contribution of \$7,309 to its defined benefit plans in the following year, beginning December 31, 2023.

The weighted-average duration of the defined benefit obligation is 13.18 years.

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(g) Sensitivity analysis

If there is a change in the actuarial assumptions as of the December 31, 2023 and 2022 the impact on the defined benefit obligation would be as follows:

	Impact on the defined benefit obligation	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2023		
Discount rate	\$ (8,937)	9,272
Future salary increase rate	8,801	(8,526)
December 31, 2022		
Discount rate	\$ (9,285)	9,666
Future salary increase rate	9,190	(8,885)

Reasonably possible changes to one of the relevant actuarial assumptions on the reporting date, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other.

The approach used in recognizing the net defined liability in the balance sheets is the same as the one used in developing the sensitivity analysis and the relevant actuarial assumptions in the current and previous years.

B. Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company should contribute 6% of its employees' monthly wages to their labor pension personal accounts of the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance). Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations. The total pension costs of the Group's overseas subsidiaries under their respective defined contribution plan are recognized in accordance with their local regulations.

The Group's pension costs under the defined contribution plan were \$370,641 and \$338,393 for the years ended December 31, 2023 and 2022, respectively.

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(16) Income tax

A. Income tax expense:

The amounts of income tax expense (benefit) for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Current income tax expense (benefit)		
Current period	\$ 1,272,454	915,310
Adjustment for prior period	<u>(38,472)</u>	<u>(126,831)</u>
	1,233,982	788,479
Deferred income tax benefit		
Origination and reversal of temporary differences	<u>(235,539)</u>	<u>(150,075)</u>
Income tax expense	<u>\$ 998,443</u>	<u>638,404</u>

B. The amounts of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of the defined benefit plans	\$ (1,782)	8,515
Unrealized gains or losses from investments in equity instruments measured at FVOCI	<u>3,608</u>	<u>(3,660)</u>
	<u>\$ 1,826</u>	<u>4,855</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ (35,019)	61,126
Share of other comprehensive loss of associates	<u>(18)</u>	<u>(1,490)</u>
	<u>\$ (35,037)</u>	<u>59,636</u>

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The reconciliation of income tax expense (benefit) and income before income tax for the years ended December 31, 2023 and 2022 was as follows:

	For the years ended December 31,	
	2023	2022
Income before income tax	\$ 4,801,273	3,760,124
Income tax at the Company's domestic tax rate	\$ 960,254	752,025
Effect of different tax rates in foreign jurisdictions	107,140	100,187
Non-deductible expenses and others	92,713	36,409
Change in unrecognized temporary differences	(63,192)	(59,012)
Tax-exempt income	(60,000)	(60,000)
Over-and-under provision in prior periods	(38,472)	(131,205)
Income tax expense	\$ 998,443	638,404

C. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities

As of December 31, 2023 and 2022, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax liabilities as the Company has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future.

	December 31, 2023	December 31, 2022
The temporary differences associated with investments in subsidiaries (tax amount):		
Unrecognized deferred tax liabilities	\$ (851,270)	(788,078)

(b) Recognized deferred tax assets and liabilities

Deferred tax assets:

	Allowance for doubtful accounts over the quota	Unrealized loss from inventory devaluation	Exchange differences on translation of foreign financial statements	Unrealized profit or loss from sales	Unrealized foreign exchange gain or loss	Financial assets at FVOCI	Others	Total
Balance as of January 1, 2023	\$ 23,353	124,986	47,111	43,248	12,743	21,993	357,563	630,997
Recognized in profit or loss	(14,818)	121,883	-	63,497	37,316	-	70,653	278,531
Recognized in other comprehensive income	-	-	35,037	-	-	201	1,782	37,020
Balance as of December 31, 2023	\$ 8,535	246,869	82,148	106,745	50,059	22,194	429,998	946,548
Balance as of January 1, 2022	\$ -	65,452	106,747	6,165	1,474	18,333	335,331	533,502
Recognized in profit or loss	23,353	59,534	-	37,083	11,269	-	30,747	161,986
Recognized in other comprehensive income	-	-	(59,636)	-	-	3,660	(8,515)	(64,491)
Balance as of December 31, 2022	\$ 23,353	124,986	47,111	43,248	12,743	21,993	357,563	630,997

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Deferred tax liabilities:

	Share of profit of subsidiaries accounted for using equity method	Others	Total
Balance as of January 1, 2023	\$ (168,777)	(1,391)	(170,168)
Recognized in profit or loss	(43,015)	23	(42,992)
Balance as of December 31, 2023	<u>\$ (211,792)</u>	<u>(1,368)</u>	<u>(213,160)</u>
Balance as of January 1, 2022	\$ (157,079)	(1,178)	(158,257)
Recognized in profit or loss	(11,698)	(213)	(11,911)
Balance as of December 31, 2022	<u>\$ (168,777)</u>	<u>(1,391)</u>	<u>(170,168)</u>

D. The Company's tax returns have been examined by the tax authorities through 2020.

(17) Capital and other equity interest

A. Issuance and cancellation of ordinary shares

As of December 31, 2023 and 2022, the authorized capital of the Company amounted to \$8,000,000, both of which included the amount of \$250,000 reserved for employee share options; the issued capital amounted to \$4,824,441 and \$3,958,091 respectively.

For the year ended December 31, 2020, the Company redeemed the restricted stocks awarded to its employees due to failure in meeting their performance indicators. As of December 31, 2023, the Company redeemed and cancelled 223 thousand shares of restricted stock awarded to its employees, wherein the registration procedures have been completed during the same period. Moreover, as of December 31, 2022, the Company redeemed and cancelled 763 thousand and 750 thousand shares of restricted stock, respectively, awarded to its employees, wherein the registration procedures of the cancelled shares have been completed as of December 31, 2023, except for the remaining 13 thousand shares, which have yet to be completed, and the amount has been recorded as share capital awaiting retirement. In addition, the Company issued 9,982 thousand shares of restricted stock awarded to its employees for the year ended December 31, 2023.

For the year ended December 31, 2023, the Company issued 30,048 thousand shares at face value due to the exercise of the right to convert corporate bonds; except for the 2,132 thousand shares, which have been recorded as capital collected in advance, the relevant registration procedures for the remaining 27,916 thousand shares have been completed during the same period. For the year ended December 31, 2022, the Company issued 8,974 thousand shares at face value due to the exercise of the right to convert corporate bonds, wherein the relevant registration procedures have yet to be and have been completed as of December 31, 2022 and 2023, respectively, resulting in the amount to be reclassified from capital collected in advance to ordinary share capital.

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The Company conducted a cash capital increase by issuing 40,000 thousand shares, at a face value and an issuance price of \$10 and \$106 per share, respectively, amounting to \$4,235,000 thousand (after deducting the total issuance cost), with the base date set on November 30, 2023, based on a resolution approved by the Board of Directors on May 10, 2023 and FSC (with Ruling No. 1120356180) on September 28, 2023. All registration procedures have been completed as of the reporting date. In addition with the regulations, the Company recognises the cash capital increase as a remuneration cost of \$87,500 thousand for the retained shares subscribed by the employees.

B. Capital surplus

The Company's capital surplus was as follows:

	December 31, 2023	December 31, 2022
Capital surplus—premium	\$ 6,857,951	2,837,961
Convertible bonds payable—premium	3,740,040	1,898,203
Treasury stock sold to employees	100,454	100,454
Due to donated assets received	150	128
Capital surplus from merger	36,653	36,653
Conversion options of bonds	76,173	150,854
Restricted stock awards	1,088,101	105,133
Employee share options	5,575	-
	<u>\$ 11,905,097</u>	<u>5,129,386</u>

In accordance with the R.O.C. Company Act, the capital surplus generated from the premium of stock issuance and donation may only be used to offset accumulated deficits. In addition, when the Company incurred no deficit, such capital surplus may be distributed as cash or stock dividends. Pursuant to the R.O.C. Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total sum of the capital surplus capitalized per annum shall not exceed 10% of the paid-in capital.

C. Retained earnings

(a) Legal reserve

If the Company incurs no loss, the reserve may be distributed as cash or stock dividends for the portion in excess of 25% of the paid-in capital.

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(b) Special reserve

By choosing to apply exemptions granted under IFRS 1 during the Company's first-time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments under shareholders' equity shall be reclassified as retained earnings at the adoption date. The increase in retained earnings occurring before the adoption date due to the first-time adoption of IFRS Accounting Standards endorsed by the FSC amounted to \$136,043. In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a net increase in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. The carrying amounts of special reserve amounted to \$108,123 as of December 31, 2023 and 2022.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amounts to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first time adoption of the IFRSs endorsed by the FSC and the carrying amounts of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of the IFRSs endorsed by the FSC. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. Pursuant to the shareholders' meeting held on June 7, 2023 and June 10, 2022, respectively, the Company appropriated (reversed) its of shareholders' equity amounting to \$(197,092) and \$82,620, respectively, as special reserve.

(c) Earnings distribution

According to the Company's Articles of Incorporation, if the Company shows a year-end earnings, it shall first pay miscellaneous taxes and make up any accumulated losses. Thereafter, a 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid-in capital. Thereafter, an amount shall be set aside or reversed as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Distribution of the remaining profit after setting aside the abovementioned amounts, together with the balance of the unappropriated retained earnings of the previous year, with no less than 10% as dividends to shareholders, shall be proposed by the Board of Directors to be approved at the shareholders' meeting.

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The following are the appropriations of earnings in 2022 and 2021 which were approved by the shareholders' meeting held on June 7, 2023 and June 10, 2022, respectively:

	<u>2022</u>		<u>2021</u>	
	<u>Amount per share (TWD)</u>	<u>Total amount</u>	<u>Amount per share (TWD)</u>	<u>Total amount</u>
Appropriation of earnings:				
Legal reserve		315,577		118,287
Special reserve		(197,092)		82,620
Cash dividends	\$ 4.8414	<u>2,024,042</u>	2.1001	<u>832,551</u>
		<u>\$ 2,142,527</u>		<u>1,033,458</u>

The appropriation of retained earnings is consistent with the resolutions approved by the Board of Directors. The related information is available on the Market Observation Post System website.

The appropriation of earnings in 2023 proposed by the Board of Directors on March 6, 2024, is to be presented for approval in annual shareholders' meeting. The related information will be available on the Market Observation Post System website after the resolution meeting.

(18) Share-based payment

- A. Information about the Company's equity-settled share-based payment transactions for the years ended December 31, 2023 and 2022, was as follows:

	<u>Restricted stock awards</u>		<u>Cash capital increase reserved for employee subscription</u>
	<u>Issued in 2023</u>	<u>Issued in 2020</u>	<u>Issued in 2023</u>
Grant date	December 5, 2023	August 3, 2020	November 1, 2023
Granted units (thousands)	9,982	7,400	5,000
Contractual life	1~3 years	1~3 years	-
Recipients	Employees	Employees	Employees
Vesting condition	Note	Note	Immediately vested
Price per share (TWD)	0	0	106
Adjusted exercise price (TWD)	0	0	106

Note: Employees are entitled to receive restricted stock in the first, second and third year (from the grant date) of their service. The restricted stock awards will be granted only if the overall performance target and the personal performance target are reached.

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B. Restricted stock awards

Pursuant to the resolutions made during the shareholders' meeting held on June 5, 2019, the Company issued the restricted stock awards to those full-time employees who conformed to the Company's requirements. These restricted stock awards have been registered and approved by the Securities and Futures Bureau of the FSC. On May 11, 2020, the Board of Directors approved a resolution to issue 7,400 thousand shares of restricted stock awards to its employees, with the effective date of the capital increase set on August 3, 2020.

Pursuant to the resolutions made during the shareholders' meeting held on June 7, 2023, the Company issued the restricted stock awards to those full-time employees who conformed to the Company's requirements. These restricted stock awards have been registered and approved by the Securities and Futures Bureau of the FSC. On November 1, 2023, the Board of Directors approved a resolution to issue 9,982 thousand shares of restricted stock awards to its employees, with the effective date of the capital increase set on December 5, 2023. The related registrations of the increase of share capital have already been completed. Unless the vesting conditions have been met, the restricted stock awards may not be sold, pledged, transferred, hypothecated or otherwise disposed of. Holders of restricted stock awards are entitled to the same rights as the Company's existing ordinary shareholders, except for those restricted stock awards are held in trust and have vesting conditions. Also, the Company has the right to take back all unvested shares without compensation and to cancel all restricted stock awards issued to employees who fail to comply with the vesting condition.

For the years ended December 31, 2022, 763 thousand shares of the restricted stock awards issued to employees on August 3, 2020 have expired, and therefore, were cancelled, resulting in the amount of \$7,626 to be recognized as the capital surplus.

For the years ended December 31, 2023, 223 thousand shares of the restricted stock awards issued to employees on August 3, 2020 have expired, and therefore, were cancelled, resulting in the amount of \$2,233 to be recognized as the capital surplus. As the vesting period ended in 2023, the Company decided to retrieve its restricted stock awards for its employees who failed to meet certain requirements, as well as its cash dividends of \$674, which was generated from the above-mentioned restricted stock awards and was recognized as retained earnings.

As of December 31, 2023 and 2022, the Company has deferred the compensation cost arising from the issuance of restricted stock awards amounting to \$1,157,813 and \$75,328, respectively. Such deferred amounts were recorded as deduction of other equity.

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- C. The Company used Black-Scholes method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	2023
	<u>Cash capital increase reserved for employee subscription</u>
Fair value at grant date	17.5
Share price at grant date	123.5
Exercise price	106
Expected volatility (%)	35.01
Expected life (days)	23
Expected dividend	4
Risk-free interest rate (%)	1.017

The Company conducted a cash capital increase by issuing 40,000 thousand shares, with the approval of the Board of Directors on May 10, 2023. Moreover, 12.5% of the above new shares to be issued, which consisted of 5,000 thousand shares, will be preferentially subscribed by the employees of the Company in accordance with the Article 267 of the Company Act. If the employees waived the amount of shares subscription or undersubscribed, the Chairman of the Board will be authorized to negotiate with specific persons to subscribe for the remaining shares. In accordance with the provisions of IFRS2 "Share Based Payment", the Company shall measure the fair value of the equity commodities granted on the date of payment at \$17.5 per share, amounting to \$87,500 thousand, to be recognized as a remuneration cost at the grant date.

(19) Earnings per share

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Basic earnings per share:		
Net income attributable to ordinary shareholders of the Company	<u>\$ 3,802,830</u>	<u>3,121,720</u>
Weighted-average number of ordinary shares (in thousands)	<u>423,278</u>	<u>393,613</u>
Basic earnings per share (in dollars)	<u>\$ 8.98</u>	<u>7.93</u>

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	For the years ended December 31,	
	2023	2022
Diluted earnings per share:		
Net income attributable to ordinary shareholders of the Company	\$ 3,802,830	3,121,720
Interest expense on convertible bonds, net of tax	7,927	9,973
Net income attributable to ordinary shareholders of the Company (plus the effect of potentially dilutive ordinary shares)	\$ 3,810,757	3,131,693
Weighted-average number of ordinary shares (in thousands) (basic)	423,278	393,613
Effect of potentially dilutive ordinary shares (in thousands):		
Effect of employee stock remuneration	4,708	6,216
Effect of unvested restricted stock awards	1,323	3,149
Effect of conversion of convertible bonds	13,770	18,458
Weighted-average number of ordinary shares (in thousands) (plus the effect of potentially dilutive ordinary shares)	443,079	421,436
Diluted earnings per share (in dollars)	\$ 8.60	7.43

(20) Revenue from contracts with customers

A. Disaggregation of revenue

	For the years ended December 31,	
	2023	2022
Primary geographical markets:		
Americas	\$ 76,266,807	60,031,047
Asia	20,644,836	20,086,474
Europe	13,877,912	15,125,981
Others	(1,638)	13,949
	\$ 110,787,917	95,257,451

	For the years ended December 31,	
	2023	2022
Major products:		
Wireless communication products	\$ 107,293,866	92,148,178
Others	3,494,051	3,109,273
	\$ 110,787,917	95,257,451

B. Contract balances

	December 31,	December 31,	January 1,
	2023	2022	2022
Contract liabilities — current	\$ 1,213,080	1,005,249	680,390

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For details on notes and accounts receivable and loss allowance, please refer to note 6(2).

The change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

The amounts of revenue recognized for the years ended December 31, 2023 and 2022, that were included in the contract liability balance at the beginning of the period were \$705,694 and \$469,536, respectively.

(21) Remuneration to employees and directors

The Company's Articles of Incorporation require that profits (income before tax, excluding remuneration to employees and directors) shall first be used to offset against any deficit, and the remainder, if any, should be distributed as follows:

- A. No less than 5%, by shares or in cash, as employee remuneration; employees of controlled companies who meet specific requirements set by the Board of Directors can also be included.
- B. No more than 1% as director's remuneration in cash to directors.

The remunerations to employees amounted to \$583,259 and \$453,224, as well as the remunerations to directors amounted to \$53,024 and \$41,202 for the years ended December 31, 2023 and 2022, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Company's Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the Board of Directors, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. There were no differences between the aforesaid amounts of employees' and directors' remuneration approved by the Board of Directors and the amounts in the consolidated financial statements of 2023 and 2022. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

For the year ended December 31, 2022, the remunerations to employees and directors amounted to \$453,224 and \$41,202, respectively, which were both paid in cash. The appropriation of remunerations is consistent with the resolutions approved by the Board of Directors. The related information is available on the Market Observation Post System website.

(22) Non-operating income and expenses

- A. Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 43,267	11,455
Others interest income	39	10
	\$ 43,306	11,465

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B. Other income

	For the years ended December 31,	
	2023	2022
Rental income, net	\$ 71,845	51,229
Dividend income	79,835	67,356
Mold income	83,678	56,707
Scrap income	66,591	53,750
Government grants	7,784	6,431
Others	152,892	84,712
	<u>\$ 462,625</u>	<u>320,185</u>

C. Other gains and losses

	For the years ended December 31,	
	2023	2022
Net gains on disposal of property, plant and equipment	\$ 2,687	9,980
Foreign exchange gains, net	206,859	453,815
Net gains arising from financial assets and liabilities at FVTPL	2,342	441
Net gains on disposal of investments accounted for using equity method	15,616	-
Others	79	2,883
	<u>\$ 227,583</u>	<u>467,119</u>

D. Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense — bank loans	\$ 567,920	233,338
Interest expense — bonds payable	9,910	12,466
Interest expense — lease liabilities	18,211	18,386
	<u>\$ 596,041</u>	<u>264,190</u>

(23) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amounts of financial assets represents the maximum amounts exposed to credit risk.

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(b) Credit risk concentration

The major customers of the Group are centralized in the network communications industry. To minimize credit risk, the Group continuously evaluates the customer's financial positions, purchases a trade credit insurance and asks the counterpart to provide the guarantee or assurance, if necessary. Besides, the Group monitors and reviews the recoverable amount of the trade receivables periodically to ensure the uncollectible amount are recognized appropriately as impairment loss. As of December 31, 2023 and 2022, 45.48% and 28.23%, respectively, of trade receivables (including related parties) were concentrated on five major customers. Thus, credit risk is significantly centralized.

(c) Credit risk of receivables

For credit risk exposure of receivables, please refer to note 6(2). No loss allowances were recognized under other financial assets at amortized cost.

B. Liquidity risk

The followings are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements, except for notes and accounts payable (including related parties), salary and bonus payable and other accrued expenses:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1~5 years</u>	<u>More than 5 years</u>
December 31, 2023					
Non-derivative financial liabilities					
Unsecured short-term loans	\$ 9,996,646	10,150,608	10,150,608	-	-
Lease liabilities (current and non-current)	1,575,334	1,959,191	62,294	276,388	1,620,509
Guarantee deposits received (recorded in other current and non-current liabilities)	12,191	12,191	5,523	6,668	-
Unsecured long-term loans (including current portion)	2,888,301	3,040,540	813,292	1,567,731	659,517
Unsecured convertible bonds payable	44,869	45,500	-	45,500	-
	<u>\$ 14,517,341</u>	<u>15,208,030</u>	<u>11,031,717</u>	<u>1,896,287</u>	<u>2,280,026</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1~5 years</u>	<u>More than 5 years</u>
December 31, 2022					
Non-derivative financial liabilities					
Unsecured short-term loans	\$ 12,514,166	12,623,557	12,623,557	-	-
Lease liabilities (current and non-current)	1,610,159	2,010,501	73,099	271,203	1,666,199
Guarantee deposits received (recorded in other current and non-current liabilities)	12,554	12,554	5,886	6,668	-
Unsecured long-term loans (including current portion)	2,433,403	2,547,915	541,913	1,497,256	508,746
Unsecured convertible bonds payable	<u>2,102,597</u>	<u>2,152,100</u>	<u>-</u>	<u>2,152,100</u>	<u>-</u>
	<u>\$ 18,672,879</u>	<u>19,346,627</u>	<u>13,244,455</u>	<u>3,927,227</u>	<u>2,174,945</u>

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

C. Foreign currency risk

(a) Exposure to foreign currency risk

The Group's financial assets and liabilities exposed to foreign currency risk were as follows:

December 31, 2023			
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 546,478	30.735	16,795,994
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	599,367	30.735	18,421,537
December 31, 2022			
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 602,451	30.708	18,500,072
<u>Investments accounted for using equity method</u>			
USD	2,621	30.708	80,490

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	December 31, 2022		
	Foreign currency	Exchange rate	TWD
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	704,684	30.708	21,639,437

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, receivables, short-term loans, notes and accounts payable (including related parties), and other accrued expenses that are denominated in foreign currency.

A fluctuation in the TWD/USD exchange rate on December 31, 2023 and 2022, with other factors remaining constant, would have influenced the comprehensive income for the years ended December 31, 2023 and 2022 as illustrated below:

	Range of the fluctuations	For the years ended December 31,	
		2023	2022
TWD exchange rate	Depreciation of TWD 1 against the USD	\$ <u>(42,311)</u>	<u>(81,786)</u>
	Appreciation of TWD 1 against the USD	\$ <u>42,311</u>	<u>81,786</u>

(c) Foreign exchange gains or losses on monetary items

Information on the foreign exchange gains or losses, including these realized and unrealized by the Group's monetary items, was as follows:

	For the years ended December 31,			
	2023		2022	
	Foreign exchange gains	Average rate	Foreign exchange gains	Average rate
TWD	\$ <u>206,859</u>	<u>31.16</u>	<u>453,815</u>	<u>29.81</u>

D. Interest rate analysis

The Group's interest rate exposure regarding its financial assets and liabilities has been disclosed in the note of financial risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The exposure to changes in interest rates (assuming all other variables are constant) would have influenced the comprehensive income for the years ended December 31, 2023 and 2022, as illustrated below:

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	<u>Range of the fluctuations</u>	<u>For the years ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
Annual interest rate	Increase of 1%	\$ <u>(55,663)</u>	<u>(59,874)</u>
	Decrease of 1%	\$ <u>55,663</u>	<u>59,874</u>

E. Other market price risk

If the price of equity securities in the reporting date rises or falls by 1%, and the other variables remain constant, the annual other comprehensive income would have increase or decrease by \$29,533 and \$9,831 for the years ended December 31, 2023 and 2022, respectively.

F. Fair value of financial instruments

(a) Categories of financial instruments and fair value

The fair value of financial assets at FVOCI is measured on a recurring basis. The Group's carrying amounts and the fair value of financial assets and liabilities (including information for fair value hierarchy, but excluding financial instruments whose fair values approximate the carrying amounts, and lease liabilities, since the disclosures of fair value are not required), were as follows:

	<u>December 31, 2023</u>				
	<u>Carrying amount</u>	<u>Fair value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at FVOCI					
Domestic listed stocks	\$ 2,907,931	2,907,931	-	-	2,907,931
Foreign unlisted stocks	<u>56,724</u>	<u>-</u>	<u>-</u>	<u>56,724</u>	<u>56,724</u>
	<u>\$ 2,964,655</u>	<u>2,907,931</u>	<u>-</u>	<u>56,724</u>	<u>2,964,655</u>
Financial liabilities measured at amortized cost					
Bonds payable	<u>\$ 44,869</u>	<u>106,470</u>	<u>-</u>	<u>-</u>	<u>106,470</u>
	<u>December 31, 2022</u>				
	<u>Carrying amount</u>	<u>Fair value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at FVOCI					
Domestic listed stocks	\$ 911,734	911,734	-	-	911,734
Foreign unlisted stocks	<u>89,179</u>	<u>-</u>	<u>-</u>	<u>89,179</u>	<u>89,179</u>
	<u>\$ 1,000,913</u>	<u>911,734</u>	<u>-</u>	<u>89,179</u>	<u>1,000,913</u>
Financial liabilities measured at amortized cost					
Bonds payable	<u>2,102,597</u>	<u>2,401,744</u>	<u>-</u>	<u>-</u>	<u>2,401,744</u>

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(b) Valuation techniques for financial instruments not measured at fair value

The Group estimates its financial instruments not measured at fair value using the following methods and assumptions:

Fair value measurement for financial assets and financial liabilities measured at amortized cost will be based on the latest quoted price and agreed-upon price if these prices are available in active markets. When market value is unavailable, the fair value of financial assets and financial liabilities is evaluated based on the discounted cash flow of the financial assets and financial liabilities.

(c) Valuation techniques for financial instruments that are measured at fair value

The Group held its financial instruments presented as domestic listed stocks and bonds payable, which are measured at fair value according to standard provisions and conditions; the fair value is measured using the quoted prices in an active market.

Except for the above financial instruments with an active market, the Group estimated the fair value of the remaining financial instruments by using the valuation techniques or quoted price from a competitor. The valuation technique is used to arrive at their fair value, for which the market transaction prices of the similar companies and market conditions are considered.

(d) Transfer between level 1 and level 2: None.

(e) Reconciliation of level 3 fair values:

	Financial assets at FVOCI— equity investments without an active market
Balance as of January 1, 2023	\$ 89,179
Total gains and losses recognized in other comprehensive income	18,039
Disposal of investment	<u>(50,494)</u>
Balance as of December 31, 2023	<u>\$ 56,724</u>
Balance as of January 1, 2022	\$ 48,346
Addition in investment	59,132
Total gains and losses recognized in other comprehensive income	<u>(18,299)</u>
Balance as of December 31, 2022	<u>\$ 89,179</u>

The total gains and losses mentioned above were recognized in “Unrealized gains or losses from investments in equity instruments measured at FVOCI”.

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- (f) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets at FVOCI – equity investments.

The Group classified the equity investments without an active market as recurring level 3 fair values in the fair value hierarchy due to the use of significant unobservable inputs. The significant unobservable inputs of the equity investments without an active market are independent, therefore, there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at FVOCI – equity investments without an active market	Market approach	<ul style="list-style-type: none"> · Price-to-sales ratios (as of December 31, 2023 and 2022 ranged from 0.01~22.15 and 1.63~11.38, respectively.) · Price-equity ratios (as of December 31, 2023 and 2022 ranged from 1.49~11.40 and 1.07~4.24, respectively.) · Discount for lack of marketability (as of December 31, 2023 and 2022 were 0%~80%.) 	<ul style="list-style-type: none"> • The higher the price-to-sales ratio, the higher the fair value. • The higher the price-equity ratio, the higher the fair value. • The higher the discount for lack of marketability, the lower the fair value.

(24) Financial risk management

A. Overview

The Group is exposed to the following risks due to usage of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

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B. Objectives and policies for managing risk

Other than derivative financial instruments, the main financial instruments of the Group are cash and cash equivalents that are used to maintain a balance between continuity of funding and flexibility. The other financial assets and liabilities held by the Group, include accounts receivable and payable, which are generated from operating activities.

In accordance with a reviewed policy, the Group will not engage in derivative financial instruments for the purpose of speculation.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, receivables, beneficiary certificates— mutual funds, and investments.

The Group deposits its cash and cash equivalents in various creditworthy financial institutions. Beneficiary certificates that were issued by various creditworthy entities and financial institutions. As a result, the Group believes that there is no concentration of credit risk in cash and cash equivalents and beneficiary certificates.

The Group continuously evaluates the credit policy, which includes insurance limits and credit ratings of its customers. The Group performs a periodic evaluation on its uncollected accounts receivable. Before delivery it also needs to assess the creditworthy of the customers. To reduce credit risk, The Group evaluates the collectability of accounts receivable and provides adequate reserves for bad debts, if necessary.

The Group hedges the risk through financial instruments, and primarily uses selected financial instruments and specific banks. For foreign exchange instruments, the Group mainly uses spot and forward exchange contracts, and if necessary, it uses other derivative financial instruments approved by the Board of Directors.

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. For related information about endorsement guarantee, please refer to note 13.

D. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. There is no liquidity risk of being unable to raise capital to settle contract obligations since the Group have sufficient capital and working capital to fulfill the contract obligations.

E. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk comprises foreign currency risk, interest rate risk, and other price risk (such as risk related to equity instruments).

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(a) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposures to risk from changes in interest rates arise primarily from the Group's bank loans with variable interest rates.

(b) Foreign currency risk

Foreign currency risk is the risk that fluctuations in foreign currency exchange rates will adversely affect the future cash flow and fair value of financial instruments. The Group's exposure to the risk of changes in foreign currency exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a currency different from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

To achieve foreign currency risk management, the Group hedges its forecast sales and purchases over the following three months. The Group also hedges certain trades without considering limits of time.

When the nature of a hedge is not an economic one, the period of the derivatives should correspond to the period of the hedged items according to the Group's policies to maximize hedge effectiveness.

The Company holds net foreign currency borrowings to hedge the fluctuation risk arises from the translation of USD, EUR and GBP due to foreign currency transactions.

(c) Other market price risks

The Company manages equity investments, both singly and as a whole, by diversification of investments and sets a limitation on the amount of equity securities. Information on equity securities transactions within the portfolio has to be provided to the top management of the Company regularly, and all great buy and sell decisions should be reviewed and approved by the Board of Directors.

(25) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize owner value.

The Group is in a technology and capital-intensive industry, and to fit in with its long-term scheme for stable and long-term growth, it is critical for the Group to undertake a conservative dividend policy. According to the Company's articles of incorporation, cash dividends should not be less than 10% of the sum of cash dividends and stock dividends.

There were no changes in the Group's approach to capital management during the year ended December 31, 2023.

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The Group's debt-to-capital ratio at the reporting date was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total liabilities	\$ 38,721,123	45,521,756
Less: cash and cash equivalents	<u>(8,061,104)</u>	<u>(4,282,803)</u>
Net debt	<u>\$ 30,660,019</u>	<u>41,238,953</u>
Total equity	<u>\$ 30,491,552</u>	<u>20,356,191</u>
Debt-to-capital ratio	<u>100.55%</u>	<u>202.59%</u>

The decrease in debt-to-capital ratio on December 31, 2023 due to the new issue of common shares and the conversion of convertible bonds to ordinary shares, resulting in increase in the Company's equity.

(26) Financing activities of non-cash transactions

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

- A. For right-of-use assets under leases, please refer to note 6(6).
- B. For conversion of convertible bonds to ordinary shares, please refer to note 6(17).
- C. Reconciliation of liabilities arising from financing activities were as follows:

	<u>January 1, 2023</u>	<u>Cash flow</u>	<u>Non-cash changes</u>		<u>December 31, 2023</u>
			<u>Foreign exchange movement</u>	<u>Other changes</u>	
Short-term loans	\$ 12,514,166	(2,458,729)	(58,791)	-	9,996,646
Lease liabilities (current and non – current)	1,610,159	(62,535)	(997)	28,707	1,575,334
Guarantee deposits received (recorded in other current and non – current liabilities)	12,554	(363)	-	-	12,191
Long-term loans (including current portion)	2,433,403	456,981	-	(2,083)	2,888,301
Bonds payable	<u>2,102,597</u>	<u>-</u>	<u>-</u>	<u>(2,057,728)</u>	<u>44,869</u>
	<u>\$ 18,672,879</u>	<u>(2,064,646)</u>	<u>(59,788)</u>	<u>(2,031,104)</u>	<u>14,517,341</u>

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	January 1, 2022	Cash flow	Non-cash changes		December 31, 2022
			Foreign exchange movement	Other changes	
Short-term loans	\$ 6,766,481	5,617,927	129,758	-	12,514,166
Lease liabilities (current and non-current)	1,574,418	(56,454)	1,241	90,954	1,610,159
Guarantee deposits received (recorded in other current and non-current liabilities)	14,939	(2,385)	-	-	12,554
Long-term loans (including current portion)	1,796,367	638,247	-	(1,211)	2,433,403
Bonds payable	-	2,822,155	-	(719,558)	2,102,597
	\$ 10,152,205	9,019,490	130,999	(629,815)	18,672,879

7. Related-party transactions

(1) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements:

Name of related parties	Relationship with the Group
Wistron Corporation (Wistron)	The entity with significant influence over the Group
Wistron InfoComm (CHONGQING) Co., Ltd. (WCQ)	The subsidiary of the entity with significant influence over the Group
Wistron InfoComm (Chengdu) Co., Ltd. (WCD)	The subsidiary of the entity with significant influence over the Group
Wiwynn Corporation (WYHQ)	The subsidiary of the entity with significant influence over the Group
Wistron InfoComm (Kunshan) Co., Ltd. (WAKS)	The subsidiary of the entity with significant influence over the Group
Wistron InfoComm (Zhongshan) Corporation (WZS)	The subsidiary of the entity with significant influence over the Group
Wistron Service (Kunshan) Corporation (WSKS)	The subsidiary of the entity with significant influence over the Group
International Standards Labs. (ISL)	The subsidiary of the entity with significant influence over the Group
WiAdvance Technology Corporation (AGI)	The subsidiary of the entity with significant influence over the Group
WIEDU Corporation (WETW)	The subsidiary of the entity with significant influence over the Group
SMS InfoComm Global Service (CQ) (WSCQ)	The subsidiary of the entity with significant influence over the Group
SMS InfoComm Corporation (WTX)	The subsidiary of the entity with significant influence over the Group

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<u>Name of related parties</u>	<u>Relationship with the Group</u>
SMS Infocomm (Czech) s.r.o (WSCZ)	The subsidiary of the entity with significant influence over the Group
Wistron Technology (Malaysia) Sdn. Bhd. (WMMY)	The subsidiary of the entity with significant influence over the Group
Wistron Mexico, S.A. de C.V. (WMX)	The subsidiary of the entity with significant influence over the Group
Wistron Information Technology and Services Corporation (WITS)	The associate of the entity with significant influence over the Group
KunShan ChangNun Precision Die Casting Co., Ltd. (WQN) (Note)	An associate of the Group
Tai-Saw Technology Co., Ltd.	The Company is the corporate director of Tai-Saw Technology

Note: The Group disposed its entire equity interests in WQN in August 2023, resulting in WQN to become a non-related party of the Group thereafter.

(2) Significant related-party transactions

A. Operating revenue

<u>Related Party Categories</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Entity with significant influence over the Group	\$ 1,674	560
Other related parties	359,827	271,269
	<u>\$ 361,501</u>	<u>271,829</u>

The selling prices for sales to related parties were determined by the products' fair market value, with collection terms were mainly net 90 days after delivery which were similar to those for unrelated customers.

B. Purchases

<u>Related Party Categories</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Entity with significant influence over the Group	\$ 52,956	11,468
Other related parties	183,932	147,070
Associate	54,941	87,126
	<u>\$ 291,829</u>	<u>245,664</u>

The purchasing prices for purchases from related parties were similar to those for unrelated vendors, with payment terms were mainly net 90 days after delivery and net 90 days from the end of the month of when invoice is issued, which were similar to those offered to unrelated vendors.

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C. Accounts receivable from related parties

<u>Related Party Categories</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Entity with significant influence over the Group	\$ 1,549	121
Other related parties	<u>139,647</u>	<u>75,364</u>
	<u>\$ 141,196</u>	<u>75,485</u>

D. Accounts payable to related parties

<u>Related Party Categories</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Entity with significant influence over the Group	\$ 36,703	6,342
Other related parties	63,913	47,885
Associate	<u>-</u>	<u>19,976</u>
	<u>\$ 100,616</u>	<u>74,203</u>

E. Property Transactions

(a) Acquisition of property, plant and equipment

The amounts of acquisition of property, plant and equipment from related parties were as follows, the payables resulting from the above transactions had been settled.

<u>Related Party Categories</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	\$ 1,235	3,397
Associate	<u>189</u>	<u>-</u>
	<u>\$ 1,424</u>	<u>3,397</u>

(b) Disposal of property, plant and equipment

The Group sold its property, plant and equipment to its related party. The amounts of disposal price, gains and losses, were as follows, and the receivables resulting from the above transactions had been settled.

<u>Related Party Categories</u>	<u>Disposal price</u>	
	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>664</u>	<u>-</u>

<u>Related Party Categories</u>	<u>Gain on disposal</u>	
	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>28</u>	<u>-</u>

Wistron NeWeb Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(c) Acquisition of intangible assets

The amounts of acquisition of intangible assets from related parties and the related unpaid balances were as follows:

Related Party Categories	For the years ended December 31,	
	2023	2022
Other related parties	\$ -	2,769
	2,198	20,573

F. Other transactions

(a) The amounts paid by the Group to its related parties for manufacturing overhead, administrative and repair expenses, and the related unpaid balances were as follows:

Related Party Categories	For the years ended December 31,	
	2023	2022
Entity with significant influence over the Group	\$ 29,034	9,385
Other related parties	127,746	96,586
Associate	31	-
	156,811	105,971
Related Party Categories	December 31,	December 31,
	2023	2022
Entity with significant influence over the Group	\$ 3,846	3,496
Other related parties	26,188	14,057
	30,034	17,553

(b) The amounts paid by the Group to its related parties for rental expenses incurred under the dormitory lease agreement, and the related unpaid balances were as follows:

Related Party Categories	For the years ended December 31,	
	2023	2022
Entity with significant influence over the Group	\$ 1,073	1,436
Other related parties	2,907	3,945
	3,980	5,381
Related Party Categories	December 31,	December 31,
	2023	2022
Entity with significant influence over the Group	\$ 40	120
Other related parties	235	-
	275	120

As of December 31, 2023 and 2022, the Group paid the refundable deposits (derived from the operating leases) to its related parties amounted to \$96.

Wistron NeWeb Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

- (c) The Group leased the factory to its related parties, with lease terms based on their mutual agreements, and the related rental and service income were as follows:

Related Party Categories	For the years ended December 31,	
	2023	2022
Other related parties	\$ 100,785	65,552

As of December 31, 2023 and 2022, the receivables resulting from the above transactions had been settled. As of December 31, 2023 and 2022, the Group received the lease deposits from its other related parties amounted to \$6,618, which were recorded in other non-current liabilities.

- (d) The amounts paid by the Group to its related parties for expenses incurred under the technical support services agreement was as follows, the payable resulting from the above transactions had been settled.

Related Party Categories	For the years ended December 31,	
	2023	2022
Other related parties	\$ -	9,281

- (e) The related parties entrusted the Group to engage in other service to generate revenue, which was accounted for as other income and the related uncollected balances, were as follows:

Related Party Categories	For the years ended December 31,	
	2023	2022
Entity with significant influence over the Group	\$ 31,178	11,828
Associate	1,273	-
	\$ 32,451	11,828

Related Party Categories	December 31, 2023	December 31, 2022
Entity with significant influence over the Group	\$ 5,017	-

- (f) For the years ended December 31, 2023 and 2022, the Group had received the cash dividends from its related parties amounting to \$79,835 and \$67,356, respectively, wherein, the receivables resulting from the above transaction have been settled.

- (3) Transactions with key management personnel

Key management personnel compensation comprised:

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$ 199,595	183,595
Post-employment benefits	1,249	1,352
Share-based payment	24,951	28,594
	\$ 225,795	213,541

Wistron NeWeb Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

Please refer to note 6(18) for further information on share-based payment.

8. Pledged assets

The carrying amounts of the Group's pledged assets were as follows:

<u>Assets</u>	<u>Purpose of Pledged</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposits (recorded in other financial assets – current)	Guarantees for land lease agreements	\$ 65,000	65,000
Time deposits (recorded in other financial assets – current)	Guarantees for dormitory lease agreements	2,900	2,900
		<u>\$ 67,900</u>	<u>67,900</u>

9. Significant contingent liabilities and unrecognized commitments:

The Group has signed contracts for the material construction of its plants and equipment, amounted to \$659,716 and \$421,825, respectively, which have yet to be recognized as of December 31, 2023 and 2022.

10. Losses due to major disasters: None.

11. Subsequent events:

On December 20, 2023, the Board of Directors of the Company resolved to establish a new subsidiary (WNC USA Corporation) in the U.S.. On February 2, 2024, the Company announced on behalf of the new US subsidiary WNC USA Corporation on obtaining equipment, which amounted no more than USD15 million from Ademco Inc. As of March 6, 2024, the legal registration procedures for the establishment of WNC USA Corporation were completed, but the capital has not yet been paid.

12. Other

The following is the summary statement of current-period employee benefits, depreciation, and amortization expenses by function:

By function	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
By item						
Employee benefits						
Salary	5,608,203	5,275,843	10,884,046	5,337,222	4,727,012	10,064,234
Labor and health insurance	419,447	320,585	740,032	342,472	267,938	610,410
Pension	191,443	181,944	373,387	181,017	159,316	340,333
Remuneration of directors	-	53,534	53,534	-	41,642	41,642
Others	532,661	151,043	683,704	458,945	148,567	607,512
Depreciation	1,542,550	374,529	1,917,079	1,338,797	337,435	1,676,232
Amortization	21,519	146,014	167,533	19,873	93,931	113,804

Wistron NeWeb Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

13. Additional disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- A. Financings provided: None.
 - B. Endorsement/guarantee provided: Please refer to Table 1.
 - C. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 2.
 - D. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Please refer to Table 3.
 - E. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: Please refer to Table 4.
 - F. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - G. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 5.
 - H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 6.
 - I. Information about the derivative financial instruments transaction: None.
 - J. The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Table 7.
- (2) Information on investees (excluding Information on Investees in Mainland China): Please refer to Table 8.
- (3) Information on investment in Mainland China:
- A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 9(1).
 - B. Limitation on investment in Mainland China: Please refer to Table 9(2).
 - C. Significant transactions:

The significant intercompany transactions with the subsidiary in Mainland China, which were disclosed in the “Information on significant transactions”.

Wistron NeWeb Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(4) Information of major shareholder:

(Shares)

Shareholder's Name	Shareholding	Total Shares Owned	Ownership Percentage
Wistron Corporation		96,089,042	19.82 %

Note: Major shareholders holding 5% ownership or more.

14. Segment information:

(1) General information

The Group operates predominantly in one industry segment which includes the research and development, manufacture, and sale of satellite communication systems and of mobile and portable communication equipment.

The segment financial information is found in the consolidated financial statements. For sales to other than consolidated entities and income before income tax, please see the consolidated statements of comprehensive income. For assets, please see the consolidated balance sheets.

(2) Products and services information

Please refer to note 6(20) on information regarding products and geographical markets for the years ended December 31, 2023 and 2022.

(3) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and non-current assets are based on the geographical location of the assets.

	December 31, 2023	December 31, 2022
Non-current assets:		
Americas	\$ 79,694	23,945
Europe	107	1,719
Asia	<u>13,873,602</u>	<u>12,628,995</u>
	<u>\$ 13,953,403</u>	<u>12,654,659</u>

The above non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets, and other non-current assets.

Please refer to note 6(20) for the revenues from external customers for the years ended December 31, 2023 and 2022.

Wistron NeWeb Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

(4) Major customer information:

The amounts of sales to individual customers representing greater than 10% of the revenues were as follows:

	2023		2022	
	Amounts	Percentage of the net sales in current period	Amounts	Percentage of the net sales in current period
A Customer	<u><u>\$ 12,953,785</u></u>	<u><u>12 %</u></u>	<u><u>4,660,775</u></u>	<u><u>5 %</u></u>

Wistron NeWeb Corporation and Subsidiaries
Endorsement/Guarantee Provided

For the year ended December 31, 2023

Table 1

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name (Note 1)	Nature of Relationship (Note 1)										
0	The Company	NVNM	2	9,147,466 (Note 2)	324,190 (USD10,000)	307,350 (USD10,000)	-	-	1.01 %	30,491,552	Y	N	N

(Amounts in Thousands)

Note 1: The relation between guarantor and guarantee and their endorsement should be disclosed as one of the following:

- (1) An entity that is with business relationship.
- (2) Subsidiary which owned more than 50 percent by the guarantor.
- (3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
- (4) An investee owned more than 90 percent by the guarantor or its subsidiary.
- (5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.
- (6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
- (7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The total amount of the endorsement/guarantee provided by the Company for any single who has, directly or indirectly, 100% voting shares of the Company shall not exceed 30% of the Company's net worth.

Note 3: The total amount of the endorsement/guarantee provided by the Company shall not exceed the financial statements of the Company's net worth.

Wistron NeWeb Corporation and Subsidiaries
Marketable Securities Held (excluding Investment in Subsidiaries, Associates and Joint Ventures)
December 31, 2023

Table 2 (Shares in Thousands /Amounts in Thousands)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Ending Balance			Highest Holding during the Year
				Shares/Units	Carrying Amount	Percentage of Ownership	
The Company	Wistron Corporation Stock	The entity with significant influence over the Company	Financial assets at FVOCI – current	28,796	2,839,306	0.99 %	28,796
Same as above	Tai-Saw Technology Co., Ltd. Stock	The Company is the corporate director of Tai-Saw Technology	Same as above	2,500	68,625	2.40 %	2,500
Same as above	GreenWave Holdings Inc. Stock	-	Financial assets at FVOCI – non-current	271	-	0.07 %	271
Same as above	EL Preferred Holdings, Inc. Stock	-	Same as above	135,227	-	4.09 %	135,227
Same as above	Movandi Corporation Stock	-	Same as above	290	4,602	1.47 %	290
Same as above	GT Booster Corp. Stock	-	Same as above	63	52,122	8.00 %	63

Wistron NeWeb Corporation and Subsidiaries
Marketable Securities Acquired and Disposed of at Costs or Prices of at least NT\$300 Million or 20% of the Paid-in Capital
For the year ended December 31, 2023

Table 3 (Amounts in Thousands)

Securities Held by	Marketable Securities Type and Name	Financial Statement Account	Counter-Party	Relationship with the company	Beginning Balance		Addition			Disposal			Ending Balance		Note
					Shares	Amount	Shares	Amount	Shares	Price	Book Value	Gain (loss) on disposal	Shares	Amount	
WNC	NVNM equity interests	Investments accounted for using equity method	-	Subsidiary	-	1,219,381	-	-	-	-	-	-	-	1,606,285	Notes 1 and 2

Note 1: Issued ordinary shares for cash.

Note 2: The ending balance includes the amounts of investment income (losses) and translation adjustments. The intercompany transactions and balances had been eliminated in the consolidated financial statements.

Wistron NeWeb Corporation and Subsidiaries
Acquisition of Individual Real Estate Properties at Costs of at least NT\$300 Million or 20% of the Paid-in Capital

For the year ended December 31, 2023

(Amounts in Thousands)

Company Name	Types of Property	Transaction Date	Transaction Amount	Status of Payment	Counter-Party	Nature of Relationships	Prior Transaction of Related Counter-Party			Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship with the Company	Date of Transfer			
The Company	Factory construction	2020.04	1,320,000 (untaxed)	As of December 31, 2023, the amount paid \$1,313,287 (untaxed)	Yin Shin Construction Co., Ltd.	None	-	-	-	Open bid	For operational use	None
The Company	Factory construction	2020.09	338,933 (untaxed)	As of December 31, 2023, the amount paid \$299,674 (untaxed)	Acter Group Corporation Limited	None	-	-	-	Open bid	For operational use	None
NVNM	Factory construction	2023.04	VND 512,600,000 (untaxed)	As of December 31, 2023, the amount paid VND 296,506,985 (untaxed)	LJCOGI 13 – FOUNDATION CONSTRUCTION JOINT STOCK COMPANY	None	-	-	-	Open bid	For operational use	None
NVNM	Factory construction	2023.07	VND 324,800,000 (untaxed)	As of December 31, 2023, the amount paid VND 116,928,000 (untaxed)	Acter Group Corporation Limited	None	-	-	-	Open bid	For operational use	None

Wistron NeWeb 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, 2023

(Amounts in Thousands)

Table 5

Company Name	Related Party	Nature of Relationship	Transaction Details			Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note	
			Purchase/Sales	Amount	Percentage of Total Purchases/Sales	Payment Terms	Unit Price	Payment Terms	Ending Balance		Percentage of Total Notes/Accounts Receivable (Payable)
The Company	NUSA	Subsidiary	Sales	23,326,807	22 %	Net 90 days after delivery	Note 1	Note 1	8,089,718	30%	Note 3
The Company	NYC	Subsidiary of NEWH	Sales	289,001	- %	Net 90 days after delivery	Note 1	Note 1	60,852	-%	Note 3
The Company	WCD	The subsidiary of parent company which invest the Company in equity method	Sales	264,059	- %	Net 90 days from the end of the month of when invoice is issued	Note 1	Note 1	100,471	-%	Note 3
The Company	NYC	Subsidiary of NEWH	Purchase	2,054,876	2 %	Net 90 days after delivery	Note 2	Note 2	(848,486)	4%	Note 3
The Company	NQJ	Subsidiary of NEWH	Purchase	4,643,812	4 %	Net 90 days after delivery	Note 2	Note 2	(870,769)	5%	Note 3
The Company	NQX	Subsidiary of NEWH	Purchase	14,253,136	13 %	Net 90 days after delivery	Note 2	Note 2	(2,430,202)	13%	Note 3
The Company	NVNM	Subsidiary	Purchase	24,298,674	22 %	Net 90 days after delivery	Note 2	Note 2	(3,535,275)	18%	Note 3
NQX	NQJ	Same Parent	Sales	103,142	- %	Net 90 days after delivery	Note 1	Note 1	3,548	-%	Note 3
NYC	NQX	Same Parent	Sales	161,519	- %	Net 90 days after delivery	Note 1	Note 1	17,968	2%	Note 3

Note 1: The selling prices to related parties were determined by the products' fair market price, with collection terms of mainly net 90 days after delivery and net 90 days from the end of the month of when invoice is issued, which were similar to those offered to unrelated customers.

Note 2: Since the purchasing of the products from subsidiary was different from the unrelated vendors, the pricing and terms cannot be compared. The payment terms were mainly net 90 days after delivery, which were similar to those of unrelated vendors.

Note 3: The intercompany transactions and balances had been eliminated in the consolidated financial statements.

Wistron NeWeb Corporation and Subsidiaries
Receivables from Related Parties Amounting to at least NTS100 Million or 20% of the Paid-in Capital
December 31, 2023

(Amounts in Thousands)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts	Note
					Amount	Action Taken			
The Company	NUSA	Subsidiary	8,089,718	3.50	1,268,390	Collected in subsequent period	447,634	-	Note 3
The Company	WCD	The subsidiary of parent company which invest the Company in equity method	100,471	3.42	-		33,020	-	
The Company	NVNM	Subsidiary	3,854,464	-	332,629	Collected in subsequent period	642,989	-	Notes 2 and 3
NYC	The Company	Parent	848,486	2.33	360,960	Collected in subsequent period	295,542	-	Note 3
NQJ	The Company	Parent	870,769	3.45	542	Collected in subsequent period	138,308	-	Note 3
NQX	The Company	Parent	2,430,202	5.50	254,300	Collected in subsequent period	338,085	-	Note 3
NVNM	The Company	Parent	3,535,275	11.52	2,679	Collected in subsequent period	1,628,946	-	Note 3

Note 1: As of January 18, 2024, the amount had been fully received.

Note 2: Accounts receivable from related parties caused by buying on behalf of related parties.

Note 3: The intercompany transactions and balances had been eliminated in the consolidated financial statements.

Wistron NeWeb Corporation and Subsidiaries
The Business Relationship between the Parent and the Subsidiaries and Significant Transactions Between Them
For the year ended December 31, 2023

(Amounts in Thousands)

Table 7

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of the Consolidated Net Revenue or Total Assets
				Financial Statements item	Amount	Trading Terms	
0	The Company	NUSA	1	Sales	23,326,807	Net 90 days after delivery	21%
0	The Company	NUSA	1	Accounts Receivable	8,089,718	Net 90 days after delivery	12%
0	The Company	NYC	1	Purchase	2,054,876	Net 90 days after delivery	2%
0	The Company	NYC	1	Accounts Payable	848,486	Net 90 days after delivery	1%
0	The Company	NQJ	1	Purchase	4,643,812	Net 90 days after delivery	4%
0	The Company	NQJ	1	Accounts Payable	870,769	Net 90 days after delivery	1%
0	The Company	NQX	1	Purchase	14,253,136	Net 90 days after delivery	13%
0	The Company	NQX	1	Accounts Payable	2,430,202	Net 90 days after delivery	4%
0	The Company	NVNM	1	Purchase	24,298,674	Net 90 days after delivery	22%
0	The Company	NVNM	1	Accounts Payable	3,535,275	Net 90 days after delivery	5%
0	The Company	NVNM	1	Accounts Receivable	3,854,464	Net 90 days after delivery	6%

Note 1: The characters of business transactions between parent company and its subsidiaries were coded as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationships with transactions were as follows (If it is the same transaction between parent and subsidiary company or between subsidiaries, there is no need to repeat disclosure. For example, if the parent company has disclosed the transaction between the parent company and the subsidiaries, the subsidiary part does not need to be disclosed repeatedly; if the transaction between the subsidiaries and the transaction has been disclosed by one subsidiary, another subsidiary does not need to disclose it repeatedly.):

1. Parent company to its subsidiaries.
2. Subsidiaries to the parent company.
3. Transactions between subsidiaries.

Note 3: The ratio of the transaction amount of the consolidated total sales revenue and consolidated total assets are calculated as follows:

1. For transaction amount accounted for as asset or liability, the ratio is calculated based on the closing balance amount of the consolidated total assets.
2. For transaction amount accounted for as profit or loss, the ratio is calculated based on the accumulated amount at the end of the financial period of the consolidated total sales revenue.

Note 4: The characters of business transactions between the parent company and its subsidiaries only disclose the sales and accounts receivable data, and the relative purchases as well as the accounts payable will not be included.

Note 5: The amount of significant transaction should exceed 1 percent of the consolidated operating revenue or total assets.

Wistron NeWeb Corporation and Subsidiaries
Information on Investees (excluding Information on Investees in Mainland China)

For the year ended December 31, 2023

Table 8

(Shares in Thousands /Amount in Thousands)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023		Highest Shares of Ownership during the Year	Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership				
The Company	NEWH	Samoa	Investment holding company	2,974,220	2,974,220	93,300	100.00 %	93,300	315,962	315,962	Note 3
The Company	WNCH	Samoa	Investment holding company	320	84,212	10	100.00 %	288	8,163	8,163	Notes 1 and 3
The Company	NUSA	USA	Sales of satellite communication and portable communication products	6,944	6,944	200	100.00 %	200	119,448	119,448	Note 3
The Company	NUK	United Kingdom	Services for wireless communication products	3,049	3,049	60	100.00 %	60	1,849	1,849	Note 3
The Company	NJP	Japan	Services for wireless communication products	5,272	5,272	1	100.00 %	1	661	661	Note 3
The Company	NEU	Germany	Sales and services for wireless communication products	5,119	5,119	150	100.00 %	150	2,011	2,011	Note 3
The Company	NVNM	Vietnam	Manufacturing and sales of satellite communication and portable communication products	1,606,285	1,219,381	-	100.00 %	-	82,942	82,942	Notes 2 and 3

Note 1: WNCH reduced its capital shares amounting to \$83,892 (USD2,623) and remittance of earnings amounting to \$13,569 (USD448) in September 2023.

Note 2: NVNM increased its capital shares amounting to \$386,904 (USD12,000) in November 2023.

Note 3: The intercompany transactions and balances had been eliminated in the consolidated financial statements.

Wistron NeWeb Corporation and Subsidiaries
Information on Investment in Mainland China

For the year ended December 31, 2023

Table 9

(Amounts in Thousands)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee	Percentage of Ownership	Highest Percentage of Ownership During the Year	Investment Income (Losses) (Note 2)	Carrying Amount	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow								
NYC	Manufacturing and sales of satellite communication and portable communication products	559,570 (USD17,000)	(Note 1)	559,570	-	-	559,570	62,518	100%	100%	62,518	1,534,967	-	Note 4
NQJ	Manufacturing and sales of satellite communication and portable communication products	1,206,552 (USD38,000)	(Note 1)	1,206,552	-	-	1,206,552	118,729	100%	100%	118,729	3,121,480	-	Note 4
NQX	Manufacturing and sales of satellite communication and portable communication products	1,180,074 (USD38,000)	(Note 1)	1,180,074	-	-	1,180,074	131,124	100%	100%	131,124	2,481,401	-	Note 4
NQC	Repair and maintenance service for satellite communication and portable communication products	9,825 (USD300)	(Note 1)	9,825	-	-	9,825	3,591	100%	100%	3,591	52,595	-	Note 4

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee	Percentage of Ownership	Highest Percentage of Ownership During the Year	Investment Income (Losses) (Note 2)	Carrying Amount	Accumulated Inward Remittances of Earnings as of December 31, 2023	Note
					Outflow	Inflow								
WQN	Manufacture and sales of zinc-aluminum alloy precision casting and LCD brackets, power tools series products	-	(Note 3)	34,452	-	(34,452)	-	(15,548)	-%	47.44%	(7,376)	-	18,533	

Note 1: Indirect investment in Mainland China through a foreign company.

Note 2: The financial statements of the investee company were audited by the Company's accountants based on the materiality standards and recognized shares of the associates, and joint ventures accounted for equity method.

Note 3: The Group disposed its entire 47.77% equity interests in WQN in August 2023, with the actual remittance, after deducting relevant costs and taxes, amounting to \$89,080.

Note 4: The intercompany transactions and balance had been eliminated in the consolidated financial statement.

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2023 (Notes 1 and 2)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 3 and 4)	Upper Limit on Investment
2,997,589	2,976,569	(Note 4)

Note 1: NeWeb Communication Corporation, an indirectly invested subsidiary by the Company has completed its liquidation of various rights and obligations and cancelled its registration in 2004. The Company deducted \$6 of dividends received from its accumulated investment of \$10,347. The net investment amounted to \$10,341 still needs to be included in the cumulative amount of investments from Taiwan to China according to the regulations of the Investment Commission, MOEA.

Note 2: Shenzhen Putian Technology Co., LTD., an indirectly invested subsidiary by the Company, has completed its liquidation of various rights and obligations; thus, cancelled its registration in 2008. The Company's cumulative investment of \$31,227, including the amount of \$18,897 that had been remitted to WNCH, still needs to be included in the cumulative amount of investments from Taiwan to China according to the regulations of the Investment Commission, MOEA.

Note 3: WNCH invested the capital of US\$578 in WQN according to letter No.09800115610, approved by the Investment Commission, MOEA on April 15, 2009. As of December 31, 2023, the Group disposed its entire equity interests in WQN, with the total amount having been repatriated to Taiwan. Afterwards, the cancellation of the Group's indirect investment in WQN according to letter No.11256110780, was approved the Investment Commission, MOEA on November 7, 2023.

Note 4: The Company obtained the Certificate of Operating Headquarters issued by Industrial Development Bureau, MOEA; the Company has no upper limit on investment in Mainland China.

Appendix 2:



安侯建業聯合會計師事務所
KPMG

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Independent Auditors' Report

To the Board of Directors
Wistron NeWeb Corporation:

Opinion

We have audited the parent-company-only financial statements of Wistron NeWeb Corporation (“the Company”), which comprise the parent-company-only balance sheet as of December 31, 2023 and 2022, the parent-company-only statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 parent-company-only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follow:

1. Revenue recognition from contracts with customers

Please refer to Note 4(16) “Summary of Significant Accounting Policies— Revenue from contract with customers”, and Note 6(20) “Explanation of Significant Accounts— Revenue from contracts with customers” to the parent-company-only financial statements.



Description of key audit matters:

The customers of the Company are spread globally. Due to differences in technology, markets, economy, or legal environment, the degree of control over customers is relatively complex. The timing of revenue recognition for sales may vary due to different trading terms with customers. The risk of revenue recognized in the incorrect period may arise as of the balance sheet date. Therefore, recognizing revenue at the correct time is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Testing the design and implementation of the main internal controls related to the timing of revenue recognition; engaging with computer auditing experts to participate in engagement planning and risk assessment and to assist in relevant tests; selecting sales transactions within the period before and after the balance sheet date to test whether revenue had been recognized in the appropriate period.

2. Valuation of Inventories

Please refer to Note 4(7) “Summary of Significant Accounting Policies – Inventories”, Note 5 “Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty”, and Note 6(3) “Explanation of Significant Accounts – Inventories, net” to the parent-company-only financial statements.

Description of key audit matters:

The Company mainly engages in the research and development, as well as the production of wireless communication products, wherein its inventories are measured at the lower of cost and net realizable value. Due to the rapid changes in telecommunication industry, the old models produced by the Company may quickly be replaced with new ones, resulting in a risk in which the carrying value of inventories may be higher than its net realizable value. The net realizable value of inventory, which is tentative and might be subject to significant fluctuations, is mainly determined based on the assumptions of the estimated selling price of the products within a specific time horizon . Therefore, the valuation of inventories is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Obtaining the inventory aging report and checking the accuracy with the general ledger; testing the accuracy of the aging of inventory based on the available documents of the last valid transaction; engaging with computer auditing experts to participate in engagement planning and risk assessment, to understand the management's method of calculating the net realizable value, and to perform testing by vouching relevant documents to the testing samples; evaluating the reasonableness of the accounting policy for inventory write-down or slow-moving provision, and making an assessment of their adequacy for aging inventories; as well as considering the appropriateness of the Company’s disclosures in the accounts.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

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



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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 parent-company-only financial statements.

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

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



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements of the current period 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 audit resulting in this independent auditors' report are Chien-Hui Lu and Mei-Yu Tseng.

KPMG

Taipei, Taiwan (Republic of China)
March 6, 2024

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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 parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
Wistron NeWeb Corporation

Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,			
	2023		2022	
	Amount	%	Amount	%
Net operating revenue (notes 6(20) and 7)	\$106,708,965	100	89,503,582	100
Operating costs (notes 6(3), (13), (15), (21) and 7)	95,073,137	89	79,770,590	89
Gross profit	11,635,828	11	9,732,992	11
Unrealized profit or loss from sales (note 7)	(227,120)	-	(132,853)	-
Realized gross profit	11,408,708	11	9,600,139	11
Operating expenses (notes 6(2), (13), (15), (21) and 7):				
Selling	2,609,922	2	2,221,229	3
General and administrative	1,217,726	1	1,087,403	1
Research and development	3,664,531	4	3,265,591	4
Expected credit impairment loss	2,903	-	289,322	-
Total operating expenses	7,495,082	7	6,863,545	8
Net operating income	3,913,626	4	2,736,594	3
Non-operating income and expenses:				
Interest income (note 6(22))	22,927	-	1,480	-
Other income (notes 6(14), (22) and 7)	360,764	-	276,533	-
Other gains and losses (note 6(22))	158,001	-	432,361	1
Finance costs (notes 6(12), (13) and (22))	(338,351)	-	(185,247)	-
Share of profit of associates accounted for using equity method (note 6(4))	549,109	-	364,066	-
Total non-operating income and expenses	752,450	-	889,193	1
Income before income tax	4,666,076	4	3,625,787	4
Income tax expenses (note 6(16))	863,246	1	504,067	1
Net income	3,802,830	3	3,121,720	3
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of defined benefit plans (note 6(15))	(8,909)	-	42,571	-
Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	2,015,487	2	(45,111)	-
Less: Income tax related to items that will not be reclassified subsequently (note 6(16))	1,826	-	4,855	-
Total items that will not be reclassified subsequently to profit or loss	2,004,752	2	(7,395)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	(175,185)	-	298,180	-
Less: Income tax related to items that may be reclassified subsequently (note 6(16))	(35,037)	-	59,636	-
Total items that may be reclassified subsequently to profit or loss	(140,148)	-	238,544	-
Other comprehensive income (loss)	1,864,604	2	231,149	-
Total comprehensive income	<u>\$ 5,667,434</u>	<u>5</u>	<u>3,352,869</u>	<u>3</u>
Earnings per share (New Taiwan Dollars) (note 6(19))				
Basic earnings per share	<u>\$ 8.98</u>		<u>7.93</u>	
Diluted earnings per share	<u>\$ 8.60</u>		<u>7.43</u>	

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
Wistron NeWeb Corporation

Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Capital		Share capital awaiting retirement	Capital surplus	Legal reserve	Special reserve	Retained earnings		Exchange differences on translation of foreign financial statements	Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	Deferred compensation cost	Total	Total equity
	Ordinary share capital	Capital collected in advance					Unappropriated retained earnings	Total					
Balance as of January 1, 2022	\$ 3,965,585	-	-	4,512,709	2,486,321	279,915	6,330,420	3,121,720	(571,995)	209,459	(209,815)	(572,351)	17,002,599
Net income for the period	-	-	-	-	-	-	3,121,720	3,121,720	-	-	-	-	3,121,720
Other comprehensive income for the period	-	-	-	-	-	-	34,056	34,056	238,544	(41,451)	-	197,093	231,149
Total comprehensive income for the period	-	-	-	-	-	-	3,155,776	3,155,776	238,544	(41,451)	-	197,093	3,352,869
Appropriation and distribution of retained earnings:													
Appropriation for legal reserve	-	-	-	-	118,287	-	(118,287)	-	-	-	-	-	-
Appropriation for special reserve	-	-	-	-	-	82,620	(82,620)	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	-	-	(832,551)	(832,551)	-	-	-	-	(832,551)
Due to donated assets received	-	-	-	11	-	-	-	-	-	-	-	-	11
Issuing convertible bonds	-	-	-	99,263	-	-	-	-	-	-	-	-	99,263
Conversion of convertible bonds	-	89,736	-	543,025	-	-	-	-	-	-	-	-	632,761
Share-based payment transactions	(7,494)	-	(132)	(25,622)	-	-	-	-	-	-	-	134,487	101,239
Balance as of December 31, 2022	3,958,091	89,736	(132)	5,129,386	2,604,608	362,535	8,452,738	11,419,881	(333,451)	168,008	(75,328)	(240,771)	20,356,191
Net income for the period	-	-	-	-	-	-	3,802,830	3,802,830	-	-	-	-	3,802,830
Other comprehensive income for the period	-	-	-	-	-	-	(7,127)	(7,127)	(140,148)	2,011,879	-	1,871,731	1,864,604
Total comprehensive income for the period	-	-	-	-	-	-	3,795,703	3,795,703	(140,148)	2,011,879	-	1,871,731	5,667,434
Appropriation and distribution of retained earnings:													
Appropriation for legal reserve	-	-	-	-	315,577	-	(315,577)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(197,092)	197,092	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	-	-	(2,024,042)	(2,024,042)	-	-	-	-	(2,024,042)
Capital increase by cash	400,000	-	-	3,922,500	-	-	-	-	-	-	-	-	4,322,500
Due to donated assets received	-	-	-	22	-	-	-	-	-	-	-	-	22
Conversion of convertible bonds	368,895	(68,413)	-	1,767,156	-	-	-	-	-	-	-	-	2,067,638
Share-based payment transactions	97,455	-	132	1,086,033	-	-	674	674	-	-	(1,082,485)	(1,082,485)	101,809
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	15,235	15,235	-	(15,235)	-	(15,235)	-
Balance as of December 31, 2023	4,824,441	21,323	-	11,905,097	2,920,185	165,443	10,121,823	13,207,451	(473,599)	2,164,652	(1,157,813)	533,240	30,491,552

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Wistron NeWeb Corporation

Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2023	2022
Cash flows from operating activities:		
Income before income tax	\$ 4,666,076	3,625,787
Adjustments:		
Adjustments to reconcile loss		
Depreciation	1,135,237	992,498
Amortization	164,773	109,878
Expected credit impairment loss	2,903	289,322
Net gain on financial assets and liabilities at fair value through profit or loss	(2,342)	(441)
Interest expense	338,351	185,247
Interest income	(22,927)	(1,480)
Dividend income	(79,835)	(67,356)
Compensation cost arising from share-based payment transactions	189,309	101,239
Share of profit of subsidiaries accounted for using equity method	(549,109)	(364,066)
Gain on disposal of property, plant and equipment	(956)	(10,917)
Unrealized profit or loss from sales	227,120	132,853
Provision for inventory devaluation loss	1,124,216	569,006
Adjustment for other non-cash-related losses, net	19,762	38
Total adjustments to reconcile loss	<u>2,546,502</u>	<u>1,935,821</u>
Changes in operating assets and liabilities:		
Accounts receivable	1,123,457	(5,991,926)
Receivables from related parties	(2,502,573)	(6,750,518)
Inventories	1,181,882	(6,325,064)
Other operating assets	89,392	(270,350)
Notes and accounts payable	(1,692,729)	7,392,842
Payables to related parties	1,552,754	2,530,493
Other operating liabilities	485,624	1,784,702
Total changes in operating assets and liabilities	<u>237,807</u>	<u>(7,629,821)</u>
Total adjustments	<u>2,784,309</u>	<u>(5,694,000)</u>
Cash flows generated from (used in) operations	7,450,385	(2,068,213)
Interest received	21,511	1,459
Dividends received	81,086	68,594
Interest paid	(317,157)	(144,924)
Income taxes paid	(699,558)	(176,874)
Net cash flows generated from (used in) operating activities	<u>6,536,267</u>	<u>(2,319,958)</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(59,132)
Proceeds from disposal of financial assets at fair value through other comprehensive income	50,494	-
Acquisition of financial assets at fair value through profit or loss	(1,950,000)	(1,630,000)
Proceeds from disposal of financial assets at fair value through profit or loss	1,952,342	1,630,441
Acquisition of investments accounted for using equity method	(386,904)	-
Proceeds from capital reduction of investments accounted for using equity method	97,461	300,105
Acquisition of property, plant and equipment	(1,587,610)	(2,057,706)
Proceeds from disposal of property, plant and equipment	23,755	140,339
Decrease in refundable deposits	1,558	1,792
Acquisition of intangible assets	(333,236)	(154,634)
Increase in other non-current assets	(68,602)	(159,085)
Net cash flows used in investing activities	<u>(2,200,742)</u>	<u>(1,987,880)</u>
Cash flows from financing activities:		
Increase in short-term loans	28,648,364	43,811,383
Repayments of short-term loans	(32,260,752)	(40,557,261)
Issuance of bonds	-	2,822,155
Proceeds from long-term loans	1,024,300	768,900
Repayments of long-term loans	(567,319)	(130,653)
Repayment of the principal portion of lease liabilities	(36,594)	(33,052)
Cash dividends paid	(2,024,042)	(832,551)
Capital increase by cash	4,235,000	-
Due to donated assets received	22	11
Net cash flows generated (used in) from financing activities	<u>(981,021)</u>	<u>5,848,932</u>
Net increase in cash and cash equivalents	3,354,504	1,541,094
Cash and cash equivalents at beginning of period	2,346,498	805,404
Cash and cash equivalents at end of period	<u>\$ 5,701,002</u>	<u>2,346,498</u>

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
Wistron NeWeb Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2023 and 2022

**(amounts expressed in Thousands of New Taiwan Dollars,
except for per share information and unless otherwise noted)**

1. Company history

Wistron NeWeb Corporation (the “Company”) was founded in Hsinchu, Republic of China (R.O.C.), on December 7, 1996. The registered address of the Company’s office is 20 Park Avenue II, Hsinchu Science Park, Hsinchu 308, Taiwan, R.O.C. The Company’s ordinary shares were publicly listed on the Taiwan Stock Exchange on September 22, 2003.

The Company is engaged mainly in the research, development, design, testing, manufacturing and sales of wired communication equipment, wireless communication networking equipment, electronic components, regulated telecommunication radio frequency equipment, medical devices, satellite communication systems, mobile and portable communication equipment, products, components, semi-finished products and peripherals of medical testing equipment, medical diagnostic equipment, smart mobile aids, medical consumables, medical information transmission systems, Information and communications technology (ICT) products, software and hardware integration solutions information software services, data processing services, and application services of electronic data supply.

2. Approval date and procedures of the financial statements

The parent-company-only financial statements were authorized for issue by the Board of Directors on March 6, 2024.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C.(“FSC”) which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Company has initially adopted the new amendment, which do not have a significant impact on its parent-company-only financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

Wistron NeWeb Corporation
Notes to the Financial Statements

(2) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(3) The impact of IFRSs issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

4. Summary of material accounting policies

The significant accounting policies applied in the preparation of these parent-company-only financial statements are summarized as follows. Except for those described individually, the significant accounting policies have been applied consistently to all periods presented in these parent-company-only financial statements.

(1) Statement of compliance

The parent-company-only financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations).

(2) Basis of preparation

A. Basis of measurement

The parent-company-only financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

- (a) Financial assets at fair value through profit or loss (FVTPL) are measured at fair value;
- (b) Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value; and,

Wistron NeWeb Corporation
Notes to the Financial Statements

- (c) The net defined benefit liabilities are measured as the fair value of the plan assets, less, the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent-company-only financial statements are presented in New Taiwan Dollars (TWD), which is the Company's functional currency. Unless otherwise noted, all financial information presented in TWD has been rounded to the nearest thousand.

(3) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are retranslated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction. Foreign currency differences arising from retranslation are recognized in profit or loss except for the differences in equity instruments at FVOCI, which are recognized in other comprehensive income.

B. Foreign operations

The assets and liabilities of foreign operations are translated to TWD using the exchange rates at the reporting date with the exception of shareholders' equity, which is translated at historical cost rates, and income and expenses, which are translated to TWD at the average rate for the period. Foreign currency differences are recognized in other comprehensive income.

(4) Classification of current and non-current assets and liabilities

The Company classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

- A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. It holds the asset primarily for the purpose of trading;
- C. It expects to realize the asset within twelve months after the reporting period; or
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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The Company classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

- A. It expects to settle the liability in its normal operating cycle;
- B. It holds the liability primarily for the purpose of trading;
- C. The liability is due to be settled within twelve months after the reporting period; or
- D. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprise cash, cash in bank and checking deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(6) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component are initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI and FVTPL.

The Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Whereas dividends derived from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(c) Financial assets measured at FVTPL

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Impairment of financial assets

The Company recognizes loss allowances for expected credit loss (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, receivables, other financial assets and refundable deposits).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date ; and

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- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12-months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or tWA or higher per Taiwan Ratings.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due and the borrower is unlikely to pay its credit obligations to the Company in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity transaction

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

(c) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds (denominated in New Taiwan Dollars) that can be converted to share capital at the option of the holder, where the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

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(d) Financial liabilities

Financial liabilities not classified as held-for-trading, or designated as at FVTPL, which comprise loans and borrowings, accounts payable, and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method.

(e) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations has been discharged or cancelled, or has expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

(f) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(7) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the standard cost method and includes expenditure and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in process, the cost includes an appropriate share of direct labors and production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Investment in associates

Associates are those entities over which the Company has a significant influence and the authority to participate in the financial and operating policy decisions of the investees but not to the extent of controlling or joint controlling over those policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The parent-company-only financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

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Unrealized gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate. When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued.

(9) Investment in subsidiaries

The Company's subsidiaries are accounted for using the equity method when preparing their parent-company-only financial statements. Under the equity method, profit, other comprehensive income and equity in the parent-company-only financial statements are equivalent to those of the profit, other comprehensive income and equity which are contributed to the owners of the parent in the consolidated financial statements.

The changes in the parent's interest in its subsidiaries that do not result in a loss of control are accounted as equity transactions.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

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C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. If the useful life of a component is different from that of other parts of the asset, the component depreciation should be provided separately.

If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- (a) Buildings: 3 to 50 years
- (b) Machinery and equipment: 1 to 6 years
- (c) Research and development equipment: 5 to 6 years
- (d) Other equipment: 3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

D. Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(11) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as non-operating income on a straight line basis over the term of the lease.

(12) Leases

A. Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

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- (a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- (b) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (c) the Company has the right to direct the use of an asset if either:
 - i. the Company has the right to the direct use of the identified asset when it has the decision-making rights that are most relevant to the changes on how and for what purpose the asset is used throughout the period.
 - ii. the decision on how, and for what purpose, the asset is used is predetermined,
 - (i) the Company has the right to operate the asset, without the supplier having the right to change those operating instructions; or
 - (ii) the Company designed the asset in a way that predetermines how, and for what purpose, it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

B. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (a) fixed payments (including in-substance fixed payments);

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- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when:

- (a) there is a change in future lease payments arising from the change in an index or rate; or
- (b) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- (c) there is a change in the assessment regarding the purchase option; or
- (d) there is a change in the assessment on whether the Company will exercise an extension or a termination option; or
- (e) there is any lease modifications.

When the lease liability is remeasured, other than lease modification, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize the right-of-use assets and lease liabilities for its offices, which qualify as short-term leases, as well as its office spaces and other equipment, which qualify as short-term leases and low-value asset leases. The relevant lease payments and is recognized in expense on a straight-line basis during the lease period.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- (a) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- (b) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (c) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- (d) there is no substantive change in other terms and conditions of the lease.

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In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

C. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

(13) Intangible assets

A. Research and development

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Other expenditure is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over 1 to 5 years for intangible assets.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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(14) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

(15) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for warranties is recognized when the underlying products are sold. The provision is based on historical warranty data.

(16) Revenue from contract with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

A. Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

When the Company offers volume discounts to its customers, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refunded liability is recognized for expected volume discounts payable to customers in relation to sales made. No element of financing is deemed present as the sales are made with a credit term, which is consistent with the market practice.

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The Company reduces revenue by the amount of expected returns and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Company reassesses the estimated amount of expected returns.

The Company's obligation to provide a refund for faulty product under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(11).

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

B. Rendering of services

Some of the manufacturing and sales contracts of the Company include pre-production activities such as researching, developing, designing and testing of new products. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the reporting date as a proportion of the total services to be provided.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

If the contract includes an hourly fee, revenue is recognized in the amount to which the Company has a right to invoice. Customers are invoiced on a monthly basis and a consideration is payable when invoiced.

C. Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(17) Government grants

Government grants are recognized as deferred income at fair value and then be recognized in profit on a straight-line basis if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant.

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(18) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(19) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

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For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between the expected and the actual outcomes.

(20) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences, and it is probable that they will not reverse in the foreseeable future.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- A. The entity has the legal right to settle tax assets and liabilities on a net basis; and
- B. the taxing of deferred tax assets and liabilities fulfills one of the scenarios below:
 - (a) levied by the same taxing authority; or
 - (b) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

Deferred tax assets are recognized for the unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

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(21) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds payable, unvested restricted stock awards and employee remuneration through the issuance of shares.

(22) Operating segment information

The Company has disclosed operating segment information in consolidated financial statements. Hence, this information is not required to be disclosed in these parent-company-only financial statements.

5. Material accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the parent-company-only financial statements in conformity with the Regulations and requires management to make judgments, estimations, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimations.

Management continues to monitor the accounting estimations and assumptions. Management recognizes any changes in the accounting estimations during the period in which the estimates are revised and in any future periods affected.

Valuation of inventories

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgments and estimates to determine the net realizable value of inventory for obsolescence and unmarketable items at the reporting date. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of the estimated selling price of the products within a specific time horizon. However, due to the rapid industrial transformation, the above estimation may have a significant change. Please refer to note 6(3) for further description of the valuation of inventories.

The Company's accounting policies and disclosures include the fair value measurement for financial assets and liabilities. The Company determines the fair value using the independent data sources which reflect the current market condition and confirming the data available are independent, reliable, in consistent with other sources and represent the exercisable price. The Company also periodically assesses the evaluation model, performs retrospective tests, and updates inputs together with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the results of the valuation.

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The Company evaluates the assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used and is categorized as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For the assumption used in fair value measurement, please refer to note 6(23) of the financial instruments.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash, cash in bank and checking deposits	\$ 3,101,002	2,346,498
Time deposits	2,600,000	-
	\$ 5,701,002	2,346,498

Please refer to note 6(23) for the disclosure of foreign currency risk of the financial assets and liabilities.

(2) Financial assets

A. Financial assets at fair value through other comprehensive income (FVOCI):

Equity instruments at FVOCI

	December 31, 2023	December 31, 2022
Current:		
Domestic listed stocks	\$ 2,907,931	911,734
Non-current:		
Foreign unlisted stocks	\$ 56,724	89,179

These investments in equity instruments not held for trading, and therefore, are accounted for as FVOCI.

The Group sold its shares in NeWave Sensor Solutions, LLC at a fair value of \$50,494 in the third quarter of 2023, resulting in a gain of \$19,044 that was reclassified from other comprehensive income to retained earnings.

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B. Accounts receivable (including related parties), net:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Current:			
Accounts receivable	\$ 15,158,826	16,346,124	10,354,198
Accounts receivable from related parties	<u>12,203,269</u>	<u>9,700,696</u>	<u>2,950,178</u>
	27,362,095	26,046,820	13,304,376
Less: loss allowance	<u>(316,292)</u>	<u>(377,230)</u>	<u>(87,908)</u>
	<u><u>\$ 27,045,803</u></u>	<u><u>25,669,590</u></u>	<u><u>13,216,468</u></u>

The Company applies the simplified approach to provide for its loss allowance used for expected credit loss, which permit the use of lifetime expected loss provision for its receivables. To measure the expected credit loss, receivables have been grouped based on the shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The expected loss allowance determined as follows:

	<u>Not past due</u>	<u>Past due within 60 days</u>	<u>Past due 61 to 90 days</u>	<u>Past due 91 to 180 days</u>	<u>Past due more than 181 days</u>	<u>Total</u>
December 31, 2023						
<u>Group 1</u>						
Weighted-average expected credit loss rate	- %	- %	- %	- %	74.90 %	
Gross carrying amount	\$ <u>19,156,609</u>	<u>2,547,935</u>	<u>2,894</u>	<u>8,420</u>	<u>2,665</u>	<u>21,718,523</u>
Expected credit loss allowance	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,996</u>	<u>1,996</u>
<u>Group 2</u>						
Weighted-average expected credit loss rate	- %	- %	- %	- %	100.00 %	
Gross carrying amount	\$ <u>3,619,883</u>	<u>1,680,299</u>	<u>348</u>	<u>28,746</u>	<u>314,296</u>	<u>5,643,572</u>
Expected credit loss allowance	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>314,296</u>	<u>314,296</u>
Gross carrying amount	\$ <u>22,776,492</u>	<u>4,228,234</u>	<u>3,242</u>	<u>37,166</u>	<u>316,961</u>	<u>27,362,095</u>
Expected credit loss allowance	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,292</u>	<u>316,292</u>

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	<u>Not past due</u>	<u>Past due within 60 days</u>	<u>Past due 61 to 90 days</u>	<u>Past due 91 to 180 days</u>	<u>Past due more than 181 days</u>	<u>Total</u>
December 31, 2022						
<u>Group 1</u>						
Weighted-average expected credit loss rate	- %	- %	- %	- %	16.09 %	
Gross carrying amount	\$ <u>20,907,355</u>	<u>2,479,787</u>	<u>104,582</u>	<u>28,896</u>	<u>12,409</u>	<u>23,533,029</u>
Expected credit loss allowance	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,996</u>	<u>1,996</u>
<u>Group 2</u>						
Weighted-average expected credit loss rate	- %	- %	- %	- %	100.00 %	
Gross carrying amount	\$ <u>1,743,596</u>	<u>391,576</u>	<u>1,552</u>	<u>1,833</u>	<u>375,234</u>	<u>2,513,791</u>
Expected credit loss allowance	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,234</u>	<u>375,234</u>
Gross carrying amount	\$ <u>22,650,951</u>	<u>2,871,363</u>	<u>106,134</u>	<u>30,729</u>	<u>387,643</u>	<u>26,046,820</u>
Expected credit loss allowance	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>377,230</u>	<u>377,230</u>

Group 1: Customer of low risk.

Group 2: Customer of generic risk.

The movements in the allowance for doubtful accounts with respect to receivables were as follows:

	For the years ended December 31,	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 377,230	87,908
Impairment loss recognized	2,903	289,322
Amounts written off	(63,841)	-
Ending balance	\$ <u>316,292</u>	<u>377,230</u>

(3) Inventories, net

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Raw materials	\$ 5,958,143	11,196,608
Work in process and semi-finished products	604,131	692,556
Finished goods	<u>4,502,805</u>	<u>1,482,013</u>
	\$ <u>11,065,079</u>	<u>13,371,177</u>

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The details of operating costs were as follows:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	\$ 93,957,777	79,211,384
Inventory devaluation and obsolescence loss	1,124,216	569,006
Revenue from sale of scrap	(8,860)	(9,441)
Physical inventory loss (gain)	4	(359)
	<u>\$ 95,073,137</u>	<u>79,770,590</u>

(4) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date was as follows:

	December 31,	December 31,
	2023	2022
Subsidiaries	<u>\$ 9,544,028</u>	<u>9,107,781</u>

Share of profit of subsidiaries accounted for using equity method were as follows:

	For the years ended December 31,	
	2023	2022
Subsidiaries	<u>\$ 549,109</u>	<u>364,066</u>

Please refer to consolidated financial statements for the year ended December 31, 2023, for the subsidiaries information.

In order to simplify the operating structure of the Group, NVNM merged with NVN, a fully-owned subsidiary of the Company, on April 15, 2022, wherein the NVNM became the sole existing company thereafter, based on the resolution approved during the Company's board meeting held on December 15, 2021.

In order to simplify the operating structure of the Group, WNCH reduced its share capital and retained earnings, with the total amount of \$97,461, being remitted to the Company in September 2023. In addition, NEWH implemented a capital reduction and return capital to the Company amounted to \$300,105 in January 2022.

NVNM conducted a cash capital increase amounting to USD25,000, of which, the relevant investment funds of USD 12,000 and USD 13,000 were remitted to NVNM in November 2023, and January 2024, respectively, based on a resolution approved during the Company's meeting held on November 2, 2022.

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(5) Property, plant and equipment

	Buildings	Machinery and equipment	Research and development equipment	Other equipment	Rental assets	Construction in progress and equipment awaiting inspection	Total
Cost:							
Balance as of January 1, 2023	\$ 4,187,648	4,821,702	1,233,298	400,466	334,464	2,056,067	13,033,645
Additions	191,303	433,782	91,782	110,089	-	873,752	1,700,708
Disposals and obsolescence	(2,869)	(305,706)	(56,835)	-	-	-	(365,410)
Reclassification to investment	(519,829)	-	-	-	(334,464)	-	(854,293)
Reclassification to other	1,870,330	575,664	1,182	32,161	-	(2,493,012)	(13,675)
Balance as of December 31, 2023	<u>\$ 5,726,583</u>	<u>5,525,442</u>	<u>1,269,427</u>	<u>542,716</u>	<u>-</u>	<u>436,807</u>	<u>13,500,975</u>
Balance as of January 1, 2022	\$ 4,128,088	4,276,193	1,128,146	366,376	334,464	861,794	11,095,061
Additions	37,390	499,279	109,603	27,349	-	1,618,409	2,292,030
Disposals and obsolescence	-	(341,624)	(11,267)	(527)	-	-	(353,418)
Reclassification	22,170	387,854	6,816	7,268	-	(424,136)	(28)
Balance as of December 31, 2022	<u>\$ 4,187,648</u>	<u>4,821,702</u>	<u>1,233,298</u>	<u>400,466</u>	<u>334,464</u>	<u>2,056,067</u>	<u>13,033,645</u>
Accumulated depreciation:							
Balance as of January 1, 2023	\$ 1,761,447	3,116,015	950,257	335,357	25,821	-	6,188,897
Depreciation for the period	230,628	702,899	105,913	51,005	3,345	-	1,093,790
Disposals and obsolescence	(2,869)	(284,550)	(55,192)	-	-	-	(342,611)
Reclassification to investment	(47,611)	-	-	-	(29,166)	-	(76,777)
Reclassification to other	-	(4,685)	-	-	-	-	(4,685)
Balance as of December 31, 2023	<u>\$ 1,941,595</u>	<u>3,529,679</u>	<u>1,000,978</u>	<u>386,362</u>	<u>-</u>	<u>-</u>	<u>6,858,614</u>
Balance as of January 1, 2022	\$ 1,548,859	2,738,572	853,212	301,018	19,132	-	5,460,793
Depreciation for the period	212,588	590,057	107,900	34,866	6,689	-	952,100
Disposals and obsolescence	-	(212,614)	(10,855)	(527)	-	-	(223,996)
Balance as of December 31, 2022	<u>\$ 1,761,447</u>	<u>3,116,015</u>	<u>950,257</u>	<u>335,357</u>	<u>25,821</u>	<u>-</u>	<u>6,188,897</u>
Carrying amounts:							
Balance as of December 31, 2023	<u>\$ 3,784,988</u>	<u>1,995,763</u>	<u>268,449</u>	<u>156,354</u>	<u>-</u>	<u>436,807</u>	<u>6,642,361</u>
Balance as of December 31, 2022	<u>\$ 2,426,201</u>	<u>1,705,687</u>	<u>283,041</u>	<u>65,109</u>	<u>308,643</u>	<u>2,056,067</u>	<u>6,844,748</u>
Balance as of January 1, 2022	<u>\$ 2,579,229</u>	<u>1,537,621</u>	<u>274,934</u>	<u>65,358</u>	<u>315,332</u>	<u>861,794</u>	<u>5,634,268</u>

Please refer to note 6(7) for the disclosure of property, plant and equipment reclassified to investment property.

(6) Right-of-use assets

	Land	Buildings	Other equipment	Total
Cost:				
Balance as of January 1, 2023	\$ 1,678,789	12,022	15,517	1,706,328
Additions	-	12,377	-	12,377
Write-off	-	(2,929)	-	(2,929)
Reclassification to Investment property	(219,498)	-	-	(219,498)
Balance as of December 31, 2023	<u>\$ 1,459,291</u>	<u>21,470</u>	<u>15,517</u>	<u>1,496,278</u>
Balance as of January 1, 2022	\$ 1,601,652	11,994	13,163	1,626,809
Additions	77,137	9,093	2,354	88,584
Write-off	-	(9,065)	-	(9,065)
Balance as of December 31, 2022	<u>\$ 1,678,789</u>	<u>12,022</u>	<u>15,517</u>	<u>1,706,328</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Accumulated depreciation:				
Balance as of January 1, 2023	\$ 136,795	3,401	13,420	153,616
Depreciation for the period	33,576	6,949	922	41,447
Write-off	-	(2,929)	-	(2,929)
Reclassification to Investment property	(19,805)	-	-	(19,805)
Balance as of December 31, 2023	<u>\$ 150,566</u>	<u>7,421</u>	<u>14,342</u>	<u>172,329</u>
Balance as of January 1, 2022	\$ 101,024	8,565	12,694	122,283
Depreciation for the period	35,771	3,901	726	40,398
Write-off	-	(9,065)	-	(9,065)
Balance as of December 31, 2022	<u>\$ 136,795</u>	<u>3,401</u>	<u>13,420</u>	<u>153,616</u>
Carrying amounts:				
Balance as of December 31, 2023	<u>\$ 1,308,725</u>	<u>14,049</u>	<u>1,175</u>	<u>1,323,949</u>
Balance as of December 31, 2022	<u>\$ 1,541,994</u>	<u>8,621</u>	<u>2,097</u>	<u>1,552,712</u>
Balance as of January 1, 2022	<u>\$ 1,500,628</u>	<u>3,429</u>	<u>469</u>	<u>1,504,526</u>

Please refer to note 6(7) for the disclosure of right-of-use assets reclassify to investment property.

(7) Investment property, net

	<u>Owned property</u>	<u>Right-of-use assets</u>	
	<u>Buildings</u>	<u>Land and improvements</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2023	\$ -	-	-
Reclassification from property, plant and equipment	854,293	-	854,293
Reclassification from right-of-use assets	-	219,498	219,498
Balance as of December 31, 2023	<u>\$ 854,293</u>	<u>219,498</u>	<u>1,073,791</u>
Accumulated depreciation and impairment losses:			
Balance as of January 1, 2023	\$ -	-	-
Reclassification from property, plant and equipment	76,777	-	76,777
Reclassification from inventories and property, plant and equipment	-	19,805	19,805
Reclassification from right-of-use assets	8,538	2,195	10,733
Balance as of December 31, 2023	<u>\$ 85,315</u>	<u>22,000</u>	<u>107,315</u>
Carrying amount:			
Balance as of December 31, 2023	<u>\$ 768,978</u>	<u>197,498</u>	<u>966,476</u>
Carrying amount:			
Balance as of December 31, 2023		<u>\$ 996,055</u>	

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Investment property comprises buildings that are leased to third parties under operating leases, including properties that are held as right-of-use assets, as well as properties that are owned by the Company. The property is reclassified from property, plant and equipment to investment property based on its book value at the time of change of use. For related information (including rental income and direct operating expenses incurred), please refer to note 6(14).

The fair value measurement of investment property is calculated using the replacement cost method and income approach. The replacement cost method is measured by the construction costs for reconstructing the same building using the identical or similar building materials of the original building, less the accumulated depreciation of the building. Income approach determines the fair value of the investment property based on the aggregate of the expected future cash flows and the associated profit and period-end value for each period, adjusted by using the appropriate discount rates. The fair value measurement for the investment properties has been categorized as a Level 3 fair value based on the input to the valuation technique used.

As of December 31, 2023, the Company investment properties were not pledged as collateral.

(8) Intangible assets

	<u>Software</u>	<u>Other intangible assets</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2023	\$ 259,809	182,182	441,991
Additions	40,008	274,853	314,861
Write-off	<u>(110,015)</u>	<u>(39,489)</u>	<u>(149,504)</u>
Balance as of December 31, 2023	<u>\$ 189,802</u>	<u>417,546</u>	<u>607,348</u>
Balance as of January 1, 2022	\$ 316,194	112,096	428,290
Additions	49,523	89,701	139,224
Write-off	<u>(105,908)</u>	<u>(19,615)</u>	<u>(125,523)</u>
Balance as of December 31, 2022	<u>\$ 259,809</u>	<u>182,182</u>	<u>441,991</u>
Amortization:			
Balance as of January 1, 2023	\$ 171,922	83,256	255,178
Amortization for the period	79,336	85,437	164,773
Write-off	<u>(110,015)</u>	<u>(39,489)</u>	<u>(149,504)</u>
Balance as of December 31, 2023	<u>\$ 141,243</u>	<u>129,204</u>	<u>270,447</u>
Balance as of January 1, 2022	\$ 200,465	70,358	270,823
Amortization for the period	77,365	32,513	109,878
Write-off	<u>(105,908)</u>	<u>(19,615)</u>	<u>(125,523)</u>
Balance as of December 31, 2022	<u>\$ 171,922</u>	<u>83,256</u>	<u>255,178</u>
Carrying amounts:			
Balance as of December 31, 2023	<u>\$ 48,559</u>	<u>288,342</u>	<u>336,901</u>
Balance as of December 31, 2022	<u>\$ 87,887</u>	<u>98,926</u>	<u>186,813</u>
Balance as of January 1, 2022	<u>\$ 115,729</u>	<u>41,738</u>	<u>157,467</u>

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(9) Bank loans

A. Short-term loans

	December 31, 2023	December 31, 2022
Unsecured bank loans	<u>\$ 4,841,809</u>	<u>8,454,197</u>
Unused short-term credit lines	<u>\$ 11,631,197</u>	<u>3,668,220</u>
Range of interest rates	<u>1.88%~6.40%</u>	<u>1.40%~5.96%</u>

Please refer to note 6(23) for the disclosure of interest risk, foreign currency risk and liquidity risk.

B. Long-term loans (including current portion)

	December 31, 2023	December 31, 2022
Unsecured bank loans	<u>\$ 2,888,301</u>	<u>2,433,403</u>
Unused long-term credit lines	<u>\$ 1,620,000</u>	<u>2,351,600</u>
Range of interest rates	<u>1.20%~1.79%</u>	<u>1.08%~1.66%</u>
Maturity date	Due by May, 2031	Due by May, 2031

Please refer to note 6(23) for the disclosure of interest risk and liquidity risk.

C. Government low interest loans

As of December 31, 2023 and 2022, the accumulated amounts of preferential interest rate loans from the banks by the Company under the “ Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” were \$3,652,700 and \$2,628,400, respectively. The difference between the recognized loan calculated using the market interest rate, and the actual repayment preferential interest rate measured in accordance with the government grants, had been recognized as deferred income. Please refer to note 6(10). If the Company fails to meet the conditions in the above project during the loan period, with the National Development Fund terminating the grants, the Company shall pay the original interest rate, plus the annual interest rate.

(10) Deferred income

	December 31, 2023	December 31, 2022
Deferred income - government grants	<u>\$ 33,736</u>	<u>23,852</u>
Current	\$ 9,080	5,782
Non-current	<u>24,656</u>	<u>18,070</u>
	<u>\$ 33,736</u>	<u>23,852</u>

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(11) Provisions – current

	<u>Warranties</u>
Balance as of January 1, 2023	\$ 115,955
Provisions made for the period	45,848
Provisions utilized during the period	<u>(41,717)</u>
Balance as of December 31, 2023	<u>\$ 120,086</u>
Balance as of January 1, 2022	\$ 98,539
Provisions made for the period	107,277
Provisions utilized during the period	<u>(89,861)</u>
Balance as of December 31, 2022	<u>\$ 115,955</u>

(12) Bonds payable

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Convertible bonds payable	\$ 2,800,000	2,800,000
Unamortized discounts on bonds payable	(631)	(49,503)
Cumulative converted amount	<u>(2,754,500)</u>	<u>(647,900)</u>
Allocated convertible amount	<u>\$ 44,869</u>	<u>2,102,597</u>
Equity element – conversion options (recorded in capital surplus – share options)	<u>\$ 1,613</u>	<u>76,294</u>
	<u>For the years ended December 31,</u>	<u>For the years ended December 31,</u>
	<u>2023</u>	<u>2022</u>
Interest expense	<u>\$ 9,910</u>	<u>12,466</u>

The Company issued 28,000 shares of three-year unsecured convertible bonds with 0% interest rate in Taiwan on June 27, 2022, each with a face value of \$100,000 and an effective interest rate of 0.93% on the original debt component.

The conversion price was \$74.5 per share at the time of issuance. The conversion price would be adjusted according to the formula stated in provisions of issuance if the conversion price of the Company's ordinary shares is adjusted in accordance with the terms of issuance. The convertible bond was issued without replace clause. As the distribution of cash dividends, the above conversion price was adjusted down to \$68.5 per share since July 18, 2023; and as the capital increase by cash, the above conversion price was adjusted down to \$67.2 per share since November 30, 2023.

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From the day following the 3rd month after the issuance date (September 28, 2022) to the 40th day before the maturity date (May 18, 2025), if the outstanding balance of the convertible bonds is less than 10% of the total face value of the bonds, the Company may redeem the outstanding bonds within 5 business days after the call date of the bonds by cash at the face value of the bonds.

Except for the conversion of the convertible bonds into the Company's ordinary shares by the holders of the bond, or the early redemption of the bonds by the Company in accordance with this regulation, or the cancellation of the bonds by the Company through purchase from the securities company, the Company will repay 100% of the face value of the bonds in cash at maturity.

(13) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	<u>\$ 36,994</u>	<u>33,024</u>
Non-current	<u>\$ 1,523,350</u>	<u>1,551,552</u>

For the maturity analysis, please refer to note 6(23).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2023	2022
Interest on lease liabilities	<u>\$ 17,097</u>	<u>17,264</u>
Expenses relating to short-term leases	<u>\$ 39,453</u>	<u>34,354</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 3,124</u>	<u>2,197</u>

The amounts recognized in the statement of cash flows for the Company were as follows:

	For the years ended December 31,	
	2023	2022
Total cash outflow for lease	<u>\$ 96,282</u>	<u>86,972</u>

A. Real estate leases

The Company leases land and buildings for its office spaces and staff dormitory. The leases of land typically run for a period for 20 years, and the office spaces and staff dormitory for 3 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Company sub-leases some of its right-of-use assets under operating leases. Please refer to note 6(14).

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Some leases of land and office spaces contain extension options exercisable. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

The lease payment of the land contract depends on the assessed present value setting by the local district, and the additional construction cost incurred once a year of the public facilities is settled after amortization Management adjustment. This fee usually occurs once a year.

B. Other leases

The Company leases other equipment, with lease terms of 3 to 4 years. In some cases, the Company has options to purchase the assets at the end of the contract term.

In addition, the Company has elected not to recognize the right-of-use assets and lease liabilities for its office spaces and other equipment, which qualifies as short-term leases and low-value asset leases.

(14) Operating lease

The investment property leased out by the Company has been classified as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(7) that sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, are as follows:

	December 31, 2023
Less than one year	\$ 107,070
One to two years	<u>4,461</u>
Total undiscounted lease payments	<u><u>\$ 111,531</u></u>

In 2023, the rental income, and the direct expenses (including repairs and maintenance), generated from investment property amounted to \$53,535 and \$626 respectively.

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(15) Employee benefits

A. Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Company were as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligation	\$ 338,914	330,697
Fair value of plan assets	(209,202)	(205,973)
Net defined benefit liabilities	\$ 129,712	124,724

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). Minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$209,202 as of December 31, 2023. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds.

(b) Movements in the present value of the defined benefit obligation

The movements in the present value of the defined benefit obligation of the Company for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Defined benefit obligation as of January 1	\$ 330,697	360,317
Current service costs and interest	6,173	3,056
Remeasurements of the net defined benefit liabilities		
— Actuarial loss arising from experience adjustments	5,331	18,949
— Actuarial loss (gain) arising from changes in financial assumptions	4,502	(46,644)
Benefits paid from plan assets	(7,789)	(4,981)
Defined benefit obligation as of December 31	\$ 338,914	330,697

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(c) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Company for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Fair value of plan assets as of January 1	\$ 205,973	187,857
Interest income	3,427	1,116
Remeasurements of the net defined benefit liabilities		
— Return on plan assets (excluding current interest)	924	14,876
Contributions made	6,667	7,105
Benefits paid from plan assets	(7,789)	(4,981)
Fair value of plan assets as of December 31	<u>\$ 209,202</u>	<u>205,973</u>

(d) Expenses recognized in profit or loss

The Company's expenses recognized in profit or losses for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31,	
	2023	2022
Current service costs	\$ 621	882
Net interest on the net defined benefit liabilities	2,125	1,058
	<u>\$ 2,746</u>	<u>1,940</u>

(e) Remeasurements of the net defined benefit liabilities recognized in other comprehensive income

The Company's remeasurements of the net defined benefit liabilities recognized as accumulated in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Cumulative amount as of January 1	\$ (215,415)	(257,986)
Recognized for the period	(8,909)	42,571
Cumulative amount as of December 31	<u>\$ (224,324)</u>	<u>(215,415)</u>

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(f) Actuarial assumptions

The following are the Company's significant actuarial assumptions of the present value of the defined benefit obligation at the reporting date:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.625 %	1.750 %
Future salary increase rate	5.000 %	5.000 %

The Company expects to make a contribution of \$7,309 to its defined benefit plans in the following year, beginning December 31, 2023.

The weighted-average duration of the defined benefit obligation is 13.18 years.

(g) Sensitivity analysis

If there is a change in the actuarial assumptions as of the December 31, 2023 and 2022 the impact on the defined benefit obligation would be as follows:

	<u>Impact on the defined benefit obligation</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2023		
Discount rate	\$ (8,937)	9,272
Future salary increase rate	8,801	(8,526)
December 31, 2022		
Discount rate	\$ (9,285)	9,666
Future salary increase rate	9,190	(8,885)

Reasonably possible changes to one of the relevant actuarial assumptions on the reporting date, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other.

The approach used in recognizing the net defined liability in the balance sheets is the same as the one used in developing the sensitivity analysis and the relevant actuarial assumptions in the current and previous years.

B. Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company should contribute 6% of its employees' monthly wages to their labor pension personal accounts of the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as the Bureau of Labor Insurance). Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company's pension costs under the defined contribution plan were \$252,411 and \$221,996 for the years ended December 31, 2023 and 2022, respectively.

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(16) Income tax

A. Income tax expense:

The amounts of income tax expense (benefit) for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31,	
	2023	2022
Current income tax expense (benefit)		
Current period	\$ 1,128,121	786,384
Adjustment for prior period	(39,739)	(138,909)
	1,088,382	647,475
Deferred income tax benefit		
Origination and reversal of temporary differences	(225,136)	(143,408)
Income tax expense	\$ 863,246	504,067

B. The amounts of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31,	
	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of the defined benefit plans	\$ (1,782)	8,515
Unrealized gains or losses from investments in equity instruments measured at FVOCI	3,608	(3,660)
	\$ 1,826	4,855
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ (35,037)	59,636

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The reconciliation of income tax expense and income before income tax for the years ended December 31, 2023 and 2022 was as follows:

	For the years ended December 31,	
	2023	2022
Income before income tax	\$ 4,666,076	3,625,787
Income tax at the Company's domestic tax rate	\$ 933,215	725,157
Non-deductible expenses and others	92,962	36,831
Tax-exempt income	(60,000)	(60,000)
Surtax on unappropriated retained earnings	(63,192)	(59,012)
Over-and-under provision in prior periods	(39,739)	(138,909)
Total	\$ 863,246	504,067

C. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities

As of December 31, 2023 and 2022, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax liabilities as the Company has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future.

	December 31, 2023	December 31, 2022
The temporary differences associated with investments in subsidiaries (tax amount):		
Unrecognized deferred tax liabilities	\$ (851,270)	(788,078)

(b) Recognized deferred tax assets and liabilities

Deferred tax assets:

	Allowance for doubtful accounts over the quota	Unrealized loss from inventory devaluation	Exchange differences on translation of foreign financial statements	Unrealized profit or loss from sales	Unrealized foreign exchange gain or loss	Financial assets at FVOCI	Others	Total
Balance as of January 1, 2023	\$ 23,353	124,986	47,111	30,822	12,743	21,993	200,438	461,446
Recognized in profit or loss	(14,818)	121,883	-	45,424	37,316	-	78,346	268,151
Recognized in other comprehensive income	-	-	35,037	-	-	201	1,782	37,020
Balance as of December 31, 2023	\$ 8,535	246,869	82,148	76,246	50,059	22,194	280,566	766,617
Balance as of January 1, 2022	\$ -	65,452	106,747	4,251	1,474	18,333	174,574	370,831
Recognized in profit or loss	23,353	59,534	-	26,571	11,269	-	34,379	155,106
Recognized in other comprehensive income	-	-	(59,636)	-	-	3,660	(8,515)	(64,491)
Balance as of December 31, 2022	\$ 23,353	124,986	47,111	30,822	12,743	21,993	200,438	461,446

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Deferred tax liabilities:

	Share of profit of subsidiaries accounted for using equity method
Balance as of January 1, 2023	\$ (168,777)
Recognized in profit or loss	<u>(43,015)</u>
Balance as of December 31, 2023	<u>\$ (211,792)</u>
Balance as of January 1, 2022	\$ (157,079)
Recognized in profit or loss	<u>(11,698)</u>
Balance as of December 31, 2022	<u>\$ (168,777)</u>

D. The Company's tax returns have been examined by the tax authorities through 2020.

(17) Capital and other equity interest

A. Issuance and cancellation of ordinary shares

As of December 31, 2023 and 2022, the authorized capital of the Company amounted to \$8,000,000, both of which included the amount of \$250,000 reserved for employee share options; the issued capital amounted to \$4,824,441 and \$3,958,091, respectively.

For the year ended December 31, 2020, the Company redeemed the restricted stocks awarded to its employees due to failure in meeting their performance indicators. As of December 31, 2023, the Company redeemed and cancelled 223 thousand shares of restricted stock awarded to its employees, wherein the registration procedures have been completed during the same period. Moreover, as of December 31, 2022, the Company redeemed and cancelled 763 thousand and 750 thousand shares of restricted stock, respectively, awarded to its employees, wherein the registration procedures of the cancelled shares have been completed as of December 31, 2023, except for the remaining 13 thousand shares, which have yet to be completed, and the amount has been recorded as share capital awaiting retirement. In addition, the Company issued 9,982 thousand shares of restricted stock awarded to its employees for the year ended December 31, 2023.

For the year ended December 31, 2023, the Company issued 30,048 thousand shares at face value due to the exercise of the right to convert corporate bonds; except for the 2,132 thousand shares, which have been recorded as capital collected in advance, the relevant registration procedures for the remaining 27,916 thousand shares have been completed during the same period. For the year ended December 31, 2022, the Company issued 8,974 thousand shares at face value due to the exercise of the right to convert corporate bonds, wherein the relevant registration procedures have yet to be and have been completed as of December 31, 2022 and 2023, respectively, resulting in the amount to be reclassified from capital collected in advance to ordinary share capital.

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The Company conducted a cash capital increase by issuing 40,000 thousand shares, at a face value and an issuance price of \$10 and \$106 per share, respectively, amounting to \$4,235,000 thousand (after deducting the total issuance cost), with the base date set on November 30, 2023, based on a resolution approved by the Board of Directors on May 10, 2023 and FSC (with Ruling No. 1120356180) on September 28, 2023. All registration procedures have been completed as of the reporting date. In addition with the regulations, the Company recognizes the cash capital increase as a remuneration cost of \$87,500 thousand for the retained shares subscribed by the employees.

B. Capital surplus

The Company's capital surplus was as follows:

	December 31, 2023	December 31, 2022
Capital surplus—premium	\$ 6,857,951	2,837,961
Convertible bonds payable—premium	3,740,040	1,898,203
Treasury stock sold to employees	100,454	100,454
Due to donated assets received	150	128
Capital surplus from merger	36,653	36,653
Conversion options of bonds	76,173	150,854
Restricted stock awards	1,088,101	105,133
Employee share options	5,575	-
	<u>\$ 11,905,097</u>	<u>5,129,386</u>

In accordance with the R.O.C. Company Act, the capital surplus generated from the premium of stock issuance and donation may only be used to offset accumulated deficits. In addition, when the Company incurred no deficit, such capital surplus may be distributed as cash or stock dividends. Pursuant to the R.O.C. Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total sum of the capital surplus capitalized per annum shall not exceed 10% of the paid-in capital.

C. Retained earnings

(a) Legal reserve

If the Company incurs no loss, the reserve may be distributed as cash or stock dividends for the portion in excess of 25% of the paid-in capital.

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(b) Special reserve

By choosing to apply exemptions granted under IFRS 1 during the Company's first-time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments under shareholders' equity shall be reclassified as retained earnings at the adoption date. The increase in retained earnings occurring before the adoption date due to the first-time adoption of the IFRSs endorsed by the FSC amounted to \$136,043. In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a net increase in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. The carrying amounts of special reserve amounted to \$108,123 as of December 31, 2023 and 2022.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amounts to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first time adoption of the IFRSs endorsed by the FSC and the carrying amounts of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of the IFRSs endorsed by the FSC. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. Pursuant to the shareholders' meeting held on June 7, 2023 and June 10, 2022, respectively, the Company appropriated (reversed) its of shareholders' equity amounting to \$(197,092) and \$82,620, respectively, as special reserve.

(c) Earnings distribution

According to the Company's Articles of Incorporation, if the Company shows a year-end earnings, it shall first pay miscellaneous taxes and make up any accumulated losses. Thereafter, a 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid-in capital. Thereafter, an amount shall be set aside or reversed as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Distribution of the remaining profit after setting aside the abovementioned amounts, together with the balance of the unappropriated retained earnings of the previous year, with no less than 10% as dividends to shareholders, shall be proposed by the Board of Directors to be approved at the shareholders' meeting.

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The following are the appropriations of earnings in 2022 and 2021 which were approved during the shareholders' meeting held on June 7, 2023 and June 10, 2022, respectively:

	2022		2021	
	Amount per share (TWD)	Total amount	Amount per share (TWD)	Total amount
Dividends distributed to ordinary shareholders:				
Legal reserve	\$	315,577		118,287
Special reserve		(197,092)		82,620
Cash dividends	4.8414	<u>2,024,042</u>	2.1001	<u>832,551</u>
		<u><u>\$ 2,142,527</u></u>		<u><u>1,033,458</u></u>

The appropriation of retained earnings is consistent with the resolutions approved by the Board of Directors. The related information is available on the Market Observation Post System website.

The appropriation of earnings in 2023 proposed by the Board of Directors on March 6, 2024, is to be presented for approval in annual shareholders' meeting. The related information will be available on the Market Observation Post System website after the resolution meeting.

(18) Share-based payment

- A. Information about the Company's equity-settled share-based payment transactions for the years ended December 31, 2023 and 2022, was as follows:

	Restricted stock awards		Cash capital increase reserved for employee subscription
	Issued in 2023	Issued in 2020	Issued in 2023
Grant date	December 5, 2023	August 3, 2020	November 1, 2023
Granted units (thousands)	9,982	7,400	5,000
Contractual life	1~3 years	1~3 years	-
Recipients	Employees	Employees	Employees
Vesting condition	Note	Note	Immediately vested
Price per share (TWD)	0	0	106
Adjusted exercise price (TWD)	0	0	106

Note: Employees are entitled to receive restricted stock in the first, second and third year (from the grant date) of their service. The restricted stock awards will be granted only if the overall performance target and the personal performance target are reached.

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B. Restricted stock awards

Pursuant to the resolutions made during the shareholders' meeting held on June 5, 2019, the Company issued the restricted stock awards to those full-time employees who conformed to the Company's requirements. These restricted stock awards have been registered and approved by the Securities and Futures Bureau of the FSC. On May 11, 2020, the Board of Directors approved a resolution to issue 7,400 thousand shares of restricted stock awards to its employees, with the effective date of the capital increase set on August 3, 2020. The related registrations of the increase of share capital have already been completed.

Pursuant to the resolutions made during the shareholders' meeting held on June 7, 2023, the Company issued the restricted stock awards to those full-time employees who conformed to the Company's requirements. These restricted stock awards have been registered and approved by the Securities and Futures Bureau of the FSC. On November 1, 2023, the Board of Directors approved a resolution to issue 9,982 thousand shares of restricted stock awards to its employees, with the effective date of the capital increase set on December 5, 2023. The related registrations of the increase of share capital have already been completed. Unless the vesting conditions have been met, the restricted stock awards may not be sold, pledged, transferred, hypothecated or otherwise disposed of. Holders of restricted stock awards are entitled to the same rights as the Company's existing ordinary shareholders, except for those restricted stock awards are held in trust and have vesting conditions. Also, the Company has the right to take back all unvested shares without compensation and to cancel all restricted stock awards issued to employees who fail to comply with the vesting condition.

For the years ended December 31, 2022, 763 thousand shares of the restricted stock awards issued to employees on August 3, 2020 have expired, and therefore, were cancelled, resulting in the amount of \$7,626 to be recognized as the capital surplus.

For the years ended December 31, 2023, 223 thousand shares of the restricted stock awards issued to employees on August 3, 2020 have expired, and therefore, were cancelled, resulting in the amount of \$2,233 to be recognized as the capital surplus. As the vesting period ended in 2023, the Company decided to retrieve its restricted stock awards for its employees who failed to meet certain requirements, as well as its cash dividends of \$674, which was generated from the above-mentioned restricted stock awards and was recognized as retained earnings.

As of December 31, 2023 and 2022, the Company has deferred the compensation cost arising from the issuance of restricted stock awards amounting to \$1,157,813 and \$75,328, respectively. Such deferred amounts were recorded as deduction of other equity.

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- C. The Company used Black-Scholes method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	2023
	<u>Cash capital increase reserved for employee subscription</u>
Fair value at grant date	17.5
Share price at grant date	123.5
Exercise price	106
Expected volatility (%)	35.01
Expected life (days)	23
Expected dividend	4
Risk-free interest rate (%)	1.017

The Company conducted a cash capital increase by issuing 40,000 thousand shares, with the approval of the Board of Directors on May 10, 2023. Moreover, 12.5% of the above new shares to be issued, which consisted of 5,000 thousand shares, will be preferentially subscribed by the employees of the Company in accordance with the Article 267 of the Company Act. If the employees waived the amount of shares subscription or undersubscribed, the Chairman of the Board will be authorized to negotiate with specific persons to subscribe for the remaining shares. In accordance with the provisions of IFRS2 "Share Based Payment", the Company shall measure the fair value of the equity commodities granted on the date of payment at \$17.5 per share, amounting to \$87,500 thousand, to be recognized as a remuneration cost at the grant date.

(19) Earnings per share

	For the years ended December 31,	
	<u>2023</u>	<u>2022</u>
Basic earnings per share:		
Net income attributable to ordinary shareholders of the Company	<u>\$ 3,802,830</u>	<u>3,121,720</u>
Weighted-average number of ordinary shares (in thousands)	<u>423,278</u>	<u>393,613</u>
Basic earnings per share (in dollars)	<u>\$ 8.98</u>	<u>7.93</u>

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For details on notes and accounts receivable and loss allowance, please refer to note 6(2).

The change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$668,549 and \$465,290, respectively.

(21) Remuneration to employees and directors

The Company's Articles of Incorporation require that profits (income before tax, excluding remuneration to employees and directors) shall first be used to offset against any deficit, and the remainder, if any, should be distributed as follows:

- A. No less than 5%, by shares or in cash, as employee remuneration; employees of controlled companies who meet specific requirements set by the Board of Directors can also be included.
- B. No more than 1% as director's remuneration in cash to directors.

The remunerations to employees amounted to \$583,259 and \$453,224, as well as the remunerations to directors amounted to \$53,024 and \$41,202 for the years ended December 31, 2023 and 2022, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Company's Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the Board of Directors, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. There were no differences between the aforesaid amounts of employees' and directors' remuneration approved by the Board of Directors and the amounts in the parent-company-only financial statements of 2023 and 2022. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

For the year ended December 31, 2022, the remunerations to employees and directors amounted to \$453,224 and \$41,202, respectively, which were both paid in cash. The appropriation of remunerations is consistent with the resolutions approved by the Board of Directors. The related information is available on the Market Observation Post System website.

(22) Non-operating income and expenses

- A. Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 22,888	1,470
Others interest income	39	10
	\$ 22,927	1,480

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B. Other income

	For the years ended December 31,	
	2023	2022
Rental income, net	\$ 66,069	44,234
Dividend income	79,835	67,356
Mold income	82,257	57,943
Scrap income	23,705	24,345
Government grants	7,784	6,431
Others	101,114	76,224
	\$ 360,764	276,533

C. Other gains and losses

	For the years ended December 31,	
	2023	2022
Net gains on disposal of property, plant and equipment	\$ 956	10,917
Foreign exchange gains, net	154,703	421,003
Net gains arising from financial assets and liabilities at FVTPL	2,342	441
	\$ 158,001	432,361

D. Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense — bank loans	\$ 311,344	155,517
Interest expense — lease liabilities	17,097	17,264
Interest expense — bonds payable	9,910	12,466
	\$ 338,351	185,247

(23) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amounts of financial assets represents the maximum amount exposed to credit risk.

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(b) Credit risk concentration

The major customers of the Company are centralized in the network communications industry. To minimize credit risk, the Company continuously evaluates the customer's financial positions, purchases a trade credit insurance and asks the counterpart to provide the guarantee or assurance, if necessary. Besides, the Company monitors and reviews the recoverable amount of the trade receivables periodically to ensure the uncollectible amount are recognized appropriately as impairment loss. As of December 31, 2023 and 2022, 54.99% and 38.24%, respectively, of trade receivables (including related parties) were concentrated on five major customers. Thus, credit risk is significantly centralized.

(c) Credit risk of receivables

For credit risk exposure of receivables, please refer to note 6(2). No loss allowances were recognized under other financial assets at amortized cost.

B. Liquidity risk

The followings are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements, except for notes and accounts payable (including related parties), salary and bonus payable and other accrued expenses:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1~5 years</u>	<u>More than 5 years</u>
December 31, 2023					
Non-derivative financial liabilities					
Unsecured short-term loans	\$ 4,841,809	4,895,568	4,895,568	-	-
Lease liabilities (current and non-current)	1,560,344	1,943,315	53,705	269,101	1,620,509
Guarantee deposits received (recorded in in other current and non-current liabilities)	6,668	6,668	-	6,668	-
Unsecured long-term loans (including current portion)	2,888,301	3,040,540	813,292	1,567,731	659,517
Unsecured convertible bonds payable	44,869	45,500	-	45,500	-
	<u>\$ 9,341,991</u>	<u>9,931,591</u>	<u>5,762,565</u>	<u>1,889,000</u>	<u>2,280,026</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1~5 years</u>	<u>More than 5 years</u>
December 31, 2022					
Non-derivative financial liabilities					
Unsecured short-term loans	\$ 8,454,197	8,518,290	8,518,290	-	-
Lease liabilities (current and non-current)	1,584,576	1,984,404	50,008	268,197	1,666,199
Guarantee deposits received (recorded in in other current and non-current liabilities)	6,668	6,668	-	6,668	-
Unsecured long-term loans (including current portion)	2,433,403	2,547,915	541,913	1,497,256	508,746
Unsecured convertible bonds payable	<u>2,102,597</u>	<u>2,152,100</u>	<u>-</u>	<u>2,152,100</u>	<u>-</u>
	<u>\$ 14,581,441</u>	<u>15,209,377</u>	<u>9,110,211</u>	<u>3,924,221</u>	<u>2,174,945</u>

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

C. Foreign currency risk

(a) Exposure to foreign currency risk

The Company's financial assets and liabilities exposed to foreign currency risk were as follows:

	December 31, 2023		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 931,968	30.735	28,644,050
<u>Investments accounted for using equity method</u>			
USD	320,459	30.735	9,849,311
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	741,264	30.735	22,782,758

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	December 31, 2022		
	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 893,853	30.708	27,448,429
<u>Investments accounted for using equity method</u>			
USD	299,919	30.708	9,209,901
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	726,967	30.708	22,323,706

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, receivables, short-term loans, notes and accounts payable (including related parties), and other accrued expenses that are denominated in foreign currency.

A fluctuation in the TWD/USD exchange rate on December 31, 2023 and 2022, with other factors remaining constant, would have influenced the comprehensive income for the years ended December 31, 2023 and 2022 as illustrated below:

	Range of the fluctuations	For the years ended December 31,	
		2023	2022
TWD exchange rate	Depreciation of TWD 1 against the USD	\$ 152,563	133,509
	Appreciation of TWD 1 against the USD	\$ (152,563)	(133,509)

(c) Foreign exchange gains or losses on monetary items

Information on the foreign exchange gains or losses, including these realized and unrealized by significant foreign currency, were as follows:

	For the years ended December 31,			
	2023		2022	
	Foreign exchange gains	Average rate	Foreign exchange gains	Average rate
TWD	\$ 154,703	31.16	421,003	29.81

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D. Interest rate analysis

The Company's interest rate exposure regarding its financial assets and liabilities has been disclosed in the note of financial risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The exposure to changes in interest rates (assuming all other variables are constant) would have influenced the comprehensive income for the years ended December 31, 2023 and 2022, as illustrated below:

	<u>Range of the fluctuations</u>	<u>For the years ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
Annual interest rate	Increase of 1%	\$ <u>(26,795)</u>	<u>(42,968)</u>
	Decrease of 1%	\$ <u>26,795</u>	<u>42,968</u>

E. Other market price risk

If the price of equity securities in the reporting date rises or falls by 1%, and the other variables remain constant, the annual other comprehensive income would have increase or decrease by \$29,533 and \$9,831 for the years ended December 31, 2023 and 2022, respectively.

F. Fair value of financial instruments

(a) Categories of financial instruments and fair value

The fair value of financial assets at FVOCI is measured on a recurring basis. The Company's carrying amount and the fair value of financial assets and liabilities (including information for fair value hierarchy, but excluding financial instruments whose fair values approximate the carrying amounts, and lease liabilities, since the disclosures of fair value are not required), were as follows:

	<u>December 31, 2023</u>				
	<u>Carrying amount</u>	<u>Fair value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at FVOCI					
Domestic listed stocks	\$ 2,907,931	2,907,931	-	-	2,907,931
Foreign unlisted stocks	<u>56,724</u>	<u>-</u>	<u>-</u>	<u>56,724</u>	<u>56,724</u>
	<u>\$ 2,964,655</u>	<u>2,907,931</u>	<u>-</u>	<u>56,724</u>	<u>2,964,655</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ <u>44,869</u>	<u>106,470</u>	<u>-</u>	<u>-</u>	<u>106,470</u>

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		December 31, 2022				
		Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3		
Financial assets at FVOCI						
Domestic listed stocks	\$ 911,734	911,734	-	-	911,734	
Foreign unlisted stocks	89,179	-	-	89,179	89,179	
	<u>\$ 1,000,913</u>	<u>911,734</u>	<u>-</u>	<u>89,179</u>	<u>1,000,913</u>	
Financial liabilities measured at amortized cost						
Bonds payable	\$ 2,102,597	<u>2,401,744</u>	<u>-</u>	<u>-</u>	<u>2,401,744</u>	

(b) Valuation techniques for financial instruments not measured at fair value

The Company estimates its financial instruments not measured at fair value using the following methods and assumptions:

Fair value measurement for financial assets and financial liabilities measured at amortized cost will be based on the latest quoted price and agreed-upon price if these prices are available in active markets. When market value is unavailable, the fair value of financial assets and financial liabilities is evaluated based on the discounted cash flow of the financial assets and financial liabilities.

(c) Valuation techniques for financial instruments that are measured at fair value

The Company held its financial instruments presented as domestic listed stocks and bonds payable, which are measured at fair value according to standard provisions and conditions; the fair value is measured using the quoted prices in an active market.

Except for the above financial instruments with an active market, the Company estimated the fair value of the remaining financial instruments by using the valuation techniques or quoted price from a competitor. The valuation technique is used to arrive at their fair value, for which the market transaction prices of the similar companies and market conditions are considered.

(d) Transfer between level 1 and level 2: None.

(e) Reconciliation of level 3 fair values:

	Financial assets at FVOCI— equity investments without an active market
Balance as of January 1, 2023	\$ 89,179
Total gains and losses recognized in other comprehensive income	18,039
Addition in investment	<u>(50,494)</u>
Balance as of December 31, 2023	<u>\$ 56,724</u>

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	Financial assets at FVOCI— equity investments without an active market
Balance as of January 1, 2022	\$ 48,346
Addition in investment	59,132
Total gains and losses recognized in other comprehensive income	<u>(18,299)</u>
Balance as of December 31, 2022	<u>\$ 89,179</u>

The total gains and losses mentioned above were recognized in “Unrealized gains or losses from investments in equity instruments measured FVOCI”.

- (f) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company’s financial instruments that use Level 3 inputs to measure fair value include financial assets at FVOCI – equity investments.

The Company classified the equity investments without an active market as recurring level 3 fair values in the fair value hierarchy due to the use of significant unobservable inputs. The significant unobservable inputs of the equity investments without an active market are independent, therefore, there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVOCI—equity investments without an active market	Market approach	<ul style="list-style-type: none"> · Price-to-sales ratios (as of December 31, 2023 and 2022 ranged from 0.01~22.15 and 1.63~11.38, respectively.) · Price-equity ratios (as of December 31, 2023 and 2022 ranged from - 1.49~11.40 and 1.07~4.24, respectively.) · Discount for lack of marketability (as of December 31, 2023 and 2022 were 0%~80%.) 	<ul style="list-style-type: none"> · The higher the price-to-sales ratio, the higher the fair value. · The higher the price-equity ratio, the higher the fair value. · The higher the discount for lack of marketability, the lower the fair value.

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(24) Financial risk management

A. Overview

The Company is exposed to the following risks due to usage of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these parent-company-only financial statements.

B. Objectives and policies for managing risk

Other than derivative financial instruments, the main financial instruments of the Company are cash and cash equivalents that are used to maintain a balance between continuity of funding and flexibility. The other financial assets and liabilities held by the Company, include accounts receivable and payable, which are generated from operating activities.

In accordance with a reviewed policy, the Company will not engage in derivative financial instruments for the purpose of speculation.

C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, receivables, beneficiary certificates—mutual funds, and investments.

The Company deposits its cash and cash equivalents in various creditworthy financial institutions. Beneficiary certificates that were issued by various creditworthy entities and financial institutions. As a result, the Company believes that there is no concentration of credit risk in cash and cash equivalents and beneficiary certificates.

The Company continuously evaluates the credit policy, which includes insurance limits and credit ratings of its customers. The Company performs a periodic evaluation on its uncollected accounts receivable. Before delivery it also needs to assess the creditworthy of the customers. To reduce credit risk the Company evaluates the collectability of accounts receivable and provides adequate reserves for bad debts, if necessary.

The Company hedges the risk through financial instruments, and primarily uses selected financial instruments and specific banks. For foreign exchange instruments, the Company mainly uses spot and forward exchange contracts, and if necessary, it uses other derivative financial instruments approved by the Board of Directors.

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The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. For related information about endorsement guarantee, please refer to notes 7 and 13.

D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. There is no liquidity risk of being unable to raise capital to settle contract obligations since the Company have sufficient capital and working capital to fulfill the contract obligations.

E. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk comprises foreign currency risk, interest rates risk, and other price risk (such as risk related to equity instruments).

(a) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposures to risk from changes in interest rate arise primarily from the Company's bank loans with variable interest rates.

(b) Foreign currency risk

Foreign currency risk is the risk that fluctuations in foreign currency exchange rates will adversely affect the future cash flow and fair value of financial instruments. The Company's exposure to the risk of changes in foreign currency exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a currency different from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

To achieve foreign currency risk management, the Company hedges its forecast sales and purchases over the following three months. The Company also hedges certain trades without considering limits of time.

When the nature of a hedge is not an economic one, the period of the derivatives should correspond to the period of the hedged items according to the Company's policies to maximize hedge effectiveness.

The Company holds net foreign currency borrowings to hedge the fluctuation risk arises from the translation of USD, EUR and GBP due to foreign currency transactions.

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(c) Other market price risks

The Company manages equity investments, both singly and as a whole, by diversification of investments and sets a limitation on the amount of equity securities. Information on equity securities transactions within the portfolio has to be provided to the top management of the Company regularly, and all great buy and sell decisions should be reviewed and approved by the Board of Directors.

(25) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize owner value.

The Company is in a technology and capital-intensive industry, and to fit in with its long-term scheme for stable and long-term growth, it is critical for the Company to undertake a conservative dividend policy. According to the Company's articles of incorporation, cash dividends should not be less than 10% of the sum of cash dividends and stock dividends.

There were no changes in the Company's approach to capital management during the year ended December 31, 2023.

The Company's debt-to-capital ratio at the reporting date was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 36,574,137	41,023,823
Less: cash and cash equivalents	<u>(5,701,002)</u>	<u>(2,346,498)</u>
Net debt	<u>\$ 30,873,135</u>	<u>38,677,325</u>
Total equity	<u>\$ 30,491,552</u>	<u>20,356,191</u>
Debt-to-capital ratio	<u>101.25%</u>	<u>190.00%</u>

The decrease in debt-to-capital ratio on December 31, 2023 due to the new issue of common shares and the conversion of convertible bonds to ordinary shares, resulting in increase in the Company's equity.

(26) Financing activities of non-cash transactions

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

- A. For right-of-use assets under leases, please refer to note 6(6).
- B. For conversion of convertible bonds to ordinary shares, please refer to note 6(17).

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C. Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flow	Non-cash changes Other changes	December 31, 2023
Short-term loans	\$ 8,454,197	(3,612,388)	-	4,841,809
Lease liabilities (current and non – current)	1,584,576	(36,594)	12,362	1,560,344
Guarantee deposits received (recorded in other non – current liabilities)	6,668	-	-	6,668
Long-term loans (including current portion)	2,433,403	456,981	(2,083)	2,888,301
Bonds payable	2,102,597	-	(2,057,728)	44,869
	<u>\$ 14,581,441</u>	<u>(3,192,001)</u>	<u>(2,047,449)</u>	<u>9,341,991</u>

	January 1, 2022	Cash flow	Non-cash changes Other changes	December 31, 2022
Short-term loans	\$ 5,200,075	3,254,122	-	8,454,197
Lease liabilities (current and non – current)	1,529,148	(33,052)	88,480	1,584,576
Guarantee deposits received (recorded in other non – current liabilities)	6,668	-	-	6,668
Long-term loans (including current portion)	1,796,367	638,247	(1,211)	2,433,403
Bonds payable	-	2,822,155	(719,558)	2,102,597
	<u>\$ 8,532,258</u>	<u>6,681,472</u>	<u>(632,289)</u>	<u>14,581,441</u>

7. Related-party transactions

(1) Names and relationship with related parties

The followings are entities that have had transactions with the Company during the periods covered in the parent-company-only financial statements:

Name of related parties	Relationship with the Company
NeWeb Holding Corporation (NEWH)	The subsidiary of the Company
W-NeWeb Corporation (NUSA)	The subsidiary of the Company
WNC Holding Corporation (WNCH)	The subsidiary of the Company
NeWeb GmbH (NEU)	The subsidiary of the Company
WNC UK Limited (NUK)	The subsidiary of the Company
WNC JAPAN Inc. (NJP)	The subsidiary of the Company
WNC Vietnam Co., Ltd. (NVN) (note 1)	The subsidiary of the Company

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<u>Name of related parties</u>	<u>Relationship with the Company</u>
NeWeb Vietnam Co., Ltd. (NVNM)	The subsidiary of the Company
Webcom Communication (Kunshan) Co., Ltd. (NYC)	The subsidiary of the Company
WNC (Kunshan) Corporation (NQJ)	The subsidiary of the Company
NeWeb Service (Kunshan) Corporation (NQC)	The subsidiary of the Company
Wistron NeWeb (Kunshan) Corporation (NQX)	The subsidiary of the Company
NeWeb Communication (Kunshan) Corporation (NQY) (note 2)	The subsidiary of the Company
Wistron Corporation (Wistron)	The entity with significant influence over the Company
Wistron InfoComm (CHONGQING) Co., Ltd. (WCQ)	The subsidiary of the entity with significant influence over the Company
Wistron InfoComm (Chengdu) Co., Ltd. (WCD)	The subsidiary of the entity with significant influence over the Company
Wiwynn Corporation (WYHQ)	The subsidiary of the entity with significant influence over the Company
Wistron InfoComm (Kunshan) Co., Ltd. (WAKS)	The subsidiary of the entity with significant influence over the Company
Wistron InfoComm (Zhongshan) Corporation (WZS)	The subsidiary of the entity with significant influence over the Company
International Standards Labs. (ISL)	The subsidiary of the entity with significant influence over the Company
WiAdvance Technology Corporation (AGI)	The subsidiary of the entity with significant influence over the Company
WIEDU Corporation (WETW)	The subsidiary of the entity with significant influence over the Company
SMS Infocomm Global Service (CQ)(WSCQ)	The subsidiary of the entity with significant influence over the Company
SMS Infocomm Corporation (WTX)	The subsidiary of the entity with significant influence over the Company
SMS Infocomm (Czech) s.r.o (WSCZ)	The subsidiary of the entity with significant influence over the Company
Wistron Technology (Malaysia) Sdn.Bhd. (WMMY)	The subsidiary of the entity with significant influence over the Company
Wistron Information Technology and Services Corporation (WITS)	The associate of the entity with significant influence over the Company
KunShan ChangNun Precision Die Casting Co., Ltd. (WQN) (note 3)	An associate of the Company

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<u>Name of related parties</u>	<u>Relationship with the Company</u>
Tai-Saw Technology Co., Ltd.	The Company is the corporate director of Tai-Saw Technology

Note 1: NVN was dissolved after the merger with NVNM on April 15, 2022, the merger date.

Note 2: The liquidation of NQY was completed in January 2022.

Note 3: The Company disposed its entire equity interests in WQN in August 2023, resulting in WQN to become a non-related party of the Company thereafter.

(2) Significant related-party transactions

A. Operating revenue

<u>Related Party Categories</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries		
NUSA	\$ 23,326,807	14,844,052
Other subsidiaries	289,001	306,385
Entity with significant influence over the Company	1,674	560
Other related parties	<u>335,533</u>	<u>251,963</u>
	<u>\$ 23,953,015</u>	<u>15,402,960</u>

The selling prices for sales to related parties were determined by the products' fair market value, with collection terms were mainly net 90 days after delivery and net 90 days from the end of the month of when invoice is issued, which were similar to those offered to unrelated customers.

As of December 31, 2023 and 2022, the unrealized profit or loss from sales with the investees under equity method amounted to \$381,229 and \$154,109, respectively, which were deducted from the investments accounted for using the equity method.

B. Purchases

<u>Related Party Categories</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries		
NVNM	\$ 24,298,674	16,991,661
NQX	14,253,136	13,799,344
Other subsidiaries	6,731,312	7,174,014
Entity with significant influence over the Company	52,956	11,156
Associate	37,855	40,346
Other related parties	<u>93,197</u>	<u>70,055</u>
	<u>\$ 45,467,130</u>	<u>38,086,576</u>

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The purchasing prices for purchases from related parties were similar to those for unrelated vendors, with payment terms were mainly net 90 days after delivery and net 90 days from the end of the month of when invoice is issued, which were similar to those offered to unrelated vendors.

C. Accounts receivable from related parties

<u>Related Party Categories</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries		
NUSA	\$ 8,089,718	5,255,008
NVNM	3,854,464	4,053,521
Other subsidiaries	118,085	308,336
Entity with significant influence over the Company	1,549	121
Other related parties	<u>129,848</u>	<u>67,319</u>
	<u>\$ 12,193,664</u>	<u>9,684,305</u>

For the years ended December 31, 2023 and 2022, the Company transferred raw materials to its subsidiaries at a cost amounting to \$22,220,255 and \$15,190,529, respectively.

D. Accounts payable to related parties

<u>Related Party Categories</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries		
NVNM	\$ 3,535,275	684,365
NQX	2,430,202	2,755,205
NQJ	870,769	1,824,722
NYC	848,486	918,183
Other subsidiaries	17,310	8,361
Entity with significant influence over the Company	36,703	6,342
Associate	-	11,269
Other related parties	<u>36,669</u>	<u>30,585</u>
	<u>\$ 7,775,414</u>	<u>6,239,032</u>

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E. Property Transactions

(a) Acquisition of property, plant and equipment

The amounts of acquisition of property, plant and equipment from related parties and the related unpaid balances were as follows:

<u>Related Party Categories</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries	\$ 2,465	6,132
Associate	189	-
Other related parties	1,235	3,397
	<u>\$ 3,889</u>	<u>9,529</u>

<u>Related Party Categories</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2023</u>	<u>2022</u>
Subsidiaries	<u>\$ 247</u>	<u>5,947</u>

(b) Disposal of property, plant and equipment

The Company disposal its property, plant and equipment to its related party. The amounts of disposal price, gains and losses, as well as the uncollected balances, resulting from the above transactions were as follows:

<u>Related Party Categories</u>	<u>Disposal price</u>	
	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries	\$ 20,986	95,952
Other related parties	664	-
	<u>\$ 21,650</u>	<u>135,236</u>

<u>Related Party Categories</u>	<u>Gain on disposal</u>	
	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries	\$ 562	95,952
Other related parties	28	-
	<u>\$ 590</u>	<u>8,240</u>

<u>Related Party Categories</u>	<u>Uncollected balances</u>	
	<u>December 31,</u>	<u>December 31,</u>
	<u>2023</u>	<u>2022</u>
Subsidiaries	<u>\$ 1,761</u>	<u>12,246</u>

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(c) Acquisition of intangible assets

The amounts of acquisition of intangible assets from related parties and the related unpaid balances were as follows:

Related Party Categories	For the years ended December 31,	
	2023	2022
Other related parties	\$ -	2,769
	2,198	20,573

Related Party Categories	December 31, 2023	December 31, 2022
Other related parties	\$ 2,198	20,573
	2,198	20,573

F. Other transactions

(a) The amounts paid by the Company to its related parties for processing expenses, administrative and repair expenses, and the related unpaid balances were as follows:

Related Party Categories	For the years ended December 31,	
	2023	2022
Subsidiaries	\$ 171,443	193,051
Entity with significant influence over the Company	29,034	9,385
Other related parties	75,267	56,780
Associate	31	-
	275,775	259,216
	19,707	16,542
Subsidiaries	\$ 19,707	16,542
Entity with significant influence over the Company	3,846	3,496
Other related parties	16,277	11,613
	39,830	31,651

(b) The amounts paid by the Company to its related parties for rental expenses incurred under the dormitory lease agreement, and the related unpaid balances were as follows:

Related Party Categories	For the years ended December 31,	
	2023	2022
Entity with significant influence over the Company	\$ 1,073	1,436
	40	120

Related Party Categories	December 31, 2023	December 31, 2022
Entity with significant influence over the Company	\$ 40	120
	40	120

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As of December 31, 2023 and 2022, the Company paid the refundable deposits (derived from the operating leases) to its related parties amounting to \$96.

- (c) The Company leased the factory to its other related parties, with lease terms based on their mutual agreements, and the related rental and service income were as follows:

	For the years ended December 31,	
Related Party Categories	2023	2022
Other related parties	\$ 100,785	65,552

As of December 31, 2023 and 2022, the receivables resulting from the above transactions had been settled. As of December 31, 2023 and 2022, the Company received the lease deposits from its other related parties amounted to \$6,618, which were recorded in other non-current liabilities.

- (d) The amounts paid by the Company to its related parties for expenses incurred under the technical support services agreement were as follows, the payables resulting from the above transactions had been settled.

	For the years ended December 31,	
Related Party Categories	2023	2022
Other related parties	\$ -	9,281

- (e) The related parties entrusted the Company to engage in other service to generate revenue and the Company sold controlled items, which was accounted for as other income, and the related income and the related uncollected balances were as follows:

	For the years ended December 31,	
Related Party Categories	2023	2022
Subsidiaries	\$ 5,400	7,605
Entity with significant influence over the Company	31,178	11,828
Other related parties	1,274	-
	\$ 37,852	19,433

	December 31,	December 31,
Related Party Categories	2023	2022
Subsidiaries	\$ 1,106	3,502
Entity with significant influence over the Company	5,017	-
	\$ 6,123	3,502

- (f) The Company paid certain expenses on behalf of its related parties including tooling, and the related unpaid balances were as follows:

	December 31,	December 31,
Related Party Categories	2023	2022
Subsidiaries	\$ 1,721	643

Wistron NeWeb Corporation
Notes to the Financial Statements

- (g) The related parties paid certain expenses on behalf of the Company including freight, equipment and customs expense, and the related unpaid balances were as follows:

Related Party Categories	December 31, 2023	December 31, 2022
Subsidiaries	\$ 18,762	10,489

- (h) For the years ended December 31, 2023 and 2022, the Company had received the cash dividends from its related parties amounting to \$79,835 and \$67,356, respectively, wherein, the receivables resulting from the above transactions have been settled.

G. Endorsement Guarantee

As of December 31, 2023 and 2022, the Company's endorsement guarantee provided to subsidiaries amounted to \$307,350 and \$307,080, respectively.

- (3) Transactions with key management personnel

Key management personnel compensation comprised:

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$ 199,595	183,595
Post-employment benefits	1,249	1,352
Share-based payment	24,951	28,594
	\$ 225,795	213,541

Please refer to note 6(18) for further information on share-based payment.

8. Pledged assets

The carrying amounts of the Company's pledged assets were as follows:

Assets	Purpose of Pledged	December 31, 2023	December 31, 2022
Time deposits (recorded in other financial assets – current)	Guarantees for land lease agreements	\$ 65,000	65,000
Time deposits (recorded in other financial assets – current)	Guarantees for dormitory lease agreements	2,900	2,900
		\$ 67,900	67,900

9. Commitments and contingencies:

The Company has signed contracts for the material construction of its plants and equipment amounted to \$45,972 and \$341,182, respectively, which have yet to be recognized as of December 31, 2023 and 2022.

Wistron NeWeb Corporation
Notes to the Financial Statements

10. Losses due to major disasters: None.

11. Subsequent events:

On December 20, 2023, the Board of Directors of the Company resolved to establish a new subsidiary (WNC USA Corporation) in the U.S.. On February 2, 2024, the Company announced on behalf of the new US subsidiary WNC USA Corporation on obtaining equipment, which amounted no more than USD15 million from Ademco Inc. As of March 6, 2024, the legal registration procedures for the establishment of WNC USA Corporation were completed, but the capital has not yet been paid.

12. Other

The following is the summary statement of current-period employee benefits, depreciation, and amortization expenses by function:

By function	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
By item						
Employee benefits						
Salary	3,686,472	4,387,490	8,073,962	3,082,657	3,945,171	7,027,828
Labor and health insurance	331,580	264,943	596,523	258,555	219,784	478,339
Pension	113,197	141,960	255,157	99,429	124,507	223,936
Remuneration of directors	-	53,534	53,534	-	41,642	41,642
Others	404,611	125,814	530,425	303,546	116,926	420,472
Depreciation	855,062	280,175	1,135,237	737,230	255,268	992,498
Amortization	21,004	143,769	164,773	18,110	91,768	109,878

The amount of employees and employee benefits for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31,	
	2023	2022
The number of employees	<u>7,219</u>	<u>6,044</u>
The number of directors who were not holding as a position of employee	<u>7</u>	<u>7</u>
The Average of employee benefits	<u>\$ 1,311</u>	<u>1,350</u>
The Average of Salaries	<u>\$ 1,120</u>	<u>1,164</u>
The Average of salary adjust rate	<u>-4%</u>	
The remuneration to supervisors	<u>\$ -</u>	<u>-</u>

Wistron NeWeb Corporation
Notes to the Financial Statements

The information of the Company's salaries and remunerations policy (including director, executive officers and employees) is as follow:

The Company's remuneration for directors is determined with reference to the company's overall operating performance, potential management risks and development trends of the industry, and reasonable compensation is paid on the basis of directors' participation in and contribution to the company's operations. The relevant performance appraisals and remuneration rationale have been reviewed by the Remuneration Committee and the Board of Directors, and the remuneration scheme will be reviewed depending on the actual operating conditions and relevant laws in order to maintain a balance between the company's sustainable operation and risk management.

The Company's remuneration for executive officers includes regular payments such as salaries, fixed bonuses, and other welfare and variable items such as performance-related bonuses, employees' profit-sharing bonuses (in cash and/or stock), stocks (RSA/treasury stocks), and stock options. Regular payments are determined based on the average levels within the industry to maintain the Company's competitiveness. Payment of variable items is determined based on the Company's profit performance and the performance of each employee. A higher ratio of variable items to annual remuneration indicates a better performance of the Company and each employee. Performance evaluations are conducted based on the achievement rate of annual operation goals, profit rate, growth rate, operation benefits, and future potential. The evaluation standards, goals, and weighting are specified at the beginning of each year based on the internal and external operating environment. Issuance of variable items shall be determined according to evaluation results and the current remuneration status of related industries and shall be assessed and approved by the Remuneration Committee before requesting the Board's approval before issuing the variable items.

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

- A. Financings provided: None.
- B. Endorsement/guarantee provided: Please refer to Table 1.
- C. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 2.
- D. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Please refer to Table 3.
- E. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: Please refer to Table 4.
- F. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- G. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 5.

Wistron NeWeb Corporation
Notes to the Financial Statements

- H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 6.
- I. Information about the derivative financial instruments transaction: None.
- (2) Information on investees (excluding Information on Investees in Mainland China): Please refer to Table 7.
- (3) Information on investment in Mainland China:
- A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 8(1).
- B. Limitation on investment in Mainland China: Please refer to Table 8(2).
- C. Significant transactions:
- The significant intercompany transactions with the subsidiary in Mainland China, which were disclosed in the “Information on significant transactions”.
- (4) Information of major shareholder:

(Shares)

Shareholder's Name	Shareholding	Total Shares Owned	Ownership Percentage
Wistron Corporation		96,089,042	19.82 %

Note: Major shareholders holding 5% ownership or more.

14. Segment information:

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

Wistron NeWeb Corporation and Subsidiaries
Endorsement/Guarantee Provided

For the year ended December 31, 2023

Table 1

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name (Note 1)	Nature of Relationship (Note 1)										
0	The Company	NVNM	2	9,147,466 (Note 2)	324,190 (USD 10,000)	307,350 (USD 10,000)	-	-	1.01 %	30,491,552	Y	N	N

(Amounts in Thousands)

Note 1: The relation between guarantor and guarantee and their endorsement should be disclosed as one of the following:

- (1) An entity that is with business relationship.
- (2) Subsidiary which owned more than 50 percent by the guarantor.
- (3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.
- (4) An investee owned more than 90 percent by the guarantor or its subsidiary.
- (5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.
- (6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
- (7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The total amount of the endorsement/guarantee provided by the Company for any single who has, directly or indirectly, 100% voting shares of the Company shall not exceed 30% of the Company's net worth.

Note 3: The total amount of the endorsement/guarantee provided by the Company shall not exceed the financial statements of the Company's net worth.

Wistron NeWeb Corporation and Subsidiaries
Marketable Securities Held (excluding Investment in Subsidiaries, Associates and Joint Ventures)
December 31, 2023

Table 2 (Shares in Thousands /Amounts in Thousands)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Ending Balance			
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value
The Company	Wistron Corporation Stock	The entity with significant influence over the Company	Financial assets at FVOCI – current	28,796	2,839,306	0.99 %	2,839,306
Same as above	Tai-Saw Technology Co., Ltd. Stock	The Company is the corporate director of Tai-Saw Technology	Same as above	2,500	68,625	2.40 %	68,625
Same as above	GreenWave Holdings Inc. Stock	-	Financial assets at FVOCI – non-current	271	-	0.07 %	-
Same as above	EL Preferred Holdings, Inc. Stock	-	Same as above	135,227	-	4.09 %	-
Same as above	Movandi Corporation Stock	-	Same as above	290	4,602	1.47 %	4,602
Same as above	GT Booster Corp. Stock	-	Same as above	63	52,122	8.00 %	52,122

Wistron NeWeb Corporation and Subsidiaries
Marketable Securities Acquired and Disposed of at Costs or Prices of at least NT\$300 Million or 20% of the Paid-in Capital
For the year ended December 31, 2023

Table 3 (Amounts in Thousands)

Securities Held by	Marketable Securities Type and Name	Financial Statement Account	Counter-Party	Relationship with the company	Beginning Balance		Addition			Disposal			Ending Balance		Note
					Shares	Amount	Shares	Amount	Shares	Price	Book Value	Gain (loss) on disposal	Shares	Amount	
WNC	NVNM equity interests	Investments accounted for using equity method	-	Subsidiary	-	1,219,381	-	386,904	-	-	-	-	-	1,606,285	Notes

Note: Issued ordinary shares for cash.

Wistron NeWeb Corporation and Subsidiaries
Acquisition of Individual Real Estate Properties at Costs of at least NT\$300 Million or 20% of the Paid-in Capital
For the year ended December 31, 2023

(Amounts in Thousands)

Company Name	Types of Property	Transaction Date	Transaction Amount	Status of Payment	Counter-Party	Nature of Relationships	Prior Transaction of Related Counter-Party			Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship with the Company	Date of Transfer			
The Company	Factory construction	2020.04	1,320,000 (untaxed)	As of December 31, 2023, the amount paid \$1,313,287 (untaxed)	Yin Shin Construction Co., Ltd.	None	-	-	-	Open bid	For operational use	None
The Company	Factory construction	2020.09	338,933 (untaxed)	As of December 31, 2023, the amount paid \$299,674 (untaxed)	Acter Group Corporation Limited	None	-	-	-	Open bid	For operational use	None
NVNM	Factory construction	2023.04	VND 512,600,000 (untaxed)	As of December 31, 2023, the amount paid VND 296,506,985 (untaxed)	LICOGI 13 – FOUNDATION ONSTRUCTION JOINT STOCK COMPANY	None	-	-	-	Open bid	For operational use	None
NVNM	Factory construction	2023.07	VND 324,800,000 (untaxed)	As of December 31, 2023, the amount paid VND 116,928,000 (untaxed)	Acter Group Corporation Limited	None	-	-	-	Open bid	For operational use	None

Wistron NeWeb 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, 2023

Table 5

(Amounts in Thousands)

Company Name	Related Party	Nature of Relationship	Transaction Details			Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		
			Purchase/Sales	Amount	Percentage of Total Purchases/Sales	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/Accounts Receivable (Payable)
The Company	NUSA	Subsidiary	Sales	23,326,807	22 %	Net 90 days after delivery	Note 1	Note 1	8,089,718	30%
The Company	NYC	Subsidiary of NEWH	Sales	289,001	- %	Net 90 days after delivery	Note 1	Note 1	60,852	-%
The Company	WCD	The subsidiary of parent company which invest the Company in equity method	Sales	264,059	- %	Net 90 days from the end of the month of when invoice is issued	Note 1	Note 1	100,471	-%
The Company	NYC	Subsidiary of NEWH	Purchase	2,054,876	2 %	Net 90 days after delivery	Note 2	Note 2	(848,486)	4%
The Company	NQJ	Subsidiary of NEWH	Purchase	4,643,812	4 %	Net 90 days after delivery	Note 2	Note 2	(870,769)	5%
The Company	NQX	Subsidiary of NEWH	Purchase	14,253,136	13 %	Net 90 days after delivery	Note 2	Note 2	(2,430,202)	13%
The Company	NVNM	Subsidiary	Purchase	24,298,674	22 %	Net 90 days after delivery	Note 2	Note 2	(3,535,275)	18%
NQX	NQJ	Same Parent	Sales	103,142	- %	Net 90 days after delivery	Note 1	Note 1	3,548	-%
NYC	NQX	Same Parent	Sales	161,519	- %	Net 90 days after delivery	Note 1	Note 1	17,968	2%

Note 1: The selling prices to related parties were determined by the products' fair market price, with collection terms of mainly net 90 days after delivery and net 90 days from the end of the month of when invoice is issued, which were similar to those offered to unrelated customers.

Note 2: Since the purchasing of the products from subsidiary was different from the unrelated vendors, the pricing and terms cannot be compared. The payment terms were mainly net 90 days after delivery which were similar to those offered to unrelated vendors.

Wistron NeWeb Corporation and Subsidiaries
Receivables from Related Parties Amounting to at least NTS100 Million or 20% of the Paid-in Capital
December 31, 2023

Table 6

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts	Note
					Amount	Action Taken			
The Company	NUSA	Subsidiary	8,089,718	3.50	1,268,390	Collected in subsequent period	447,634	-	
The Company	WCD	The subsidiary of parent company which invest the Company in equity method	100,471	3.42	-		33,020	-	
The Company	NVNM	Subsidiary	3,854,464	-	332,629	Collected in subsequent period	642,989	-	Note 2
NYC	The Company	Parent	848,486	2.33	360,960	Collected in subsequent period	295,542	-	
NQJ	The Company	Parent	870,769	3.45	542	Collected in subsequent period	138,308	-	
NQX	The Company	Parent	2,430,202	5.50	254,300	Collected in subsequent period	338,085	-	
NVNM	The Company	Parent	3,535,275	11.52	2,679	Collected in subsequent period	1,628,946	-	

Note 1: As of January 18, 2024, the amount had been fully received.

Note 2: Accounts receivable from related parties caused by buying on behalf of related parties.

Wistron NeWeb Corporation and Subsidiaries
Information on Investees (excluding Information on Investees in Mainland China)

For the year ended December 31, 2023

(Shares in Thousands /Amount in Thousands)

Table 7

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023		Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership			
The Company	NEWH	Samoa	Investment holding company	2,974,220	2,974,220	93,300	100.00 %	315,962	315,962	
The Company	WNCH	Samoa	Investment holding company	320	84,212	10	100.00 %	288	8,163	Note 1
The Company	NUSA	USA	Sales of satellite communication and portable communication products	6,944	6,944	200	100.00 %	119,448	119,448	
The Company	NUK	United Kingdom	Services for wireless communication products	3,049	3,049	60	100.00 %	1,849	1,849	
The Company	NJP	Japan	Services for wireless communication products	5,272	5,272	1	100.00 %	661	661	
The Company	NEU	Germany	Sales and services for wireless communication products	5,119	5,119	150	100.00 %	2,011	2,011	
The Company	NVNM	Vietnam	Assembly processing of satellite communication and portable communication products	1,606,285	1,219,381	-	100.00 %	82,942	82,942	Note 2

Note 1: WNCH reduced its capital shares amounting to \$83,892 (USD2,623) and remittance of earnings amounting to \$13,569 (USD448) in September 2023.

Note 2: NVNM increased its capital shares amounting to \$386,904 (USD12,000) in November 2023.

Wistron NeWeb Corporation and Subsidiaries
Information on Investment in Mainland China

For the year ended December 31, 2023

Table 8

(Amounts in Thousands)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount	Accumulated Inward Remittance of Earnings in as of December 31, 2023
					Outflow	Inflow						
NYC	Manufacturing and sales of satellite communication and portable communication products	559,570 (USD17,000)	(Note 1)	559,570	-	-	559,570	62,518	100%	62,518	1,534,967	-
NQJ	Manufacturing and sales of satellite communication and portable communication products	1,206,552 (USD38,000)	(Note 1)	1,206,552	-	-	1,206,552	118,729	100%	118,729	3,121,480	-
NQX	Manufacturing and sales of satellite communication and portable communication products	1,180,074 (USD38,000)	(Note 1)	1,180,074	-	-	1,180,074	131,124	100%	131,124	2,481,401	-
NQC	Repair and maintenance service for satellite communication and portable communication products	9,825 (USD300)	(Note 1)	9,825	-	-	9,825	3,591	100%	3,591	52,595	-
WQN	Manufacture and sales of zinc-aluminum alloy precision casting and LCD brackets, power tools series products	-	(Note 3)	34,452	-	(34,452)	-	(15,548)	-%	(7,376)	-	18,533

Note 1: Indirect investment in Mainland China through a foreign company.

Note 2: The financial statements of the investee company were audited by the Company's accountants based on the materiality standards and recognized shares of the associates, and joint ventures accounted for equity method.

Note 3: WNCH disposed its entire 47.77% equity interests in WQN in August 2023, with the actual remittance, after deducting relevant costs and taxes, amounting to \$89,080.

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2023 (Notes 1 and 2)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 3 and 4)	Upper Limit on Investment
2,997,589	2,976,569	(Note 4)

Note 1: NeWeb Communication Corporation, an indirectly invested subsidiary by the Company has completed its liquidation of various rights and obligations and cancelled its registration in 2004. The Company deducted \$6 of dividends received from its accumulated investment of \$10,347. The net investment amounted to \$10,341 still needs to be included in the cumulative amount of investments from Taiwan to China according to the regulations of the Investment Commission, MOEA.

Note 2: Shenzhen Putian Technology Co., LTD., an indirectly invested subsidiary by the Company, has completed its liquidation of various rights and obligations; thus, cancelled its registration in 2008. The Company's cumulative investment of \$31,227, including the amount of \$18,897 that had been remitted to WNCH, still needs to be included in the cumulative amount of investments from Taiwan to China according to the regulations of the Investment Commission, MOEA.

Note 3: WNCH invested the capital of US\$578 in WQN according to letter No.09800115610, approved by the Investment Commission, MOEA on April 15, 2009. As of December 31, 2023, the Group disposed its entire equity interests in WQN, with the total amount having been repatriated to Taiwan. Afterwards, the cancellation of the Group's indirect investment in WQN according to letter No.11256110780, was approved by the Investment Commission, MOEA on November 7, 2023.

Note 4: The Company obtained the Certificate of Operating Headquarters issued by Industrial Development Bureau, MOEA; the Company has no upper limit on investment in Mainland China.

WNC

Wistron NeWeb Corp.