

WIN SEMICONDUCTORS CORP.**Parent-Company-Only Financial Statements**

**With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

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The independent auditors' report and the accompanying 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 financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of WIN Semiconductors Corp.:

Opinion

We have audited the financial statements of WIN Semiconductors Corp. (“the Company”), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying 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 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors' report were as follows:

1. Assessment of impairment on investments accounted for using equity method

Please refer to Note 4(n) “Impairment of non-financial assets” for accounting policies, Note 5 for accounting assumptions, judgments and estimation uncertainty of impairment on investments accounted for using equity method, and Note 6(f) for assessment of impairment on investments accounted for using equity method.

Description of key audit matter

The Company periodically assesses and performs its impairment test on investments accounted for using equity method based on the recoverable amount that is calculated by using the value-in-use method, which takes into account by predicting the future cash flow, and is decided by applying the discount rate. Since the assessment of impairment on investments accounted for using equity method relies on the subjective judgments and estimation made by the management, it has been identified as the key matter in our audit.

How the matter was addressed in our audit

Our principal audit procedures included assessing the rationality of method used in measuring the recoverable amount, which is provided by the management of the Company, including evaluating the appropriateness of assumption and estimation on major parameters, such as the forecast of cash flow and discount rate; comparing the historical accuracy of judgements, including inspecting the amount of forecast of cash flow in prior year, with the actual cash flow to evaluate the appropriateness of the assumptions; moreover, performing the sensitivity analysis on main assumption.

2. Revenue recognition

Please refer to note 4(o) “Revenue” for accounting policies and note 6(v) to the financial statements for the disclosure of revenue recognition.

Description of key audit matter

The Company is a listed company in related to public interest, wherein the investors are highly expecting its financial performance. Therefore, the Company’s revenue recognition has been identified as one of the key matters while conducting our audit on the financial statements of the Company.

How the matter was addressed in our audit

Our principal audit procedures included understanding the main types of revenue, contract provisions and transaction terms to assess the accuracy of the timing of revenue recognition; conducting the variance analysis on the revenue from major customers to evaluate if there are any significant unusual transactions; as well as testing the design, operation and implantation of the effectiveness of internal control on revenue recognition. Furthermore, we also selected some samples of transaction records of sales within the balance sheet date in order to obtain the related transaction documents to evaluate the appropriateness of timing of recognition.

Other Matter

We did not audit the financial statements for the year ended December 31, 2022 of certain investments accounted for using the equity method. The financial statements for the year ended December 31, 2022 were audited by another auditor, whose audit report has been furnished to us, and our conclusion, insofar as it relates to the amounts included in these investments, is based solely on the audit reports of another auditor. The investment accounted for using the equity method amounted to \$7,838,047 thousand, constituting 13.21% of total assets as of December 31, 2022, the related shares of profit of subsidiaries, associates and joint ventures accounted for using the equity method amounted to \$318,817 thousand, as well as the related shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method amounted to \$36,153 thousand, constituting 17.35% and 1.97% of total comprehensive income and loss for the year ended December 31, 2022, respectively.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 Chen, Ya-Ling and Huang, Ming-Hung.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2024

Notes to Readers

The accompanying 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 financial statements are those generally accepted and applied in the Republic of China.

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(English Translation of Financial Statements Originally Issued in Chinese)
WIN Semiconductors Corp.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a))	\$ 7,496,614	13	7,212,951	12	2120	Current financial liabilities at fair value through profit or loss (Notes 6(b) and 6(n))	\$ 231,774	1	449,261	1
1110	Current financial assets at fair value through profit or loss (Note 6(b))	6,239	-	9,549	-	2130	Current contract liabilities (Note 6(v))	549,538	1	218,576	-
1170	Accounts receivable, net (Notes 6(c) and 6(v))	1,135,214	2	909,758	2	2170	Accounts payable	1,335,275	2	1,001,659	2
1310	Inventories (Note 6(e))	5,041,293	9	5,278,163	9	2200	Other payables (Note 6(w))	2,250,646	4	2,106,358	4
1470	Other current assets (Notes 6(d) and 6(k))	204,548	-	177,408	-	2220	Other payables to related parties (Note 7)	17,505	-	12,613	-
	Total current assets	<u>13,883,908</u>	<u>24</u>	<u>13,587,829</u>	<u>23</u>	2280	Current lease liabilities (Notes 6(o) and 6(ab))	47,398	-	50,525	-
Non-current assets:						2321	Bonds payable, current portion (Notes 6(n) and 6(ab))	4,743,834	8	-	-
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	1,334,075	2	1,369,943	2	2322	Long-term borrowings, current portion (Notes 6(m), 6(ab) and 8)	2,996,728	5	1,731,147	3
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	1,080,873	2	512,532	1	2399	Other current liabilities	206,961	-	209,060	-
1550	Investments accounted for using equity method (Notes 6(f) and 7)	19,327,693	33	20,029,912	34		Total current liabilities	<u>12,379,659</u>	<u>21</u>	<u>5,779,199</u>	<u>10</u>
1600	Property, plant and equipment (Notes 6(g) and 8)	20,003,936	34	19,469,959	33		Non-Current liabilities:				
1755	Right-of-use assets (Notes 6(h) and 8)	450,154	1	494,931	1	2530	Bonds payable (Notes 6(n) and 6(ab))	-	-	10,669,555	18
1760	Investment property (Note 6(i))	1,043,315	2	1,048,632	2	2540	Long-term borrowings (Notes 6(m), 6(ab) and 8)	11,946,549	20	8,886,100	15
1780	Intangible assets (Note 6(j))	70,038	-	77,070	-	2570	Deferred tax liabilities (Note 6(r))	-	-	16,185	-
1840	Deferred tax assets (Note 6(r))	1,129,073	2	756,114	1	2580	Non-current lease liabilities (Notes 6(o) and 6(ab))	407,696	1	447,496	1
1915	Prepayments for business facilities	367,931	-	1,751,643	3	2600	Other non-current liabilities (Notes 6(q), 6(ab) and 7)	202,110	-	201,699	-
1990	Other non-current assets (Notes 6(k) and 8)	200,215	-	230,205	-		Total non-current liabilities	<u>12,556,355</u>	<u>21</u>	<u>20,221,035</u>	<u>34</u>
	Total non-current assets	<u>45,007,303</u>	<u>76</u>	<u>45,740,941</u>	<u>77</u>		Total liabilities	<u>24,936,014</u>	<u>42</u>	<u>26,000,234</u>	<u>44</u>
Total assets		<u>\$ 58,891,211</u>	<u>100</u>	<u>59,328,770</u>	<u>100</u>		Equity (Notes 6(b), 6(f), 6(n), 6(q), 6(r), 6(s) and 6(t)):				
						3110	Ordinary shares	4,239,404	7	4,239,404	7
						3200	Capital surplus	9,967,188	17	9,964,088	17
						3300	Retained earnings	17,212,996	29	18,351,411	31
						3400	Other equity interests	2,535,609	5	773,633	1
							Total equity	<u>33,955,197</u>	<u>58</u>	<u>33,328,536</u>	<u>56</u>
							Total liabilities and equity	<u>\$ 58,891,211</u>	<u>100</u>	<u>59,328,770</u>	<u>100</u>

(English Translation of Financial Statements Originally Issued in Chinese)
WIN Semiconductors Corp.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Note 6(v))	\$ 14,868,969	100	17,811,085	100
5000	Operating costs (Notes 6(e), 6(g), 6(h), 6(j), 6(o), 6(q), 6(t), 6(w) and 12)	<u>(11,176,385)</u>	<u>(75)</u>	<u>(12,748,356)</u>	<u>(72)</u>
	Gross profit from operations	<u>3,692,584</u>	<u>25</u>	<u>5,062,729</u>	<u>28</u>
	Operating expenses (Notes 6(g), 6(h), 6(i), 6(j), 6(o), 6(q), 6(t), 6(w), 7 and 12):				
6100	Selling expenses	(297,115)	(2)	(269,869)	(1)
6200	Administrative expenses	(651,417)	(4)	(697,120)	(4)
6300	Research and development expenses	<u>(1,693,073)</u>	<u>(12)</u>	<u>(1,481,611)</u>	<u>(8)</u>
	Total operating expenses	<u>(2,641,605)</u>	<u>(18)</u>	<u>(2,448,600)</u>	<u>(13)</u>
	Net operating income	<u>1,050,979</u>	<u>7</u>	<u>2,614,129</u>	<u>15</u>
	Non-operating income and expenses (Notes 6(b), 6(f), 6(g), 6(n), 6(o), 6(p), 6(x) and 7):				
7100	Interest income	164,971	1	100,507	-
7010	Other income	75,123	1	222,970	1
7020	Other gains and losses	333,672	2	849,351	5
7050	Finance costs	(182,885)	(2)	(191,793)	(1)
7070	Share of losses of subsidiaries, associates and joint ventures accounted for using equity method	<u>(1,643,297)</u>	<u>(11)</u>	<u>(1,381,560)</u>	<u>(8)</u>
	Total non-operating income and expenses	<u>(1,252,416)</u>	<u>(9)</u>	<u>(400,525)</u>	<u>(3)</u>
7900	Profit (loss) before tax	(201,437)	(2)	2,213,604	12
7950	Tax benefit (expense) (Note 6(r))	<u>121,780</u>	<u>1</u>	<u>(411,435)</u>	<u>(2)</u>
	Profit (loss)	<u>(79,657)</u>	<u>(1)</u>	<u>1,802,169</u>	<u>10</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss (Notes 6(q), 6(r) and 6(s))				
8311	Remeasurements of defined benefit plans	1,366	-	22,235	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	589,174	4	(110,277)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	1,245,859	9	(202,335)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(273)</u>	<u>-</u>	<u>(4,447)</u>	<u>-</u>
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>1,836,126</u>	<u>13</u>	<u>(294,824)</u>	<u>(1)</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss (Note 6(s))				
8361	Exchange differences on translation of foreign financial statements	31,604	-	940,005	5
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(104,661)	(1)	(609,592)	(3)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>(73,057)</u>	<u>(1)</u>	<u>330,413</u>	<u>2</u>
8300	Other comprehensive income, net	<u>1,763,069</u>	<u>12</u>	<u>35,589</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 1,683,412</u>	<u>11</u>	<u>1,837,758</u>	<u>11</u>
	Earnings per common share (expressed in New Taiwan dollars) (Note 6(u))				
9750	Basic earnings per share	<u>\$ (0.19)</u>		<u>4.25</u>	
9850	Diluted earnings per share	<u>\$ (0.33)</u>		<u>4.24</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
WIN Semiconductors Corp.

Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity interests				Total equity
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Other unearned compensation for restricted shares of employees	Total other equity interests	
Balance at January 1, 2022	\$ 4,239,764	9,969,914	3,172,722	16,787,543	19,960,265	(269,409)	1,044,071	(6,597)	768,065	34,938,008
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	719,966	(719,966)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	(3,391,811)	(3,391,811)	-	-	-	-	(3,391,811)
	-	-	719,966	(4,111,777)	(3,391,811)	-	-	-	-	(3,391,811)
Profit for the year ended December 31, 2022	-	-	-	1,802,169	1,802,169	-	-	-	-	1,802,169
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	17,788	17,788	330,413	(312,612)	-	17,801	35,589
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	1,819,957	1,819,957	330,413	(312,612)	-	17,801	1,837,758
Compensation cost arising from restricted shares of employees	-	-	-	-	-	-	-	39	39	39
Purchase and retirement of restricted shares of stock for employees	(360)	(6,198)	-	-	-	-	-	6,558	6,558	-
Changes in equity of subsidiaries and associates accounted for using equity method	-	372	-	(55,830)	(55,830)	-	-	-	-	(55,458)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	18,830	18,830	-	(18,830)	-	(18,830)	-
Balance at December 31, 2022	4,239,404	9,964,088	3,892,688	14,458,723	18,351,411	61,004	712,629	-	773,633	33,328,536
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	178,296	(178,296)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	(1,059,851)	(1,059,851)	-	-	-	-	(1,059,851)
	-	-	178,296	(1,238,147)	(1,059,851)	-	-	-	-	(1,059,851)
Loss for the year ended December 31, 2023	-	-	-	(79,657)	(79,657)	-	-	-	-	(79,657)
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	1,093	1,093	(73,057)	1,835,033	-	1,761,976	1,763,069
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	(78,564)	(78,564)	(73,057)	1,835,033	-	1,761,976	1,683,412
Changes in equity of subsidiaries and associates accounted for using equity method	-	3,100	-	-	-	-	-	-	-	3,100
Balance at December 31, 2023	\$ 4,239,404	9,967,188	4,070,984	13,142,012	17,212,996	(12,053)	2,547,662	-	2,535,609	33,955,197

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
WIN Semiconductors Corp.
Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
(Loss) profit before tax	\$ (201,437)	2,213,604
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	3,840,985	3,809,704
Amortization expense	89,495	102,217
Net losses on financial assets or liabilities at fair value through profit or loss	63,494	577,357
Interest expense	182,885	191,793
Interest income	(164,971)	(100,507)
Dividend income	(35,120)	(184,267)
Share-based payments	-	39
Share of losses of subsidiaries, associates and joint ventures accounted for using equity method	1,643,297	1,381,560
Gains on disposal of property, plant and equipment	(3,330)	(36,499)
Other income	(81,486)	(63,885)
Prepayments for business facilities transferred to expenses	1,007	48
Gains on repurchases of bonds payable	(816,823)	(600,777)
Gains on lease modification	(42)	-
Total adjustments to reconcile profit (loss)	4,719,391	5,076,783
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in accounts receivable	(225,456)	1,799,193
Decrease in inventories	235,783	1,113,742
(Increase) decrease in other current assets	(42,030)	72,814
Total changes in operating assets	(31,703)	2,985,749
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	330,962	(121,275)
Increase (decrease) in accounts payable	333,616	(1,117,258)
Decrease in other payables	(162,850)	(1,045,938)
Increase in other payables to related parties	4,892	5,970
(Decrease) increase in other current liabilities	(2,099)	38,186
Increase in other non-current liabilities	923	621
Total changes in operating liabilities	505,444	(2,239,694)
Total changes in operating assets and liabilities	473,741	746,055
Cash flows generated from operations	4,991,695	8,036,442
Income taxes paid	(89,235)	(1,381,924)
Net cash flows from operating activities	4,902,460	6,654,518
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	19,744
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	20,833	17,667
Acquisition of financial assets at fair value through profit or loss	(61,351)	(76,500)
Proceeds from disposal of financial assets at fair value through profit or loss	-	9,969
Proceeds from capital reduction of financial assets at fair value through profit or loss	23,319	8,719
Acquisition of investments accounted for using equity method	-	(500,000)
Acquisition of property, plant and equipment	(2,707,757)	(3,949,965)
Proceeds from disposal of property, plant and equipment	5,567	81,755
Acquisition of intangible assets	(88,322)	(61,153)
Decrease (increase) in other non-current assets	29,990	(18,474)
Increase in prepayments for business facilities	(99,243)	(1,512,868)
Interest received	179,861	86,639
Dividends received	269,944	536,251
Other income received	81,486	78,033
Net cash flows used in investing activities	(2,345,673)	(5,280,183)
Cash flows from (used in) financing activities:		
Proceeds from long-term debt	7,899,483	5,269,700
Repayments of long-term debt	(3,573,453)	(5,123,113)
Repayments of lease liabilities	(48,957)	(51,607)
Increase (decrease) in other non-current liabilities	854	(11,230)
Cash dividends paid	(1,059,851)	(3,391,811)
Interest paid	(86,842)	(28,531)
Repurchases of bonds payable	(5,404,358)	(2,347,210)
Net cash flows used in financing activities	(2,273,124)	(5,683,802)
Net increase (decrease) in cash and cash equivalents	283,663	(4,309,467)
Cash and cash equivalents at beginning of period	7,212,951	11,522,418
Cash and cash equivalents at end of period	\$ 7,496,614	7,212,951

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
WIN Semiconductors Corp.

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history:

WIN Semiconductors Corp. (the “Company”) was incorporated on October 16, 1999 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No. 69, Keji 7th Rd., Hwaya Technology Park, Guishan Dist., Taoyuan City, Taiwan. The Company engages in the researching, developing, manufacturing, and selling of GaAs wafers.

(2) Approval date and procedures of the financial statements:

The parent-company-only financial statements were authorized for issue by the Board of Directors as of March 11, 2024.

(3) New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its 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 financial statements, from May 23, 2023:

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

- (b) 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 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”

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

- (c) The impact of IFRS 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 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 its amendments
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The 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 parent-company-only financial statements, the Chinese version shall prevail.

The material accounting policies presented in the parent-company-only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

- (a) Statement of compliance

These parent-company-only financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following material items in the balance sheet, the parent-company-only financial statements have been prepared on a historical cost basis:

- 1) Financial assets at fair value through profit or loss are measure at fair value;
- 2) Financial assets at fair value through other comprehensive income are measure at fair value;
- 3) The net defined benefit liabilities are recognized as the present value of the defined benefit obligation, and the effect of the plan assets ceiling disclosure in Note 4(q) less plan assets.

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(ii) 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. All financial information presented in TWD has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated 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 of the date 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 translation.

Exchange differences are generally recognized in profit or loss, except for the following differences which are recognized in other comprehensive income that arises from the retranslation:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated to the reporting currency of the Company's parent-company-only financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency of the Company's parent-company-only financial statements at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the foreign currency gains and losses arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

- (i) It expects to be realized, or intends to be sold or consumed, in the normal operating cycle;
- (ii) It holds primarily for the purpose of trading;
- (iii) It expects to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a 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.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- (i) It expects to be settled in the normal operating cycle;
- (ii) It holds primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) 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.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables 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 a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income (FVOCI); or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless 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. Regular way purchase or sales of financial assets shall be recognized and derecognized, as applicable, using trade day.

1) Financial assets measured 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 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 losses, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

Equity investments at FVOCI are subsequently measured at fair value. Dividends 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 are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income from equity investments is recognized in profit or loss on the date on which the Company's right to receive payment is established, which is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. 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.

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivables, guarantee deposit paid and other financial assets).

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
- 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 is always measured at an amount equal to lifetime ECL.

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 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due.

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.

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. 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.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. 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. 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.

6) 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.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets.

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(ii) Financial liabilities

1) 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.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in TWD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized 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 remeasured.

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

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. 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 (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) 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.

(iii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency exposures. Derivatives are recognized initially at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, and are included in other gains and losses. When a derivative is designated as a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of 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.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating 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.

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

The parent-company-only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

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 Company 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 Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without remeasuring the retained interest.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, the investments in subsidiaries, which are controlled by the Company, are accounted for using the equity method. Under the equity method, the profit or loss for the period and other comprehensive income presented in the parent-company-only financial statements should be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis; and the owners' equity presented in the parent-company-only financial statements should be the same as the equity attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis. The Company also recognized its shares in the changes in its equity of subsidiaries.

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

(j) Investment property

Investment property is the 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.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

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

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, 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.

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(ii) 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.

(iii) 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.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) Buildings and structures : 7 to 25 years
- 2) Machinery and equipment : 1 to 10 years
- 3) Factory and equipment : 2 to 15 years
- 4) Other equipment : 2 to 5 years

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

(l) Leases

(i) 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:

- 1) 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
- 2) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

- 3) the Company has the right to direct the use of the asset:
- The Company has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.
 - In rare cases where the decision on how, and for what purpose, the asset is used is predetermined, the Company has the right to direct the use of an asset if either:
 - the Company has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the Company designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

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.

(ii) 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:

- 1) fixed payments, including substantively fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

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

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the assessment on whether it will have the option to exercise a purchase; or
- 4) there is a change in the assessment on lease term as to whether it will be extended or terminated; or
- 5) there is any lease modification.

When the lease liability is remeasured, other than lease modifications, 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 presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) 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.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rent income'.

(m) Intangible assets

Subsequent to the initial recognition, an intangible asset is measured at cost, less any accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortizable amount is the cost of an asset less its residual values. Intangible assets are amortized from the date that they are available for use by using straight-line method, the estimated useful lives for the current and comparative periods are as follows:

- (i) Technical know-how: 5 to 12 years
- (ii) Computer software and information systems: 1 to 5 years
- (iii) Others: 1 to 2 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end, and adjusted if appropriate.

(n) 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. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or the cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or 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.

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Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Revenue

(i) Revenue from contracts 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:

1) Sale of goods

The Company recognizes revenue when control of the products has been transferred, 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.

The Company often offers volume discounts to its customers based on aggregate sales of electronic components over a 12-month period. 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 contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of electronic components are made with a credit term of 30 to 60 days, which is consistent with the market practice.

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.

2) 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.

(Continued)

WIN Semiconductors Corp.
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(p) Government grants

The Company recognizes an unconditional government grant related to property, plant and equipment and research and development plan in profit or loss as other income when the grant becomes receivable. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(q) Employee benefits

(i) Defined contribution plans

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

(ii) 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 (income) on the net defined benefit liability (asset) 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 (asset). 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.

(iii) 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.

(Continued)

WIN Semiconductors Corp.
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(r) Share-based payment

The grant-date fair value of equity-settled share-based payment agreements 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 which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

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.

The grant date of the share-based payment is the date the Company inform their employees about the exercise price and shares.

(s) Income taxes

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 are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

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 shall not be recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements 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; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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, and reflect uncertainty related to income taxes, if any.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

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

- (i) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, 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.

(t) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as 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 potentially dilutive ordinary shares, such as employee compensation, convertible bonds payable and new restricted shares of employee.

(u) Operating segment

The Company discloses its segment reporting in the consolidated financial statements. Therefore, the Company does not disclose segment information in the parent-company-only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent-company-only financial statements in conformity with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" requires the management to make judgments, estimates, 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 estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

The Company is likely to be facing economic uncertainty, such as natural disasters, international political uncertainties and inflation. Those events may have a significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent-company-only financial statements is as follows:

- (a) Judgment of whether the Company has substantive control over its investee, please refer to the consolidated financial statements for the year ended December 31, 2023.
- (b) Judgment of whether the Company has significant influence on its investee. Please refer to Note 6(b).
- (c) Classification of lease

The factory lease agreements entered into by the Company were combined leases of land and buildings, recognized as operating leases. The proprietary of land was not transferred and the rental fee is increased to market rent at regular intervals. Also, the lessee does not participate in the residual value of the land and buildings. As a result, it was determined that the Company is responsible for all the risks and rewards of the land and buildings. Please refer to Note 6(p).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumption and estimation have been updated to reflect the impact of economic uncertainty:

- (a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The valuation of inventories is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. The further description of the valuation of inventories, please refer to Note 6(e).

- (b) Assessment of Impairment on investments accounted for using equity method

The assessment of impairment on investments accounted for using equity method requires the management of the Company to make subjective judgments to identify any indication of material impairment on cash-generating units, estimate the future cash flows deriving from the relevant cash-generating units and determine the discount rate to be applied. For further description of the assessment of impairment on investments accounted for using equity method, please refer to Note 6(f).

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

The accounting policy and disclosure of the Company include that measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company uses external information to make the evaluation result agreed to market status and to confirm the data resource is independent reliable and consistent with other resource. The Company regularly revises the inputs and any essential adjustments on the fair value to confirm that evaluation results are reasonable. The Company regularly evaluates investment property using the evaluation methods and related parametric assumptions announced by FSC.

When measuring the fair value of an asset or a liability, the Company usually uses market observable data. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- (a) Note 6(i)-Investment property.
- (b) Note 6(y)-Financial instruments.

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 140	140
Cash in bank	7,496,474	4,141,811
Time deposits	-	3,071,000
	<u>\$ 7,496,614</u>	<u>7,212,951</u>

Please refer to Note 6(y) for the currency risk and sensitivity analysis of the financial assets and liabilities of the Company.

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(b) Financial instruments

(i) Financial assets at fair value through profit or loss:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Mandatorily measured at financial assets at fair value through profit or loss:		
Non-derivative financial assets		
Stock listed on domestic markets	\$ 6,239	9,549
Private fund (Note 1)(Note 2)	<u>1,334,075</u>	<u>1,369,943</u>
Total	<u>\$ 1,340,314</u>	<u>1,379,492</u>
Current	\$ 6,239	9,549
Non-current	<u>1,334,075</u>	<u>1,369,943</u>
	<u>\$ 1,340,314</u>	<u>1,379,492</u>

Note 1: As of December 31, 2023 and 2022, part of the private fund were during the lock-up period.

Note 2: The 32.88% shares of the Company in NFC Fund II L.P. is deemed as mutual fund. Since the Company is only a limited partner of the fund, it cannot be allowed any representative to take part in the decision making of the policy of NFC Fund II L.P. As a result, the Company has no significant influence over the company.

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Mandatorily measured at current financial liabilities at fair value through profit or loss		
Convertible bonds with embedded derivatives	<u>\$ 231,774</u>	<u>449,261</u>

The derivative financial instruments arose from the issuance of overseas convertible bonds of the Company disclosed in Note 6(n).

Refer to Note 6(x) for the amount of re-measurement at fair value recognized in profit or loss.

(ii) Non-current financial assets at fair value through other comprehensive income:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Stocks listed on domestic markets	\$ 707,122	73,796
Non-public stocks	<u>373,751</u>	<u>438,736</u>
Total	<u>\$ 1,080,873</u>	<u>512,532</u>

The Company decided to hold these equity instruments, which are not held for trading, at fair value through other comprehensive income.

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WIN Semiconductors Corp.
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For the years ended December 31, 2023 and 2022, the Company received dividend income \$4,761 thousand and \$22,582 thousand, respectively, of the equity investment designated at fair value through other comprehensive income.

For the year ended December 31, 2023, there were no disposals of equity investments at fair value through other comprehensive income, and the gains and losses accumulated in other equity were not transferred to retained earnings during the period.

For the year ended December 31, 2022, due to the redemption of preferred shares, the Company disposed the financial asset assets at fair value through other comprehensive income, with a fair value of \$19,744 thousand; upon derecognition, the gains on disposal, accumulated in other equity, amounting to \$18,830 thousand was transferred to retained earnings.

(iii) Sensitivity analysis in the equity price risk:

If the equity price changes, the impact to comprehensive income, using the sensitivity analysis based on the same variables except for the price index for both periods, will be as follows:

Prices of securities at the reporting date	2023		2022	
	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increasing 3%	\$ 32,426	187	15,376	286
Decreasing 3%	\$ (32,426)	(187)	(15,376)	(286)

(iv) As of December 31, 2023 and 2022, the financial assets were not pledged. For information on the Company's credit risk, currency risk and fair value information was disclosed in Note 6(y).

(c) Accounts receivable, net

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 1,135,214	909,758

The Company applies the simplified approach to provide for its loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and days past due, as well as incorporate forward looking information.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

The loss allowance provision was determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 1,072,963	0%	-
Past due 1~60 days	61,409	0%	-
Past due 61~120 days	842	0%	-
Past due 121~180 days	-	8.82%~23.75%	-
Past due more than 181 days	-	100%	-
	\$ 1,135,214		-
	December 31, 2022		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 856,929	0%	-
Past due 1~60 days	49,028	0%	-
Past due 61~120 days	1,165	0%	-
Past due 121~180 days	2,636	0%~3.33%	-
Past due more than 181 days	-	100%	-
	\$ 909,758		-

As of December 31, 2023 and 2022, the accounts receivable were not discounted nor pledged.

- (d) Other receivables (recognized as other current assets)

	December 31, 2023	December 31, 2022
Other receivables	\$ 8,458	30,000
Less: loss allowance	-	-
	\$ 8,458	30,000

As of December 31, 2023 and 2022, other receivables were not past due nor impaired.

The information on the Company's credit risk was disclosed in Note 6(y).

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(e) Inventories

	December 31, 2023	December 31, 2022
Raw materials, supplies and spare parts	\$ 3,643,129	4,265,656
Work in process	1,052,234	550,174
Finished goods	345,930	462,333
	<u>\$ 5,041,293</u>	<u>5,278,163</u>

Except for cost of goods sold and inventories recognized as expenses, the remaining gains or losses which were recognized as operating cost or deduction of operating cost were as follows:

	2023	2022
Loss on valuation of inventories and obsolescence	<u>\$ 20,158</u>	<u>203,123</u>
Unallocated overheads	<u>\$ 150,130</u>	<u>154,857</u>
Revenue from sale of scraps	<u>\$ (36,707)</u>	<u>(51,645)</u>

As of December 31, 2023 and 2022, the inventories were not pledged.

(f) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 11,615,727	12,191,865
Associates	7,711,966	7,838,047
	<u>\$ 19,327,693</u>	<u>20,029,912</u>

(i) Subsidiaries

For the related information, please refer to consolidated financial statements for the year ended December 31, 2023.

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(ii) Associates

Associates which are material to the Company consisted of the followings:

<u>Name of Associates</u>	<u>Main Businesses and Products</u>	<u>Main Operating Location/ Registered Country of the Company</u>	<u>Proportion of Shareholding and Voting Rights</u>	
			<u>December 31, 2023</u>	<u>December 31, 2022</u>
ITEQ Corporation (abbrev. ITEQ)	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components	Taiwan	18.02 %	18.02 %

The fair value of significant associate listed on the Taiwan Stock Exchange Corporation (TWSE) which is material to the Company is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
ITEQ	\$ 5,546,661	4,748,674

The financial information of significant associates was as follows:

The financial information of ITEQ:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 21,306,421	21,468,941
Non-current assets	12,073,219	11,914,668
Current liabilities	(10,539,833)	(10,883,035)
Non-current liabilities	(3,399,959)	(2,389,588)
Net assets	<u>\$ 19,439,848</u>	<u>20,110,986</u>
	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 25,079,039</u>	<u>29,129,710</u>
Profit from continuing operations	\$ 676,626	1,855,173
Other comprehensive income (loss)	(271,922)	239,066
Total comprehensive income	<u>\$ 404,704</u>	<u>2,094,239</u>

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

	<u>2023</u>	<u>2022</u>
Carrying amount of equity of ITEQ attributable to the Company at the beginning	\$ 7,838,047	7,855,162
Profit attributable to the Company	121,508	318,817
Comprehensive income (loss) attributable to the Company	(53,711)	36,153
Deduction in retained earnings from disproportionate capital increase or decrease	-	(46,766)
Dividend received from ITEQ	(196,226)	(327,044)
Changes in retained earnings of associates	-	1,443
Changes in capital surplus of associates	<u>2,348</u>	<u>282</u>
Carrying amount of equity of ITEQ attributable to the Company at the end	7,711,966	7,838,047
Less: Goodwill	<u>(4,213,835)</u>	<u>(4,213,835)</u>
Shares of net assets of ITEQ at the end	<u><u>\$ 3,498,131</u></u>	<u><u>3,624,212</u></u>

(iii) Pledge to secure

As of December 31, 2023 and 2022, the investments accounted for using equity method were not pledged.

(iv) Judgment of whether the Company has substantive control over its investee

Please refer to the consolidated financial statements for the year ended December 31, 2023.

(v) Impairment testing for goodwill

ITEQ is regarded as a cash-generating unit to generate cash flows that are independent of those from others. Therefore, the impairment testing of the said investment accounted for using equity method is conducted by comparing the recoverable amount of ITEQ with its carrying amount to determine whether an impairment loss should be recognized.

On December 31, 2023 and 2022, the recoverable amount determined by using the value-in-use for the cash-generating unit was higher than the carrying amount. Therefore, there was no impairment loss should be recognized.

The key assumptions used in the estimation of the value-in-use were as follows:

- 1) The future cash flow that was based on ITEQ's expectations of future operations, taking into account the past experience, adjusted for the anticipated revenue growth.
- 2) The assumption on discount rate which was based on the weighted average cost of the capital. As of December 31, 2023 and 2022, the applied before-tax discount rate of the recoverable amount of the units were 9.19% and 7.16%, respectively.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(g) Property, plant and equipment

The movements in property, plant and equipment were as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Factory and equipment</u>	<u>Other equipment</u>	<u>Construction in progress and inspection-awaired devices</u>	<u>Total</u>
Cost :							
Balance as of January 1, 2023	\$ 2,546,534	2,655,256	17,395,488	5,988,960	367,846	5,074,540	34,028,624
Additions	1,214,619	293,692	349,033	519,953	30,299	426,476	2,834,072
Reclassification (Note)	-	121,251	2,053,142	1,191,899	-	(1,879,331)	1,486,961
Disposals	-	(26,406)	(2,687,564)	(853,653)	(170,779)	-	(3,738,402)
Balance as of December 31, 2023	<u>\$ 3,761,153</u>	<u>3,043,793</u>	<u>17,110,099</u>	<u>6,847,159</u>	<u>227,366</u>	<u>3,621,685</u>	<u>34,611,255</u>
Balance as of January 1, 2022	\$ 2,546,534	2,762,785	20,146,590	6,355,231	344,102	1,772,383	33,927,625
Additions	-	1,668	640,543	293,002	123,468	2,963,650	4,022,331
Reclassification (Note)	-	-	1,602,202	41,153	563	338,507	1,982,425
Disposals	-	(109,197)	(4,993,847)	(700,426)	(100,287)	-	(5,903,757)
Balance as of December 31, 2022	<u>\$ 2,546,534</u>	<u>2,655,256</u>	<u>17,395,488</u>	<u>5,988,960</u>	<u>367,846</u>	<u>5,074,540</u>	<u>34,028,624</u>
Accumulated depreciation :							
Balance as of January 1, 2023	\$ -	1,049,935	10,268,148	3,043,429	197,153	-	14,558,665
Depreciation	-	141,367	2,934,155	603,804	105,493	-	3,784,819
Disposals	-	(26,406)	(2,687,564)	(851,416)	(170,779)	-	(3,736,165)
Balance as of December 31, 2023	<u>\$ -</u>	<u>1,164,896</u>	<u>10,514,739</u>	<u>2,795,817</u>	<u>131,867</u>	<u>-</u>	<u>14,607,319</u>
Balance as of January 1, 2022	\$ -	1,018,526	12,292,350	3,190,944	164,374	-	16,666,194
Depreciation	-	140,580	2,925,692	551,634	133,066	-	3,750,972
Disposals	-	(109,171)	(4,949,894)	(699,149)	(100,287)	-	(5,858,501)
Balance as of December 31, 2022	<u>\$ -</u>	<u>1,049,935</u>	<u>10,268,148</u>	<u>3,043,429</u>	<u>197,153</u>	<u>-</u>	<u>14,558,665</u>
Carrying value :							
Balance as of December 31, 2023	<u>\$ 3,761,153</u>	<u>1,878,897</u>	<u>6,595,360</u>	<u>4,051,342</u>	<u>95,499</u>	<u>3,621,685</u>	<u>20,003,936</u>
Balance as of January 1, 2022	<u>\$ 2,546,534</u>	<u>1,744,259</u>	<u>7,854,240</u>	<u>3,164,287</u>	<u>179,728</u>	<u>1,772,383</u>	<u>17,261,431</u>
Balance as of December 31, 2022	<u>\$ 2,546,534</u>	<u>1,605,321</u>	<u>7,127,340</u>	<u>2,945,531</u>	<u>170,693</u>	<u>5,074,540</u>	<u>19,469,959</u>

Note: Inventories and prepayments for business facilities were reclassified as property, plant and equipment.

(i) Pledge to secure

As of December 31, 2023 and 2022, property, plant and equipment were subject to a registered debenture to secured bank loans, the collateral for these long-term borrowings were disclosed in Note 8.

(ii) Property, plant and equipment under construction

The Company leased certain parcels pieces of land for the construction of its new factories, with the total amounts of \$3,207,625 thousand and \$2,824,599 thousand as of December 31, 2023 and 2022, respectively.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(iii) For the years ended December 31, 2023 and 2022, capitalized interest expenses amounted to \$66,751 thousand and \$49,897 thousand, respectively. The annual interest rates at which these interest expenses were capitalized ranged from 1.14%~1.56% and 0.57%~1.12%, respectively.

(h) Right-of-use assets

The movements in right-of-use assets were as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2023	\$ 491,748	121,960	14,452	628,160
Additions	96	5,182	5,684	10,962
Disposals	<u>(13,540)</u>	<u>-</u>	<u>(6,527)</u>	<u>(20,067)</u>
Balance as of December 31, 2023	<u>\$ 478,304</u>	<u>127,142</u>	<u>13,609</u>	<u>619,055</u>
Balance as of January 1, 2022	\$ 433,619	66,202	14,276	514,097
Additions	58,129	76,072	176	134,377
Disposals	<u>-</u>	<u>(20,314)</u>	<u>-</u>	<u>(20,314)</u>
Balance as of December 31, 2022	<u>\$ 491,748</u>	<u>121,960</u>	<u>14,452</u>	<u>628,160</u>
Accumulated depreciation:				
Balance as of January 1, 2023	\$ 64,758	59,610	8,861	133,229
Depreciation	30,719	16,110	4,020	50,849
Disposals	<u>(8,650)</u>	<u>-</u>	<u>(6,527)</u>	<u>(15,177)</u>
Balance as of December 31, 2023	<u>\$ 86,827</u>	<u>75,720</u>	<u>6,354</u>	<u>168,901</u>
Balance as of January 1, 2022	\$ 32,761	63,003	4,363	100,127
Depreciation	31,997	16,921	4,498	53,416
Disposals	<u>-</u>	<u>(20,314)</u>	<u>-</u>	<u>(20,314)</u>
Balance as of December 31, 2022	<u>\$ 64,758</u>	<u>59,610</u>	<u>8,861</u>	<u>133,229</u>
Carrying amount:				
Balance as of December 31, 2023	<u>\$ 391,477</u>	<u>51,422</u>	<u>7,255</u>	<u>450,154</u>
Balance as of January 1, 2022	<u>\$ 400,858</u>	<u>3,199</u>	<u>9,913</u>	<u>413,970</u>
Balance as of December 31, 2022	<u>\$ 426,990</u>	<u>62,350</u>	<u>5,591</u>	<u>494,931</u>

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(i) Investment property

The movements in investment property were as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost :			
Balance as of January 1, 2023	\$ 963,127	138,225	1,101,352
Additions	-	-	-
Balance as of December 31, 2023	<u>\$ 963,127</u>	<u>138,225</u>	<u>1,101,352</u>
Balance as of January 1, 2022	\$ 963,127	138,225	1,101,352
Additions	-	-	-
Balance as of December 31, 2022	<u>\$ 963,127</u>	<u>138,225</u>	<u>1,101,352</u>
Accumulated depreciation :			
Balance as of January 1, 2023	\$ -	52,720	52,720
Depreciation	-	5,317	5,317
Balance as of December 31, 2023	<u>\$ -</u>	<u>58,037</u>	<u>58,037</u>
Balance as of January 1, 2022	\$ -	47,404	47,404
Depreciation	-	5,316	5,316
Balance as of December 31, 2022	<u>\$ -</u>	<u>52,720</u>	<u>52,720</u>
Carrying amount :			
Balance as of December 31, 2023	<u>\$ 963,127</u>	<u>80,188</u>	<u>1,043,315</u>
Balance as of January 1, 2022	<u>\$ 963,127</u>	<u>90,821</u>	<u>1,053,948</u>
Balance as of December 31, 2022	<u>\$ 963,127</u>	<u>85,505</u>	<u>1,048,632</u>
Fair value :			
Balance as of December 31, 2023			<u>\$ 1,130,325</u>
Balance as of December 31, 2022			<u>\$ 1,166,818</u>

When measuring the fair value of its investment property, the Company considered the present value of net cash flows to be generated from leasing the property. The expected net cash flows were discounted using the yield to reflect its specified inherit risk on the net cash flows. The inputs to the valuation technique used for measuring fair value were categorized as a Level 2 fair value.

As of December 31, 2023 and 2022, the yield applied to the net annual rentals to determine fair value of property for which current prices in an active market were unavailable, was as follows:

<u>Location</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Hsinchu	0.83%	0.44%

As of December 31, 2023 and 2022, the investment property was not pledged.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(j) Intangible assets

The movements in intangible assets were as follows:

	<u>Technical know-how</u>	<u>Computer software and information systems</u>	<u>Others</u>	<u>Total</u>
Cost :				
Balance as of January 1, 2023	\$ 1,000	227,323	24	228,347
Additions	-	62,324	20,139	82,463
Disposals	-	(130,964)	(24)	(130,988)
Balance as of December 31, 2023	<u>\$ 1,000</u>	<u>158,683</u>	<u>20,139</u>	<u>179,822</u>
Balance as of January 1, 2022	\$ 47,005	263,157	3,275	313,437
Additions	-	40,815	24	40,839
Reclassification (Note)	-	230	-	230
Disposals	(46,005)	(76,879)	(3,275)	(126,159)
Balance as of December 31, 2022	<u>\$ 1,000</u>	<u>227,323</u>	<u>24</u>	<u>228,347</u>
Amortization :				
Balance as of January 1, 2023	\$ 279	150,986	12	151,277
Amortization	177	83,706	5,612	89,495
Disposals	-	(130,964)	(24)	(130,988)
Balance as of December 31, 2023	<u>\$ 456</u>	<u>103,728</u>	<u>5,600</u>	<u>109,784</u>
Balance as of January 1, 2022	\$ 42,913	129,723	2,583	175,219
Amortization	3,371	98,142	704	102,217
Disposals	(46,005)	(76,879)	(3,275)	(126,159)
Balance as of December 31, 2022	<u>\$ 279</u>	<u>150,986</u>	<u>12</u>	<u>151,277</u>
Carrying amount :				
Balance as of December 31, 2023	<u>\$ 544</u>	<u>54,955</u>	<u>14,539</u>	<u>70,038</u>
Balance as of January 1, 2022	<u>\$ 4,092</u>	<u>133,434</u>	<u>692</u>	<u>138,218</u>
Balance as of December 31, 2022	<u>\$ 721</u>	<u>76,337</u>	<u>12</u>	<u>77,070</u>

Note: Prepayments for business facilities were reclassified as intangible assets.

(i) Amortization expense recognized in profit or loss

The amortization expenses of intangible assets were as follows:

	<u>2023</u>	<u>2022</u>
Operating costs	\$ 35,670	32,070
Operating expenses	53,825	70,147
	<u>\$ 89,495</u>	<u>102,217</u>

(ii) As of December 31, 2023 and 2022, the intangible assets were not pledged.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(k) Other current assets and other non-current assets

	December 31, 2023	December 31, 2022
Business tax refund receivables	\$ 65,768	41,160
Prepaid expense	130,322	106,248
Restricted assets	49,187	48,942
Refundable deposits	70,908	120,959
Long-term prepayments to suppliers	75,240	55,424
Other receivables	8,458	30,000
Others	4,880	4,880
	<u>\$ 404,763</u>	<u>407,613</u>

(l) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured short-term borrowings	\$ -	-
Unused bank credit lines for short-term borrowings	<u>\$ 1,210,000</u>	<u>1,205,517</u>
Unused bank credit lines for short-term and long-term borrowings	<u>\$ 4,342,636</u>	<u>3,308,682</u>

(m) Long-term borrowings

	December 31, 2023	December 31, 2022
Secured long-term borrowings (in TWD)	\$ 1,200,000	-
Unsecured long-term borrowings (in TWD)	13,743,277	10,617,247
Less: Current portion	<u>(2,996,728)</u>	<u>(1,731,147)</u>
Total	<u>\$ 11,946,549</u>	<u>8,886,100</u>
Unused bank credit lines for long-term borrowings	<u>\$ 8,508,017</u>	<u>11,208,868</u>
Annual interest rate	<u>1.00%~2.04%</u>	<u>0.75%~1.60%</u>
Expiry date	<u>2025/02/15~2038/08/14</u>	<u>2024/05/17~2029/01/20</u>

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

As of December 31, 2023, the remaining balances of the borrowing due were as follows:

<u>Redemption period</u>	<u>Amount</u>
January 1, 2024~December 31, 2024	\$ 2,996,728
January 1, 2025~December 31, 2025	6,346,899
January 1, 2026~December 31, 2026	1,935,017
January 1, 2027~December 31, 2027	1,475,017
January 1, 2028 and after	<u>2,189,616</u>
	<u><u>\$ 14,943,277</u></u>

(i) The unused bank credit lines for short-term and long-term borrowings at the reporting date were disclosed in Note 6(1).

(ii) The collateral for these long-term borrowings were disclosed in Note 8.

(n) Bonds payable

The details of bonds payable were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Overseas convertible bonds issuance balance	\$ 4,869,216	11,092,858
Less: Unamortized discounted bonds payable	(125,382)	(423,303)
Current portion	<u>(4,743,834)</u>	<u>-</u>
Total	<u><u>\$ -</u></u>	<u><u>10,669,555</u></u>
Proceeds from issuance (less transaction cost amounted to \$89,226 thousand)		\$ 13,902,774
Equity components (less transaction cost amortized to equity component of \$4,147 thousand)		(639,583)
Embedded derivatives instruments — put/ call options		<u>(139,920)</u>
Liability components at the issuance date (less transaction cost allocated to liability component of \$85,079 thousand)		13,123,271
Interest expense at an effective interest rate of 1.28%		416,244
Repurchases of bonds payable		<u>(8,795,681)</u>
Liability components as of December 31, 2023		<u><u>\$ 4,743,834</u></u>

The Company resolved to issue the first unsecured overseas convertible bonds, as proposed in the Board of Directors meeting held on November 27, 2020, which had been approved by the Financial Supervisory Commission with approval No.1090377907 on December 25, 2020 and been issued on the Singapore Exchange Securities Trading Limited on January 14, 2021. The Company issued the 5 years unsecured convertible bond, amounting to US\$500,000 thousand without coupon rate, with the maturity dates on January 14, 2026.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

Unless previously redeemed, repurchased, and cancelled or converted, regulations and except during the closed period, the bonds may be converted into the Company's common shares pursuant to the applicable laws and regulations and the indenture at any time starting from the next day immediately after three months from the issue date to (1) the 10 day prior to the maturity date or (2) the 5 business day prior to the applicable redemption date on which a bondholder exercises its put right or the applicable date (other than the maturity date) on which the Company exercises its redemption right.

The conversion price was 140% of the closing price of the Company's common share on the Taipei Exchange on the pricing date, which was NT\$497. The number of common shares to be delivered upon conversion of any bond will be determined with the principal amount of the bonds multiplied by the fixed exchange rate, which is NT\$27.984 to US\$1, which as determined on the pricing date and divided by the conversion price in effect on the date of conversion. After the issuance of the bonds, the conversion price shall be adjusted in accordance with the relevant anti-dilution provisions of the indenture. As of December 31, 2023, the conversion price was adjusted to NT\$457.13 per share.

The above-mentioned convertible bonds included liabilities and equity components. The equity component was accounted under the capital surplus-stock option. The effective interest rate originally recognized for the liability component was 1.28%.

For the years ended December 31, 2023 and 2022, the Company has repurchased the first issued unsecured overseas convertible bonds in 2020 at the principle amount of US\$222,400 thousand and \$103,600 thousand, respectively, and consequently, derecognized the related derivative financial liabilities. The difference between the repurchased amount and the carrying amount was recognized under other gains and losses. Please refer to Note 6(x).

(o) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2023	December 31, 2022
Current	\$ <u>47,398</u>	<u>50,525</u>
Non-current	\$ <u>407,696</u>	<u>447,496</u>

For the maturity analysis, please refer to Note 6(y).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expenses on lease liabilities	\$ <u>4,261</u>	<u>4,555</u>
Expenses relating to short-term leases	\$ <u>2,002</u>	<u>4,715</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>1,540</u>	<u>1,554</u>

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

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

	2023	2022
Total cash outflow for leases	\$ 56,760	62,431

(i) Land, buildings and structures leases

The Company leases land, buildings and structures for its plants, parking lots and staff dormitories. The leases of them typically run for a period of 3 to 20 years.

(ii) Other leases

The Company leases printer and transportation equipment, with lease terms of 2 to 5 years.

(iii) Others

Parts of the leases of dormitories, machinery and equipment are with contract terms of less than one year. These leases are short-term. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases. Also, some leases contain cancellation options exercisable by the Company. In which leases are not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(p) Operating lease

The Company leased its investment property under operating lease, which was disclosed in Note 6(i).

For the years ended December 31, 2023 and 2022, the rent income from investment properties were \$30,866 thousand and \$29,503 thousand, respectively.

(q) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value was as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	\$ 136,742	135,876
Fair value of plan assets	(45,773)	(44,464)
Net defined benefit liabilities (Note)	\$ 90,969	91,412

Note: Recognized liabilities for defined benefit obligations were recognized as other non-current liabilities.

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

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

1) Composition of plan assets

The Company set aside pension funds in accordance with the legislation from the Ministry of Labor and managed by the Bureau of Labor Funds. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the legislation "Management and Utilization of the Labor Pension Funds".

The Company's labor pension reserve account balance in the Bank of Taiwan amounted to \$45,773 thousand as of December 31, 2023. The utilization of the labor pension fund assets includes the asset allocation and the yield of the fund. Please refer to the website of Bureau of Labor Funds, Ministry of Labor.

2) The movements in present value of the defined benefit obligations

For the years ended December 31, 2023 and 2022, movements in the present value of the defined benefit obligations were as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligations at the beginning	\$ 135,876	162,260
Current service costs and interest costs	3,132	2,167
Remeasurements of the net defined benefit liability (asset):		
– Actuarial (gains) losses arising from financial assumptions	1,512	(21,463)
– Actuarial (gains) losses arising from experience adjustments	(2,659)	2,957
Paid in the current period	<u>(1,119)</u>	<u>(10,045)</u>
Defined benefit obligations at the end	<u>\$ 136,742</u>	<u>135,876</u>

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

3) The movements in fair value of the defined benefit plan assets

For the years ended December 31, 2023 and 2022, movements in the fair value of the plan assets were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets at the beginning	\$ 44,464	49,234
Interest revenue	768	367
Remeasurements of the net defined benefit liability (asset):		
— Return on plan assets (excluding the interest revenue)	219	3,729
Amounts contributed to plan	1,441	1,179
Paid in the current period	<u>(1,119)</u>	<u>(10,045)</u>
Fair value of plan assets at the end	<u>\$ 45,773</u>	<u>44,464</u>

4) The movements in effect of plan asset ceiling

For the years ended December 31, 2023 and 2022, there were no movements in the effect of plan asset ceiling.

5) The expenses recognized in profit or loss

For the years ended December 31, 2023 and 2022, the expenses recognized in profit or loss for the Company were as follows:

	<u>2023</u>	<u>2022</u>
Current service costs	\$ 854	993
Net interest expense of net defined benefit liability (asset)	<u>1,510</u>	<u>807</u>
	<u>\$ 2,364</u>	<u>1,800</u>
	<u>2023</u>	<u>2022</u>
Administrative expenses	<u>\$ 2,364</u>	<u>1,800</u>

6) The remeasurements of the net defined benefit liabilities (assets) recognized in other comprehensive income

For the years ended December 31, 2023 and 2022, the remeasurements of the net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

	<u>2023</u>	<u>2022</u>
Balance at the beginning	\$ 51,825	74,060
Recognized in the current period	<u>(1,366)</u>	<u>(22,235)</u>
Balance at the end	<u>\$ 50,459</u>	<u>51,825</u>

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

7) Actuarial assumptions

At the end of the reporting date, the principal actuarial assumptions were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.625 %	1.75 %
Future salary rate increases	4.00 %	4.00 %

The Company expects to make contributions of \$1,141 thousand to the defined benefit plans in the next year starting from December 31, 2023.

The weighted average duration of the defined benefit plans is 13.81 years.

8) Sensitivity analysis

As of December 31, 2023, and 2022, the changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

	<u>Influences of defined benefit obligations</u>	
	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>
December 31, 2023		
Discount rate	\$ (2,997)	3,089
Future salary increase rate	2,954	(2,886)
December 31, 2022		
Discount rate	\$ (3,195)	3,309
Future salary increase rate	3,174	(3,082)

There is no change in other assumptions when performing the above-mentioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company set aside a fixed amount to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The Company set aside \$120,271 thousand and \$125,633 thousand of the pension under the pension plan costs to the Bureau of Labor Insurance for the years ended December 31, 2023 and 2022, respectively.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(r) Income tax

(i) Income tax expenses

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

	<u>2023</u>	<u>2022</u>
Current tax expenses (benefits)		
Current period	\$ 276,804	812,943
Adjustment for prior periods	(9,167)	(74,248)
Subtotal	<u>267,637</u>	<u>738,695</u>
Deferred tax expenses		
Origination and reversal of temporary differences	(389,417)	(327,260)
Income tax expenses (benefits)	<u>\$ (121,780)</u>	<u>411,435</u>

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

	<u>2023</u>	<u>2022</u>
Components of other comprehensive income that will not be classified to profit or loss:		
The remeasurements of defined benefit plans	<u>\$ 273</u>	<u>4,447</u>

Reconciliation of income tax expenses (benefits) and profit (loss) before tax were as follows:

	<u>2023</u>	<u>2022</u>
Profit (loss) before tax	<u>\$ (201,437)</u>	<u>2,213,604</u>
Estimated income tax calculated using the Company's domestic tax rate	\$ (40,287)	442,720
Tax-exempt income	(952)	(5,610)
Investment tax credits	(60,000)	(60,000)
Adjustment for prior periods	(9,167)	(74,248)
Additional tax on undistributed earnings	-	76,999
Others	(11,374)	31,574
	<u>\$ (121,780)</u>	<u>411,435</u>

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(ii) Deferred tax assets and liabilities

The movements in deferred tax assets and liabilities were as follows:

	Allowance for obsolete inventories	Difference in depreciation expense between financial and tax method	Unrealized investment losses recognized under equity method	Others	Total
Deferred tax assets:					
Balance as of January 1, 2023	\$ 91,745	374	612,518	51,477	756,114
Recognized in profit or loss	4,031	(374)	337,064	32,511	373,232
Recognized in other comprehensive income	-	-	-	(273)	(273)
Balance as of December 31, 2023	<u>\$ 95,776</u>	<u>-</u>	<u>949,582</u>	<u>83,715</u>	<u>1,129,073</u>
Balance as of January 1, 2022	\$ 56,838	1,343	278,551	80,384	417,116
Recognized in profit or loss	34,907	(969)	333,967	(24,460)	343,445
Recognized in other comprehensive income	-	-	-	(4,447)	(4,447)
Balance as of December 31, 2022	<u>\$ 91,745</u>	<u>374</u>	<u>612,518</u>	<u>51,477</u>	<u>756,114</u>
		Unrealized exchange gain			
Deferred tax liabilities:					
Balance as of January 1, 2023	\$ 16,185				
Recognized in profit	(16,185)				
Balance as of December 31, 2023	<u>\$ -</u>				
Balance as of January 1, 2022	\$ -				
Recognized in loss	16,185				
Balance as of December 31, 2022	<u>\$ 16,185</u>				

(iii) Assessment

The Company's corporate income tax returns for all the years through 2021 were assessed by the tax authorities.

(s) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the Company's authorized share capital consisted of 1,000,000 thousand shares of ordinary shares, with \$10 dollars par value per share, and the paid-in capital amounted to \$4,239,404 thousand, of which 423,940 thousand shares were issued. The Company has reserved \$1,000,000 thousand for employee stock options.

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

Reconciliations of shares outstanding for the years ended December 31, 2023 and 2022:

	Ordinary share (in thousands)	
	2023	2022
Balance at the beginning	423,940	423,976
Purchase and retirement of restricted shares of stock for employees	-	(36)
Balance at the end	<u>423,940</u>	<u>423,940</u>

On August 12, 2022, the Company's Board of Directors approved a resolution to redeem the unvested restricted employee share of stock amounting to 36 thousand shares, at \$10 dollars par value per share, amounting to \$360 thousand. The recognition date for capital reduction was August 31, 2022. All related registration had been completed. There was no such transaction for the year ended December 31, 2023.

(ii) Capital surplus

The details of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	\$ 9,234,813	9,234,813
Equity component of convertible bonds	639,583	639,583
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	92,094	88,994
Employee stock options	<u>698</u>	<u>698</u>
	<u>\$ 9,967,188</u>	<u>9,964,088</u>

In accordance with amended Company Act, realized capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the actual amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that 10% of the balance of annual income or earnings after deducting accumulated deficit, if any, must be set aside as a legal reserve and a special capital reserve is likewise appropriated or the annual income or earnings are retained in accordance with the relevant laws or regulations or as requested by the authorities. Otherwise, the Company shall set aside at least 50% for shareholder, the distribution of remaining balance of the earnings should be further proposed by the Board of Directors and resolved by the shareholders' meeting. And the cash dividends should not lower than 10% of the total stockholders' dividends.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

It is authorized the distributable dividends and bonuses or legal capital reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

As the Company is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in appropriating its remaining earnings as its dividend policy in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth.

1) Legal reserve

If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the legal reserve either by new shares or by cash of up to 25% of the actual share capital.

2) Special reverse

In accordance with the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the total net reduction of current period of other shareholders' equity resulting from the IFRS first-time adoption. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the IFRS first time adoption. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Appropriations of earnings

The appropriations of earning for 2022 and 2021 had been approved in the meeting of Board of Directors held on March 9, 2023, and March 18, 2022, respectively. The appropriations and dividends were as follows:

	<u>2022</u>	<u>2021</u>
Cash dividends	<u>\$ 1,059,851</u>	<u>3,391,811</u>

The related information mentioned above can be found on websites such as the Market Observation Post System.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(iv) Other equity interest, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income
Balance as of January 1, 2023	\$ 61,004	712,629
Foreign currency differences (net of tax):		
– Subsidiaries	(16,086)	-
– Associates	(56,971)	-
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income (net of tax):		
– The Company	-	589,174
– Subsidiaries	-	1,242,600
– Associates	-	3,259
Balance as of December 31, 2023	<u>\$ (12,053)</u>	<u>2,547,662</u>

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Other unearned compensation for restricted shares of employees
Balance as of January 1, 2022	\$ (269,409)	1,044,071	(6,597)
Foreign currency differences (net of tax):			
– Subsidiaries	295,170	-	-
– Associates	35,243	-	-
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income (net of tax):			
– The Company	-	(110,277)	-
– Subsidiaries	-	(203,245)	-
– Associates	-	910	-
Cumulative gains (losses) reclassified to retained earnings on disposal of investment in equity instruments at fair value through other comprehensive income (net of tax)	-	(18,830)	-
Forfeiture of unvested restricted shares of employees	-	-	6,558
Compensation cost arising from restricted shares of employees	-	-	39
Balance as of December 31, 2022	<u>\$ 61,004</u>	<u>712,629</u>	<u>-</u>

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(t) Share-based payment

The Company issued restricted shares of stock for employees

On June 15, 2018, the shareholders' meeting approved a resolution to issue 1,700 thousand new restricted employee shares to full-time regular employees who meet specific requirements. The above transaction had been approved by the Financial Supervisory Commission. The Company decided that the grant date was set on August 22, 2018 and in accordance with the resolution of Board of Directors meeting held on September 14, 2018, the Company issued 1,148 thousand shares (the date of capital increase was set on September 14, 2018), with the fair-value on grant date amounting to \$175,357 thousand. On March 21, 2019, the Company's Board of Directors approved a resolution to redeem the unvested restricted employee share of stock amounting to 20 thousand shares. The Company decided that the second grant date was set on May 10, 2019. And in accordance with the resolution of Board of Directors meeting held on May 14, 2019, the Company issued 262 thousand shares (the date of capital increase was set on May 14, 2019), with the fair-value on grant date amounting to \$50,364 thousand. The remaining amount of 290 thousand shares will not be processed during the remaining period.

On May 13, 2022, the Company took back unvested restricted employee share of stock amounting to 36 thousand shares.

As of December 31, 2023 and 2022, the Company has no existing share-based payment transactions. Details of the restricted shares of stock for employees were as follows:

	(In thousand shares)
	<u>2022</u>
Outstanding shares at January 1	262
Vested shares during the year	(226)
Retirement shares during the year	<u>(36)</u>
Outstanding shares at December 31	<u><u>-</u></u>

For the year ended December 31, 2022, the Company recognized the compensation cost of \$39 thousand for the aforementioned RSA. There was no such transaction for the year ended December 31, 2023.

Those employees with the restricted stock awards (RSA) are entitled to purchase shares without cost under the conditions that these employees will continue to provide service to the Company for at least 3 years (from the grant date), and meet certain requirement. Based on the Company's requirements, the restricted employee shares should be fully vested in the third year after the grant date. These shares shall not be sold, pledged, transferred, gifted, or disposed by any other means to third parties during the custody period. The voting rights of these shareholders need not be executed by the custodian and will act based on law and regulations. The cash and stock dividends distributed during the custody period will be granted to the employees. If the shares remain unvested after the vesting period, the Company will redeem all the unvested shares, and cancel the shares thereafter.

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(u) Earnings per share (“EPS”)

	<u>2023</u>	<u>2022</u>
Basic earnings per share:		
Profit (loss) belonging to common shareholders	\$ <u>(79,657)</u>	<u>1,802,169</u>
Weighted-average number of outstanding shares of common stock (in thousands shares)	<u>423,940</u>	<u>423,858</u>
Basic earnings per share (in dollars)	\$ <u>(0.19)</u>	<u>4.25</u>
Diluted earnings per share:		
Profit (loss) belonging to common shareholders	\$ (79,657)	1,802,169
Interest expense and other gains and losses on convertible bonds, net of tax	<u>(63,561)</u>	<u>-</u>
Profit (loss) belonging to common shareholders (diluted)	\$ <u>(143,218)</u>	<u>1,802,169</u>
Weighted-average number of outstanding shares of common stock (in thousands shares)	423,940	423,858
Effect of potentially dilutive common stock		
Employee remuneration (in thousands shares)	-	1,406
Restricted employee shares (in thousands shares)	-	82
Effect of conversion of convertible bonds (in thousands shares)	<u>16,531</u>	<u>-</u>
Weighted-average number of common stock (diluted) (in thousands shares)	<u>440,471</u>	<u>425,346</u>
Diluted earnings per share (in dollars)	\$ <u>(0.33)</u>	<u>4.24</u>

For the year ended December 31, 2023, the employee compensation had anti-diluted effects and hence the employee compensation was not included in the calculation of effect on potentially diluted common stock. Furthermore, for the year ended December 31, 2022, the convertible bonds had anti-diluted effects if the bonds were converted, and hence the convertible bonds were not included in the calculation of effect on potentially diluted common stock.

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2023</u>	<u>2022</u>
Primary geographical markets:		
Asia	\$ 10,512,280	10,630,031
Americas	2,919,651	5,345,625
Taiwan	637,373	918,218
Europe	797,306	917,211
Other	2,359	-
	<u>\$ 14,868,969</u>	<u>17,811,085</u>
Main product / services lines:		
Foundry	\$ 14,860,767	17,811,085
Other	8,202	-
Total	<u>\$ 14,868,969</u>	<u>17,811,085</u>

(ii) Balance of contracts

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Accounts receivable	\$ 1,135,214	909,758	2,708,951
Less: loss allowance	-	-	-
	<u>\$ 1,135,214</u>	<u>909,758</u>	<u>2,708,951</u>
Contract liabilities	<u>\$ 549,538</u>	<u>218,576</u>	<u>339,851</u>

For details of accounts receivable and allowance for impairment, please refer to Note 6(c).

The major 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 amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liabilities balance at the beginning of the period was \$177,620 thousand and \$299,807 thousand, respectively.

(w) Employees' and directors' remuneration

According to the Company's Article of Incorporation, if there is any net profit after closing of a fiscal year, it shall be allocated according to the following principles:

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

- (i) Employees' remuneration: not less than 5% but no more than 10% shall be distributed in the form of shares or cash. Stock-type employee remuneration may be distributed to qualified employees of affiliates of the Company.
- (ii) Directors' remuneration: no more than 3%.

However, if there are any accumulated losses of the Company, the Company shall pre-reserve the amount to offset the loss. The distribution of employees' remuneration and directors' remuneration shall follow the special resolution by Board of Directors, and report it to the shareholders' meeting.

The Company estimated its employees' and directors' remuneration as follows:

	<u>2023</u>	<u>2022</u>
Employees' remuneration	\$ -	149,000
Directors' remuneration	-	38,000
	<u>\$ -</u>	<u>187,000</u>

The amount of employees' remuneration, and directors' remuneration were estimated based on profit before tax, net of the amount of the remuneration and accumulated losses, and then multiplied by the rule of Company's Article of Incorporation. The above remuneration was included in the operating costs and operating expenses of the year ended December 31, 2022. For the year end December 31, 2023, no remunerations to employees and directors were accrued due to the net loss before income tax incurred by the Company. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.

There was no difference between the actual distributed amounts as determined by the Board of Directors and those recognized in the Company's parent-company-only financial statements of the year ended December 31, 2022.

The related information mentioned above can be found on websites such as the Market Observation Post System.

(x) Non-operating income and expenses

(i) Interest income

The details of interest incomes for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 164,958	100,498
Other interest income	13	9
Interest income	<u>\$ 164,971</u>	<u>100,507</u>

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(ii) Other income

The details of other income for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Dividend income	\$ 35,120	184,267
Rent income	40,003	38,703
Other income	<u>\$ 75,123</u>	<u>222,970</u>

(iii) Other gains and losses

The details of other gains and losses for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Gains on disposals of property, plant and equipment	\$ 3,330	36,499
Foreign exchange gains (losses)	(624,275)	665,388
Losses on financial assets or liabilities at fair value through profit or loss	(63,494)	(577,357)
Gains on repurchases of bonds payable	816,823	600,777
Government grants income	48,773	25,185
Guarantee income	81,486	63,885
Others	71,029	34,974
Other gains and losses	<u>\$ 333,672</u>	<u>849,351</u>

(iv) Finance costs

The details of finance costs for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Interest expenses		
Bank borrowings	\$ 153,039	75,803
Bonds payable	91,689	161,187
Lease liabilities	4,261	4,555
Less: capitalized interest	(66,751)	(49,897)
Subtotal	182,238	191,648
Other finance costs	647	145
Finance costs	<u>\$ 182,885</u>	<u>191,793</u>

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(y) Financial instruments

(i) Credit risk

1) Exposure of credit risk

a) As at reporting, the Company's exposure to credit risk and the maximum exposure were mainly from:

- i) The carrying amount of financial assets recognized in the balance sheet; and
- ii) The amount of liabilities as a result from the Company providing financial guarantees were USD\$300,000 thousand as of December 31, 2023 and 2022 (the amounts both are equivalent to \$9,213,000 thousand).

In December 2021, the subsidiaries entered into a three-year syndicated loan agreement with Far Eastern International Bank and other ten banks. The total credit facility under this loan agreement is US\$300,000 thousand. Also, The Company is the joint guarantor of this syndicated loan agreement.

The related financial covenants and restrictions for the syndicated loans mentioned above were as follows:

- At the end of reporting period, current ratio (current assets / current liabilities): shall not be lower than 100%;
- Interest coverage ratio [(profit before tax + depreciation + amortization + interest expense) / interest expense]: shall not be lower than 100%; and
- Tangible net assets value (equity – intangible assets): shall not be lower than NT\$20,000,000 thousand.

After the guarantor signs the loan agreement, the aforementioned financial ratio and criteria will be reviewed semi-annually, which are based on the year-end consolidated financial statements audited by the Certified Public Accountants (CPAs) that are approved by the leading bank, as well as the semi-annual consolidated financial statements reviewed by the CPAs.

Although the Group breached the above restriction of the current ratio in the second quarter of 2023, the Group was able to obtain a waiver letter in June 2023 after negotiating with the banks. Hence, the Group need not have to repay the loans immediately.

For the year ended December 31, 2023 and 2022, the Group were in compliance with the above financial covenants and restrictions.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

2) Disclosures about concentrations of risk

As of December 31, 2023 and 2022, the Company's accounts receivable were concentrated on 4 and 6 customers, respectively, whose accounts represented 41% and 58% of the total accounts receivable, respectively. In order to reduce the credit risk on these accounts receivable, the Company continues to evaluate the financial status of these customers and request for collaterals when necessary.

3) Receivables and debt securities

For information on credit risk regarding accounts receivable, please refer to Note 6(c).

Other financial assets measured at amortized cost include other receivables. For related impairment, please refer to Note 6(d).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited 12 months expected losses.

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
As of December 31, 2023						
Non-derivative financial liabilities						
Secured bank loans	\$ 1,200,000	1,399,163	24,512	55,151	339,854	979,646
Unsecured bank loans	13,743,277	14,127,706	3,181,583	6,427,642	4,143,481	375,000
Bonds payable	4,743,834	4,724,953	4,724,953	-	-	-
Accounts payable	1,335,275	1,335,275	1,335,275	-	-	-
Other payables (including related parties)	1,955,244	1,955,244	1,955,244	-	-	-
Guarantee deposits received	111,141	111,141	1,141	-	110,000	-
Lease liabilities	455,094	485,822	51,273	49,184	99,162	286,203
	<u>\$ 23,543,865</u>	<u>24,139,304</u>	<u>11,273,981</u>	<u>6,531,977</u>	<u>4,692,497</u>	<u>1,640,849</u>
As of December 31, 2022						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 10,617,247	10,874,528	1,855,307	3,705,258	5,030,702	283,261
Bonds payable	10,669,555	10,764,204	-	10,764,204	-	-
Accounts payable	1,001,659	1,001,659	1,001,659	-	-	-
Other payables (including related parties)	1,984,466	1,984,466	1,984,466	-	-	-
Guarantee deposits received	110,287	110,287	169	118	-	110,000
Lease liabilities	498,021	532,746	54,743	50,800	117,637	309,566
	<u>\$ 24,881,235</u>	<u>25,267,890</u>	<u>4,896,344</u>	<u>14,520,380</u>	<u>5,148,339</u>	<u>702,827</u>

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

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(iii) Currency risk

1) Exposure to currency risk

The Company's significant exposure to financial assets and liabilities of foreign currency risk were as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 232,182	30.71	7,130,310	221,746	30.71	6,809,827
EUR	70	34.02	2,390	607	32.72	19,877
JPY	210,115	0.2173	45,658	727,741	0.2324	169,127
GBP	2	39.18	77	2	37.09	73
SGD	1	23.31	<u>20</u>	1	22.88	<u>20</u>
			\$ 7,178,455			\$ 6,998,924
<u>Non-monetary items</u>						
USD	\$ 300,764	30.71	\$ 9,236,453	317,323	30.71	\$ 9,744,974
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 20,705	30.71	635,847	15,932	30.71	489,265
EUR	452	34.02	15,386	226	32.72	7,395
JPY	665,539	0.2173	<u>144,622</u>	366,445	0.2324	<u>85,162</u>
			\$ 795,855			\$ 581,822

2) 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, accounts receivable, other receivables, financial assets at fair value through profit or loss, accounts payable and other payables (including related parties) that are denominated in foreign currency. A strengthening (weakening) 5% of appreciation (depreciation) of the TWD against the USD, EUR, JPY, GBP and the SGD etc. for the years ended December 31, 2023 and 2022 have increased (decreased) the net profit after tax by \$255,304 thousand and \$279,203 thousand, respectively. The analysis assumes that all other variables remain constant.

3) Foreign exchange gains and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$(624,275) thousand and \$665,388 thousand, respectively.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(iv) Interest rate risk

Please refer to the attached note for the liquidity risk and the Company's interest rate exposure to its financial liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on the non-derivatives financial 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.

If the interest rate increases (decreases) by 0.5%, the Company's net profit after tax have increased (decreased) by \$35,782 thousand and \$31,921 thousand for the years ended December 31, 2023 and 2022, respectively, all other variable factors that remain constant. This is mainly due to the Company's borrowing in floating rates.

(v) Fair value

1) Financial instruments classifications and fair values

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	Carrying value	December 31, 2023			Total
		Fair value			
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	\$ 6,239	6,239	-	-	6,239
Private fund	1,334,075	-	-	1,334,075	1,334,075
Subtotal	<u>\$ 1,340,314</u>	<u>6,239</u>	<u>-</u>	<u>1,334,075</u>	<u>1,340,314</u>
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ 707,122	707,122	-	-	707,122
Non-public stocks	373,751	-	-	373,751	373,751
Subtotal	<u>\$ 1,080,873</u>	<u>707,122</u>	<u>-</u>	<u>373,751</u>	<u>1,080,873</u>
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	\$ 7,496,614	-	-	-	-
Accounts receivable (Note)	1,135,214	-	-	-	-
Other receivables (Note)	8,458	-	-	-	-
Other non-current assets (Note)	120,095	-	-	-	-
Subtotal	<u>\$ 8,760,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	<u>\$ 231,774</u>	<u>-</u>	<u>231,774</u>	<u>-</u>	<u>231,774</u>

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	December 31, 2023				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Bank loans (Note)	\$ 14,943,277	-	-	-	-
Bonds payable (Note)	4,743,834	-	-	-	-
Accounts payable (Note)	1,335,275	-	-	-	-
Other payables (including related parties) (Note)	1,955,244	-	-	-	-
Guarantee deposits received (Note)	111,141	-	-	-	-
Lease liabilities (Note)	455,094	-	-	-	-
Subtotal	\$ 23,543,865	-	-	-	-
December 31, 2022					
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	\$ 9,549	9,549	-	-	9,549
Private fund	1,369,943	-	-	1,369,943	1,369,943
Subtotal	\$ 1,379,492	9,549	-	1,369,943	1,379,492
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ 73,796	73,796	-	-	73,796
Non-public stocks	438,736	-	-	438,736	438,736
Subtotal	\$ 512,532	73,796	-	438,736	512,532
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	\$ 7,212,951	-	-	-	-
Accounts receivable (Note)	909,758	-	-	-	-
Other receivables (Note)	30,000	-	-	-	-
Other non-current assets (Note)	169,901	-	-	-	-
Subtotal	\$ 8,322,610	-	-	-	-
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 449,261	-	449,261	-	449,261
Financial liabilities measured at amortized cost					
Bank loans (Note)	\$ 10,617,247	-	-	-	-
Bonds payable (Note)	10,669,555	-	-	-	-
Accounts payable (Note)	1,001,659	-	-	-	-
Other payables (including related parties) (Note)	1,984,466	-	-	-	-
Guarantee deposits received (Note)	110,287	-	-	-	-
Lease liabilities (Note)	498,021	-	-	-	-
Subtotal	\$ 24,881,235	-	-	-	-

Note: The information on fair value is not disclosed since the carrying amount is a reasonable approximation of fair value.

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

2) Valuation techniques of financial instrument not valued at fair value

The valuation techniques of the Company's financial instruments not valued at fair value by using the methods and assumptions are as follows:

- Financial asset measured at amortized cost and financial liability measured at amortized cost.

If recent transaction prices or market maker quotes are available, the fair value is based on such information. If there is no quoted market price available, the fair value is determined by using valuation techniques and calculated as the present value of the estimated cash flows.

3) Valuation techniques of financial instruments valued at fair value

a) Non-derivative instruments

The fair value of financial assets and liabilities traded in an active market is based on the quoted market prices. The quotation, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.

A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis. Otherwise, the market is deemed to be inactive. Normally, a market is considered to be inactive when:

- the bid-ask spread is increasing; or
- the bid-ask spread varies significantly; or
- there has been a significant decline in trading volume.

When the financial instrument of the Company is traded in an active market, its fair value is illustrated by the category and nature as follows:

- Financial assets and liabilities with standard terms and conditions and traded in an active market, for example, investment in stock of listed companies: the fair value is based on the market quoted price.

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Except for the above-mentioned financial instruments traded in an active market, the fair value is based on the valuation techniques or the quotation from the counter-party. The fair value refers to the current fair value of the other financial instruments with similar conditions and characteristics, using a discounted cash flow analysis or other valuation techniques, such as calculations of using models (for example, applicable yield curve from Taipei Exchange, or average quoted price on interest rate of commercial paper from Reuters), based on the information acquired from the market at the balance sheet date.

When the financial instrument of the Company is not traded in an active market, its fair value is illustrated by the category and nature as follows:

- The fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.
- The fair value is determined by using the asset-based approach, whose assumptions are based on the market approach, income approach, cost approach or other valuation methods according to the nature of the assets or liabilities of the subject companies.

b) Derivative instruments

The fair value is determined by using the models that are acceptable to the market participants, for example, discounted cash flow analyses or option pricing models. Forward exchange contracts are measured using quoted forward exchange rates. The fair value of structured interest derivative financial instruments is determined by using the proper option pricing models, such as Black-Scholes model, or other valuation technique, such as Monte Carlo simulation.

4) Level transfers of financial instruments

In July 2023, Gogolook Co., Ltd., which the Company holds an investment in equity shares of, listed its equity shares on a stock exchange and it is currently actively traded in the market. Because the equity shares now have published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy since the third quarter of 2023. For the year ended December 31, 2022, there was no change on the fair value hierarchy of level 2 and level 1 financial asset.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

5) Movement of level 3

	<u>Fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>
	<u>Private fund</u>	<u>Unquoted equity instruments</u>
January 1, 2023	\$ 1,369,943	438,736
Total gains or losses:		
Recognized in profit and loss	(73,900)	-
Recognized in other comprehensive income	-	65,471
Purchased	61,351	-
Capital reduction	(23,319)	(20,833)
Transfers out of level 3	-	(109,623)
December 31, 2023	<u>\$ 1,334,075</u>	<u>373,751</u>
January 1, 2022	\$ 1,442,016	535,376
Total gains or losses:		
Recognized in profit and loss	(139,854)	-
Recognized in other comprehensive income	-	(59,229)
Purchased	81,889	-
Disposals	-	(19,744)
Capital reduction	(14,108)	(17,667)
December 31, 2022	<u>\$ 1,369,943</u>	<u>438,736</u>

The preceding gains and losses were recognized as “other gains and losses” and “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”. As of December 31, 2023 and 2022, the related information of the assets which were still held by the Company were as follows:

	<u>2023</u>	<u>2022</u>
Total gains or losses		
Profit or loss (recognized as other gains and losses) \$	(73,900)	(139,854)
Other comprehensive income (recognized as unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income)	65,471	(59,229)

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

- 6) 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 fair value through profit or loss – private funds" and "financial assets at fair value through other comprehensive income – equity investments".

Most of the fair value measurements categorized within Level 3 use the single and significant unobservable input. Equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of the equity investments are independent from each other, as a result, there is no relevance 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 fair value through other comprehensive income – equity investments without an active market	<ul style="list-style-type: none"> ● Comparable listed companies approach 	<ul style="list-style-type: none"> ● Price-book ratio (as of December 31, 2023 and 2022 were 1.87 and 4.05, respectively) ● Market liquidity discount rate (as of December 31, 2023 and 2022 were both 20%) 	<ul style="list-style-type: none"> ● The higher the price-book ratio, the higher the fair value ● The higher the market liquidity discount rate, the lower the fair value
	<ul style="list-style-type: none"> ● Net asset value method 	<ul style="list-style-type: none"> ● Net asset value 	<ul style="list-style-type: none"> ● The higher the net asset value, the higher the fair value
Financial assets at fair value through profit or loss – private fund	<ul style="list-style-type: none"> ● Net asset value method 	<ul style="list-style-type: none"> ● Net asset value 	<ul style="list-style-type: none"> ● The higher the net asset value, the higher fair value

- 7) Sensitivity analysis of reasonably possible alternative assumptions for fair value measurements in Level 3 of the fair value hierarchy

The fair value measurements of the Company's financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. For fair value measurements in Level 3, a fluctuation in the valuation variable by 5% would have the following effect:

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

	Inputs	Increase or decrease	Effects of changes in fair value on profit or loss		Effects of changes in fair value on other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2023						
Financial assets at fair value through profit or loss:						
Private fund	Net asset value	5%	\$ 66,704	(66,704)	-	-
Financial assets at fair value through other comprehensive income:						
Equity investments without an active market	Price-book ratio	5%	-	-	12,021	(12,021)
"	Market liquidity discount rate	5%	-	-	12,021	(12,021)
"	Net asset value	5%	-	-	6,667	(6,667)
December 31, 2022						
Financial assets at fair value through profit or loss:						
Private fund	Net asset value	5%	\$ 68,497	(68,497)	-	-
Financial assets at fair value through other comprehensive income:						
Equity investments without an active market	Price-book ratio	5%	-	-	4,531	(4,531)
"	Market liquidity discount rate	5%	-	-	4,531	(4,531)
"	Net asset value	5%	-	-	17,406	(17,406)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter-relationships with another input.

- (z) Management of financial risk
- (i) The Company is exposed to the extent of the risks arising from financial instruments as below :
- 1) Credit risk
 - 2) Liquidity risk
 - 3) Market risk

Detailed information about exposure risk arising from the aforementioned risk was listed below. The Company's objective, policies and process for managing risks and methods used to measure the risk arising from financial instruments.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(ii) Risk management framework

The Board of Directors is responsible for overseeing the Company's risk management framework. The Company's internal auditor is responsible to identify and analyze the risks faced by the Company. The management of each divisions sets appropriate risk limits and controls, and monitor risks that follow the adherence to limits. The Company, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by the internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and the procedures, and the result of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations that arises principally from the Company's accounts receivable, investments in securities and investments in bond.

1) Accounts receivable

According to the credit policy, the Company analyzes each new customer individually for their credit worthiness before granting the new customer standard payment terms and delivery terms. The Company's review includes external ratings of customers' financial information and bank references. Credit lines are established for each customer and reviewed periodically.

2) Investments

The credit risk exposure in the bank deposits, fixed income investments and equity instruments are measured and monitored by the Company's finance department. Since the Company's transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly traded stock companies and unlisted companies with good reputation, there are no non-compliance issues and therefore no significant credit risk.

3) Guarantees

In 2023 and 2022, the Company was the joint guarantor for the bank loan of its investment through subsidiary, and please refer to Note 7 for the further information.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(iv) Liquidity risk

Liquidity risk is a 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. The Company's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's financial department monitors cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities (other than trade payables) over the succeeding one year. The Company also monitors the level of expected cash outflows on account and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2023, the Company has unused bank credit lines for short-term borrowings, the unused bank credit lines for short-term borrowings and long-term borrowings, and long-term bank borrowings, amounted to \$1,210,000 thousand, \$4,342,636 thousand and \$8,508,017 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the New Taiwan Dollars (TWD), US Dollars (USD) and Japanese Yen (JPY).

The policy of response to currency risk :

- 1) The Company reserves the foreign currency position arising from sales appropriately to remit the foreign currency expenditures and then meets the natural hedge.
- 2) The Company uses foreign currency borrowings and forward exchange contracts to hedge the remaining nature of currency risk arising from the netting of foreign currency accounts receivable and accounts payable.
- 3) The Company manages the currency risk and then determines the timing of exchanging the foreign currency through collecting the foreign currency information. It also stays in contact with the foreign currency department to control the foreign currency trend and market information.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(aa) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors and market, and to sustain future development of the business. For the goal of business sustainability, the Company monitors the expansion plan as well as the level of dividends to ordinary shareholders.

For the years ended December 31, 2023 and 2022, the Company's return on common equity was (0.24)% and 5.28%, respectively. The Company's debt ratio at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Debt ratio	42.34 %	43.82 %

As of December 31, 2023, there were no changes in the Company's approach to capital management.

(ab) Financing activity

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes		December 31, 2023
			Interest expense	Others	
Long-term borrowings	\$ 10,617,247	4,326,030	-	-	14,943,277
Bonds payable	10,669,555	(5,200,587)	91,689	(816,823)	4,743,834
Guarantee deposit received	110,287	854	-	-	111,141
Lease liabilities	498,021	(53,218)	4,261	6,030	455,094
Total liabilities from financing activity	\$ 21,895,110	(926,921)	95,950	(810,793)	20,253,346

	January 1, 2022	Cash flows	Non-cash changes		December 31, 2022
			Interest Expense	Others	
Long-term borrowings	\$ 10,470,660	146,587	-	-	10,617,247
Bonds payable	13,286,639	(2,177,494)	161,187	(600,777)	10,669,555
Guarantee deposit received	121,517	(11,230)	-	-	110,287
Lease liabilities	415,251	(56,162)	4,555	134,377	498,021
Total liabilities from financing activity	\$ 24,294,067	(2,098,299)	165,742	(466,400)	21,895,110

(7) Related-party transactions:

(a) Relationship with the parent company and its subsidiaries:

The following are entities that have transactions with the Company during the periods covered in financial statements and its subsidiaries:

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>	<u>Remark</u>
WIN SEMI. USA, INC. (abbrev. WIN USA)	The Subsidiary	
WIN Semiconductors Cayman Islands Co., Ltd. (abbrev. WIN Cayman)	"	
WIN Venture Capital Corp. (abbrev. WVC)	"	
WIN Chance Investment Corp.(abbrev. WJN)	"	
WIN Earn Investment Corp.(abbrev. WAN)	"	
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. (abbrev. Chainwin Cayman)	"	
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.(abbrev. Jiangsu Kang Yuan)	"	
Jiangsu Win Chance Agricultural Development Co., Ltd.	"	
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.(abbrev. Jiangsu Chainwin)	"	
Jiangsu Merit Runfu Agriculture Development Co., Ltd.	"	(Note 1)
Jiangsu Win Yield Agriculture Development Co., Ltd.(abbrev. Jiangsu Win Yield)	"	
i-Chainwin Technology (Cayman Islands) Co., Ltd.	"	(Note 2)
Win Lux Biotech (Cayman Islands) Co., Ltd.	"	
Jiangsu Win Shine Agriculture Development Co., Ltd.	"	
i-Chainwin Technology Co., Ltd.	"	
Win Lux Biotech Co., Ltd.(abbrev. Win Lux)	"	
Jiangsu Win Boutique Agriculture Development Co., Ltd.	"	
Jiangsu Win Sunlight Agriculture Development Co., Ltd.	"	
Jiangsu Win Honor Management Technology Co., Ltd.	"	
Jiangsu Win Fortune Agriculture Development Co., Ltd.	"	
Chainwin (Huaian) AIoT Co.,Ltd.	"	
Jiangsu Win Advane Bio-Assay Co., Ltd.	"	
Jiangsu Win Wonder Agriculture Development Co., Ltd.	"	
Jiangsu Win Lux Biotech Co., Ltd	"	
Phalanx Biotech Group, Inc. (abbrev. PBL)	"	
PhalanxBio, Inc.	"	
Phalanx Biotech Limited	"	
Onearray Biotech (Kunshan) Co., Ltd.	"	
Guzip Biomarkers Corporation	"	
ITEQ Corporation	Associates	
Taoyuan i-Fare Charity Foundation	Other related party	

Note 1: As of December 31, 2023, Jiangsu Merit Runfu Agriculture Development Co., Ltd. was still within the period of liquidation.

Note 2: The liquidation process is completed in the 1st quarter of 2023.

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(b) Significant transactions with related parties

(i) Operating expenses

The amounts of operating expenses by the Company from related parties were as follows:

	<u>2023</u>	<u>2022</u>
Subsidiary	\$ 70,975	90,368
Other related parties	<u>3,000</u>	<u>-</u>
	<u>\$ 73,975</u>	<u>90,368</u>

(ii) Payable to related parties

At the reporting date, the balance of other payable were as follow:

<u>Account</u>	<u>Categories</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables to related parties	Subsidiary – WIN USA	\$ 17,505	7,370
Other payables to related parties	Subsidiary – Win Lux	<u>-</u>	<u>5,243</u>
		<u>\$ 17,505</u>	<u>12,613</u>

(iii) Guarantee

For the years ended December 31, 2023 and 2022, the Company provided a guarantee for the loans amounting to US\$300,000 thousand (the amounts both were equivalent to NT\$9,213,000 thousand) to its subsidiaries, Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd., Jiangsu Win Yield Agriculture Development Co., Ltd., Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd., Jiangsu Win Fortune Agriculture Development Co., Ltd., Jiangsu Win Boutique Agriculture Development Co., Ltd. and Jiangsu Win Sunlight Agriculture Development Co., Ltd.

The amounts of the guarantee income and the unreceived amounts by the Company from the related parties were as follow:

	<u>Other income</u>		<u>Other receivables due from related parties</u>	
	<u>2023</u>	<u>2022</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary- Jiangsu Kang Yuan	\$ 18,909	18,096	-	-
Subsidiary- Jiangsu Chainwin	13,879	12,064	-	-
Subsidiary- Jiangsu Win Yield	33,547	27,145	-	-
Subsidiary- Chainwin Cayman	<u>15,151</u>	<u>6,580</u>	<u>-</u>	<u>-</u>
	<u>\$ 81,486</u>	<u>63,885</u>	<u>-</u>	<u>-</u>

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(iv) Leases

The Company leased the office and factories to its other related party, ITEQ Corporation, and the rent income received monthly is based on the nearby office and factories rental rates. The amount of rent income is \$30,866 thousand and \$29,503 thousand for the years ended December 31, 2023 and 2022, respectively. The preceding rent payment has been received. The amount of guarantee deposit received is \$110,000 thousand for the years ended December 31, 2023 and 2022.

(v) Equity transaction

The amounts of the Company subscribed the new shares contributed by the subsidiaries were as follow:

	<u>2023</u>	<u>2022</u>
WVC	\$ -	250,000
WJN	-	250,000
	<u>\$ -</u>	<u>500,000</u>

(c) Transactions with key management personnel

Key management personnel compensation was comprised as below:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 138,928	216,627
Post-employment benefits	1,664	1,450
	<u>\$ 140,592</u>	<u>218,077</u>

(8) Pledged assets:

The carrying amount of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Other non-current assets	Gas deposits	\$ 4,700	4,700
Other non-current assets	Land and dormitory lease guarantee	23,556	23,556
Other non-current assets	Customs guarantee and its interest	20,931	20,686
Property, plant and equipment	Long-term borrowings	3,549,899	2,154,811
		<u>\$ 3,599,086</u>	<u>2,203,753</u>

(Continued)

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

(9) Commitments and contingencies:

- (a) Contingencies: None.
- (b) Commitment:
- (i) The unrecognized commitment of acquisition of plant expansion and machinery equipment were as follows:

	December 31, 2023	December 31, 2022
The unrecognized amount	\$ 4,031,109	5,272,694

- (ii) The unused letters of credit were follow:

	December 31, 2023	December 31, 2022
The unused letters of credit	\$ 17,493	5,967

(10) Losses due to major disasters: None.**(11) Subsequent events:**

- (a) On January 16, 2024, the Company has redeemed the first issued unsecured overseas convertible bonds in 2020, at the principal amount of USD161,000 thousand due to exercise of the put option by the bondholders.
- (b) On February 23, 2024, the Company has redeemed in advance the remaining of its first issued unsecured overseas convertible bonds in 2020, at the principal amount of USD13,000 thousand.

(12) Other:

- (a) The followings were the summary statements of employee benefits, depreciation and amortization expenses by function:

	2023			2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	2,022,946	693,209	2,716,155	2,213,359	557,855	2,771,214
Labor and health insurance	210,163	52,762	262,925	245,350	55,948	301,298
Pension	93,228	29,407	122,635	100,744	26,689	127,433
Directors remuneration	-	11,095	11,095	-	43,050	43,050
Others	95,055	12,772	107,827	99,799	10,885	110,684
Depreciation	3,217,805	623,180	3,840,985	3,292,583	517,121	3,809,704
Amortization	35,670	53,825	89,495	32,070	70,147	102,217

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WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2023 and 2022, the additional information for employee numbers and employee benefits were as follows:

	<u>2023</u>	<u>2022</u>
Average employee numbers	<u>3,166</u>	<u>3,491</u>
Average directors' numbers without serving concurrently as employee	<u>6</u>	<u>5</u>
Average employee benefits	<u>\$ 1,016</u>	<u>950</u>
Average employee salaries	<u>\$ 860</u>	<u>795</u>
Average adjustment rate of employee salaries	<u>8.18 %</u>	
Supervisor's remuneration	<u>\$ -</u>	<u>-</u>

The details of the compensation policies of the Company:

Directors:

Remuneration for Directors is made according to the Company's Articles of Incorporation and "Directors Remuneration Management Rules". According to the Article, if there is any net profit after closing of a fiscal year, no more than 3% of the same shall be allocated as Directors' compensation. The rationale of Directors' remuneration policy takes into account the Procedures for Board Performance Evaluation, overall business performance of the Company, operation requirement and development of the industry in the future, and the individual Director contribution to the Company's operations. The reasonable Directors' compensation is proposed by the Compensation Committee and approved by the Board of Directors, in addition, a report of such remuneration shall be submitted to the shareholders' meeting.

Managers:

The compensation for managers shall be approved by the Board of Directors meeting. According to the Company's employer performance assessment rules, the compensation is measured based on the personal performance of officers' goal achievement, accomplishment of company's profit target and contribution made to the business operation, and the market benchmarking, which is prepared by the Human Resource Division. The compensation for managers shall be approved by the Compensation Committee and the Board of Directors.

Employees:

The Company has established the "Work Rules", "Performance Assessment Rules", "Compensation Management Rules", "Employee Reward and Discipline Rules" and "Procedures for Ethical Management and Guidelines for Conduct" according to relevant laws and regulations.

The compensation policy is measured based on the employee's capability, contribution made to the Company and performance which has a positive correlation with the performance of the Company's business. The Company offers competitive salaries and establishes and reviews a reasonable compensation policy by participating reliable compensation survey annually.

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Notes to the Parent-Company-Only Financial Statements

(13) Other disclosures:

(a) 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:

- (i) Loans to other parties: Please refer to schedule A.
 - (ii) Guarantees and endorsements for other parties: Please refer to schedule B.
 - (iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to schedule C.
 - (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to schedule D.
 - (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to schedule E.
 - (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
 - (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to schedule F.
 - (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to schedule G.
 - (ix) Trading in derivative instruments: Please refer to Note 6(b).
- (b) Information on investments (excluding information on investees in mainland China): Please refer to schedule H.
- (c) Information on investment in mainland China: Please refer to schedule I.
- (d) Major shareholders: Please refer to schedule J.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2023.

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

Schedule A Loans to other parties:

(In thousands of Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance (Note 2)	Actual amount drawn down	Interest rate	Purposes of fund financing for the borrower (Note 3)	Transaction amount	Reasons for short-term financing	Allowance for bad debts	Collateral		Individual funding loan limits (Note 4) (Note 5) (Note 6)	Maximum limit of fund financing (Note 4) (Note 5) (Note 6)
													Item	Value		
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Other receivables	Y	921,300 (USD 30,000)	859,880 (USD 28,000)	614,200 (USD 20,000)	1%	2	-	Working Capital	-	None	-	Net equity 20%= 1,352,302	Net equity 40%= 2,704,604
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	Other receivables	Y	614,200 (USD 20,000)	-	-	1%	2	-	Working Capital	-	None	-	Net equity 20%= 1,352,302	Net equity 40%= 2,704,604
2	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Jiangsu Win Shine Agriculture Development Co., Ltd.	Other receivables	Y	16,845 (RMB 3,893)	-	-	0%	2	-	Working Capital	-	None	-	Net equity 100%= 769,326	Net equity 200%= 1,538,653
3	Jiangsu Win Honor Management Technology Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	Other receivables	Y	(RMB 294,202) (USD 9,580)	-	-	1%	2	-	Working Capital	-	None	-	Net equity 110%= 319,662	Net equity 200%= 581,205

Note 1: Company numbering as follows:

- Issuer—0
- Investee starts from 1

Note 2: The credit amount to lending.

Note 3: Purposes of lending were as follows:

1. Business relationship
2. Short-term financing

Note 4: Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s operating procedures of financing to other parties:

1. The loan limit to an individual party: (1) the total amount for lending to a company having business relationship with Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. shall not exceed their previous or current's total purchasing or sales amount (whichever is higher).
(2) the total amount for lending to a company having short-term funding needs shall not exceed 20% of Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s equity based on its most recent audited or reviewed financial statements by a certified accountant.
2. The maximum loans to other parties limit provided by Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. to other parties should not exceed 40% of its equity based on its most recent audited or reviewed financial statements by a certified accountant.

Note 5: Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.'s operating procedures of financing to other parties:

1. The loan limit to an individual party: (1) the total amount for lending to a company having business relationship with Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd. shall not exceed their previous or current's total purchasing or sales amount (whichever is higher).
(2) the total amount for lending to a company having short-term funding needs shall not exceed 20% of Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.'s equity based on its most recent audited or reviewed financial statements by a certified accountant.
2. The maximum loans to other parties limit provided by Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd. to other parties should not exceed 40% of its equity based on its most recent audited or reviewed financial statements by a certified accountant.
3. The fund lending to Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s non-Taiwan subsidiaries (between subsidiaries) having, directly or indirectly, 100% of the voting rights; or the fund lending to the parent company, Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., (subsidiary-to-parent), should not be restricted by the above limitations; however, the maximum limit for an individual party should not exceed 100% of Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.'s equity, and the total amount should not exceed 200% of Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.'s equity.

Note 6: Jiangsu Win Honor Management Technology Co., Ltd.'s operating procedures of financing to other parties:

1. The loan limit to an individual party : (1) the total amount for lending to a company having business relationship with Jiangsu Win Honor Management Technology Co., Ltd. shall not exceed their previous or current's total purchasing or sales amount (whichever is higher).
(2) the total amount for lending to a company having short-term funding needs shall not exceed 20% of Jiangsu Win Honor Management Technology Co., Ltd.'s equity based on its most recent audited or reviewed financial statements by a certified accountant.
2. The maximum loans to other parties provided by Jiangsu Win Honor Management Technology Co., Ltd. should not exceed 40% of its equity based on its most recent audited or reviewed financial statements by a certified accountant.
3. The fund lending to Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s non-Taiwan subsidiaries (between subsidiaries) having, directly or indirectly, 100% of the voting rights; or the fund lending to the parent company, Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., (subsidiary-to-parent), should not be restricted by the above limitations; however, the maximum limit for an individual party should not exceed 110% of Jiangsu Win Honor Management Technology Co., Ltd.'s equity, and the total amount should not exceed 200% of Jiangsu Win Honor Management Technology Co., Ltd.'s equity.

Note 7: The aforementioned amount was translated at the exchange rate on the balance sheet date from USD to TWD and RMB to USD for TWD 30.71 and USD 0.1409, respectively.

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

Schedule B Guarantees and endorsements for other parties:

(In thousands of Dollars)

Number (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)(Note 4)	Highest balance of guarantees and endorsements during the period (Note 3)	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)(Note 4)	Parent company endorsements/ guarantees to subsidiary (Note 6)	Subsidiary endorsements/ guarantees to parent company (Note 6)	Endorsements/ guarantees to the companies in mainland China (Note 6)
		Name	Relationship with the Company (Note 2)										
0	The Company	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	2	16,977,598	2,029,317	2,029,317	1,535,500	-	5.98%	Net equity 50%= 16,977,598	Y	-	-
0	"	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	2	16,977,598	2,075,012	2,075,012	1,842,600	-	6.11%	Net equity 50%= 16,977,598	Y	-	Y
0	"	Jiangsu Win Yield Agriculture Development Co., Ltd.	2	16,977,598	3,494,307	3,494,307	3,378,100	-	10.29%	Net equity 50%= 16,977,598	Y	-	Y
0	"	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	2	16,977,598	1,527,208	1,527,208	1,381,950	-	4.50%	Net equity 50%= 16,977,598	Y	-	Y
0	"	Jiangsu Win Fortune Agriculture Development Co., Ltd.	2	16,977,598	29,052	29,052	-	-	0.09%	Net equity 50%= 16,977,598	Y	-	Y
0	"	Jiangsu Win Boutique Agriculture Development Co. Ltd.	2	16,977,598	29,052	29,052	-	-	0.09%	Net equity 50%= 16,977,598	Y	-	Y
0	"	Jiangsu Win Sunlight Agriculture Development Co. Ltd.	2	16,977,598	29,052	29,052	-	-	0.09%	Net equity 50%= 16,977,598	Y	-	Y
1	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	6	2,028,453 (USD 66,051)	225,719 (USD 7,350)	225,719 (USD 7,350)	-	-	3.34%	Net equity 50%= 3,380,755	-	-	Y
1	"	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	2	2,028,453 (USD 66,051)	138,195 (USD 4,500)	55,278 (USD 1,800)	21,129 (RMB 688)	61,420 (USD 2,000)	0.82%	Net equity 50%= 3,380,755	-	-	Y

Note 1: Company numbering as follows:

1. Issuer—0
2. Investee starts from 1

Note 2: The 7 types of relationship between the guarantee and the guarantor were as follows:

1. For entities the guarantor has business transaction with.
2. For entities in which the guarantor, directly or indirectly, owned more than 50% of their shares.
3. For entities who owned, directly or indirectly, more than 50% in total of the guarantor's shares.
4. For entities in which the guarantor, directly or indirectly, owned more than 90% of their shares.
5. Fulfillment of contractual obligation by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. For entities who are guaranteed and endorsed by all capital contributing shareholders in proportion to each of their shareholder's percentage.
7. Performance guarantee in which entities within the same industry provide among themselves joint and several securities by entering into sales agreement with each other for pre-construction project pursuant to Company Protection Act.

Note 3: The Company's operating procedures of guarantee and endorsement were as follows:

1. The guarantees and endorsements limit provided by the Company to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant. The individual guarantee amount should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.
2. The guarantees and endorsements limit provided by the Company and its subsidiaries to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant. The individual guarantee amount should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.
3. The Company endorses and guarantees the bank loans of its subsidiaries, including Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd., Jiangsu Win Yield Agriculture Development Co., Ltd., Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd., Jiangsu Win Fortune Agriculture Development Co., Ltd., Jiangsu Win Boutique Agriculture Development Co. Ltd. and Jiangsu Win Sunlight Agriculture Development Co. Ltd., with the total amount not exceeding US\$300,000 thousand. In the second quarter of 2023, the applications of adjustment for the individual amount of each subsidiary had been approved by the banks, without changing the overall total amount of the guarantee and endorsement, resulting in the highest balance of guarantees and endorsements during the period of each company to be based on the ratio of each borrower's balance of guarantees and endorsements to the total amount as of the reporting date.

Note 4: Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.'s operating procedures of guarantee and endorsement were as follows:

1. The individual guarantee amount should not exceed 30% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.
2. The guarantees and endorsements limit provided by Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. to other parties should not exceed 50% of its equity based on the most recent audited or reviewed financial statement by a certified accountant.

Note 5: The aforementioned amount was translated at the exchange rate on the balance sheet date from USD to TWD and RMB to USD for TWD 30.71 and USD 0.1409, respectively.

Note 6: Fill in "Y" for those cases of provision of endorsements/ guarantees by listed parent company to subsidiary, provision by subsidiary to listed parent company, and provision to the party in mainland China.

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

Schedule C Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the company	Account name	Ending balance			Remark
				Shares/ Units (in thousands)	Carrying value	Percentage of ownership (%)	
The Company	Lin BioScience, Inc./Stock	None	Current financial assets at fair value through profit or loss	55	6,239	0.07	6,239
WIN Venture Capital Corp.	Capital Money Market Fund	"	"	3,763	62,418	-	62,418
WIN Chance Investment Corp.	Capital Money Market Fund	"	"	1,102	18,284	-	18,284
WIN Earn Investment Corp.	Capital Money Market Fund	"	"	3,399	56,386	-	56,386
The Company	MagiCapital Fund II L.P.	"	Non-current financial assets at fair value through profit or loss	-	278,351	5.81	278,351
"	CDIB Capital Growth Partners L.P.	"	"	-	155,678	3.30	155,678
"	CDIB Capital Healthcare Ventures II L.P.	"	"	-	52,139	1.61	52,139
"	Fuh Hwa Oriental Fund	"	"	15,000	21,840	-	21,840
"	Fuh Hwa Smart Energy Fund	"	"	12,000	53,760	-	53,760
"	LeaSun Winion L.P.	"	"	-	41,134	12.47	41,134
"	NFC Fund II L.P.	"	"	-	190,437	32.88	190,437
"	Foryou Venture Capital L.P.	"	"	-	41,700	5.77	41,700
"	Renaissance Capital Limited Partnership	"	"	-	107,294	12.82	107,294
"	Lian Ding Capital Investments Limited Partnership	"	"	-	254,000	10.23	254,000
"	NFC Fund III, L.P.	"	"	-	137,742	19.90	137,742
					1,334,075		1,334,075
Win Semiconductors Cayman Islands Co., Ltd.	Vanchip (Tianjin) Technology Co., Ltd./Stock	Client	"	1,800	510,520	0.43	510,520
The Company	Sino-American Silicon Products Inc./Stock	None	Non-current financial assets at fair value through other comprehensive income	529	103,684	0.09	103,684
"	Inventec Solar Energy Corporation/Stock	"	"	34,000	-	10.51	-
"	CDIB Capital Creative Industries Limited/Stock	"	"	2,717	15,594	3.33	15,594
"	MagiCap Venture Capital Co., Ltd./Preferred Stock A	"	"	543	13,857	18.28	13,857
"	New Future Capital Co., Ltd./Stock	"	"	8,900	80,545	15.87	80,545
"	Barits Biofund Inc./Stock	"	"	2,200	23,342	1.10	23,342
"	NFC I Renewable Power Co., Ltd./Stock	"	"	16,200	240,413	15.00	240,413
"	Gogolook Co., Ltd./Stock	"	"	3,550	603,438	11.10	603,438
					1,080,873		1,080,873
Win Semiconductors Cayman Islands Co., Ltd.	Broadcom Ltd./Stock	Client	"	75	2,571,003	0.02	2,571,003
"	Anokiwave Inc./Series B Preferred Stock	"	"	1,264	-	7.44	-
					2,571,003		2,571,003
WIN Venture Capital Corp.	MOAI Green Power Corporation/Stock	None	"	90	-	0.23	-
"	Merit Biotech INC./Stock	"	"	1,320	-	2.93	-
"	Winresp INC./Stock	"	"	2,896	-	11.71	-
					-		-
Phalanx Biotech Group, Inc.	BioGenius Biotech, Co., Ltd./Stock	"	"	72	658	18.65	658

Note 1: The Board of Directors of Inventec Solar Energy Corporation had declared to bankruptcy the company in December 2021. As of December 31, 2023, the company had not completed the procedure of liquidation.

Note 2: On August, 2023, the shareholders' meeting approved a resolution to rename Grand Fortune Venture Corp. to Barits Biofund Inc.

Note 3: The Board of Directors of Merit Biotech INC. had resolved to dissolve and liquidate the company in 2017. As of December 31, 2023, the company was still within the period of liquidation.

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

Schedule D Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning		Purchases		Sales				Ending		
					Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Cost	Gain (loss) on disposal	Shares (in thousands)	Amount	
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	Investments accounted for using equity method	-	Subsidiary	-	2,355,555	-	300,400	-	-	-	-	-	-	1,550,854 (Note)

Note: The amount of ending balance was calculated using the equity method.

Schedule E Information on acquisition of real estate with purchase amount exceeding the lower of NT\$300 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Factory buildings	2021/4/6~2021/5/25	1,517,330	As of December 31, 2023, the price paid \$1,345,045 thousand.	Chung-Lin General Contractors, Ltd.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
"	Factory buildings	2021/10/15	2,324,768	As of December 31, 2023, the price paid \$1,520,258 thousand.	Chung-Lin General Contractors, Ltd.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
"	Factory buildings	2022/6/9	525,000	As of December 31, 2023, the price paid \$225,377 thousand.	Chung-Lin General Contractors, Ltd.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None
"	Land and buildings	2023/6/27	1,500,000	As of December 31, 2023, the price paid \$1,500,000 thousand.	Ofuna Develop Technology Co., Ltd.	-	N/A	N/A	N/A	N/A	Price negotiation	Operating purpose	None

Schedule F Information regarding purchase and sale from related-parties exceeding the lower of NT\$100 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes / Accounts receivable (payable)		Remark
			Purchase / Sale	Amount	Percentage of the purchases/sales	Payment terms	Unit	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Jiangsu Win Yield Agriculture Development Co., Ltd.	Affiliate	Purchase	120,111	27.87%	Payment term 30 days	-	-	(66,264)	50.35%	
Jiangsu Win Yield Agriculture Development Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Affiliate	Sales	(120,111)	35.86%	Payment term 30 days	-	-	66,264	99.86%	

Schedule G Information regarding receivables from related-parties exceeding the lower of NT\$100 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Name of counter-party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowances for bad debts	Remark
					Amount	Action taken			
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Affiliate	615,906	(Note)	-	-	-	-	
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Jiangsu Chainwin Agriculture and Animal	Affiliate	1,430,086	(Note)	-	-	-	-	

Note: The ending balance was other receivables, which was not applicable for the calculation of turnover rate.

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

Schedule H Information on investments:

The following is the information on investees for the year end December 31, 2023 (excluding information on investees in mainland China):

(In thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		The ending balance at this period			Net income (losses) of investee	Investment income (losses)	Remark
				The ending balance at the end	The ending balance at the beginning	Shares (in thousands)	Percentage of ownership	Carrying value			
The Company	WIN SEMI. USA, INC.	California USA	Marketing	8,203	8,203	1,000	100.00%	(4,212)	3,003	3,003	
"	Win Semiconductors Cayman Islands Co., Ltd.	Cayman Islands	Investment activities	11,127,774	11,127,774	376,600	100.00%	8,767,665	(1,699,619)	(1,699,619)	
"	WIN Venture Capital Corp.	Taiwan	Investment activities	1,040,000	1,040,000	104,000	100.00%	1,042,634	14,505	14,505	
"	Phalanx Biotech Group, Inc.	Taiwan	Researching, manufacturing and selling of high-density gene chips and testing service	1,079,169	1,079,169	53,427	73.67%	423,757	(143,459)	(105,679)	
"	WIN Chance Investment Corp.	Taiwan	Investment activities	830,000	830,000	87,350	100.00%	911,072	14,742	14,742	
"	WIN Earn Investment Corp.	Taiwan	Investment activities	580,000	580,000	58,000	100.00%	474,811	8,243	8,243	
"	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components	6,120,993	6,120,993	65,409	18.02%	7,711,966	676,626	121,508	
WIN Venture Capital Corp.	Phalanx Biotech Group, Inc.	Taiwan	Researching, manufacturing and selling of high-density gene chips and testing service	39,600	39,600	1,116	1.54%	26,257	(143,459)	(Note)	
"	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components	952,396	952,396	8,767	2.42%	954,143	676,626	(Note)	
Win Semiconductors Cayman Islands Co., Ltd.	Rainbow Star Group Limited	British Virgin Islands	Investment activities	62,920	62,920	38	49.30%	34,215	(21,970)	(Note)	
"	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Cayman Islands	Investment activities	10,905,959	10,905,959	185,054	81.23%	5,619,394	(2,358,355)	(Note)	
Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	Win Lux Biotech (Cayman Islands) Co., Ltd.	Cayman Islands	Investment activities	15,010	15,010	500	100.00%	11,575	(93)	(Note)	
"	i-Chainwin Technology Co., Ltd.	Taiwan	Information software services	220,000	220,000	22,000	100.00%	123,609	(15,614)	(Note)	
"	Win Lux Biotech Co., Ltd.	Taiwan	Biotechnology services and pharmaceutical testing	250,000	100,000	25,000	100.00%	82,324	(85,618)	(Note)	
Phalanx Biotech Group, Inc.	Phalanx Biotech Limited	Hong Kong	Investment activities	18,275	12,125	-	100.00%	3,363	(4,330)	(Note)	
"	PhalanxBio, Inc.	USA	Selling of high-density gene chip and testing service	208,110	208,110	2,550	100.00%	18	(2)	(Note)	
"	Guzip Biomarkers Corporation	Taiwan	Development and sales of test reagents for endometrial cancer	81,727	81,727	14,238	100.00%	72,806	1,079	(Note)	
WIN Chance Investment Corp.	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components	832,945	832,945	7,935	2.19%	892,747	676,626	(Note)	
WIN Earn Investment Corp.	ITEQ Corporation	Taiwan	Manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components	568,005	568,005	4,230	1.17%	418,617	676,626	(Note)	

Note: The share of profit (loss) of the investee company is not reflected herein as such amount is already included in the share of profit (loss) of the investor company.

WIN Semiconductors Corp.
Notes to the Parent-Company-Only Financial Statements

Schedule I Information on investment in mainland China:

(i) The names of investees in mainland China, the main businesses and products, and other information:

(In thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan at the beginning of this year	Investment flows		Accumulated outflow of investment from Taiwan at the December 31, 2023	Net income (losses) of the investee	Highest percentage of ownership (%)	Investment income (losses) (Note 5)(Note 7)	Carrying value at the end of this period (Note 6)	Accumulated remittance of earnings in current period	Remark
					Outflow	Inflow							
Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.	Developing hog farming technology and trading	3,728,267	(Note 1)	3,309,022	-	-	3,309,022	(568,513)	81.23%	(568,513)	1,621,087	-	
Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Farm feed developing and trading	1,314,369	(Note 1)	1,291,505	-	-	1,291,505	(357,197)	81.23%	(357,197)	769,327	-	
Jiangsu CM/Chainwin Agriculture Development Co., Ltd.	Developing hog farming technology and trading	2,059,210	(Note 1)	1,122,874	-	-	1,122,874	(248,759)	39.80%	(121,892)	552,336	-	
Jiangsu Win Chance Agriculture Development Co., Ltd.	Developing hog farming technology and trading	610,094	(Note 4)	651,142	-	-	651,142	(65,825)	81.23%	(65,825)	225,568	-	
Jiangsu Merit/Cofcojoycome Agriculture Development Co., Ltd.	Developing hog farming technology and trading	-	(Note 1)	149,664	-	-	149,664	-	-	-	-	-	(Note 9)
Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	72,313	(Note 3)	41,009	-	-	41,009	17	81.23%	17	8,198	-	(Note 10)
Jiangsu Win Yield Agriculture Development Co., Ltd.	Developing hog farming technology and trading	2,655,955	(Note 1)	2,160,535	300,400	-	2,460,935	(750,195)	81.23%	(750,195)	1,550,854	-	
Jiangsu Win Shine Agriculture Development Co., Ltd.	Logistics management service	345,130	(Note 1)	85,170	-	-	85,170	(23,447)	81.23%	(23,447)	291,790	-	
Jiangsu Win Boutique Agriculture Development Co., Ltd.	Developing hog farming technology and trading	288,100	(Note 4)	-	-	-	-	(15,452)	81.23%	(15,452)	250,891	-	
Jiangsu Win Sunlight Agriculture Development Co., Ltd.	Developing hog farming technology and trading	288,100	(Note 4)	86,430	-	-	86,430	(7,047)	81.23%	(7,047)	255,067	-	
Jiangsu Win Honor Management Technology Co., Ltd.	Logistics management service	288,100	(Note 4)	-	-	-	-	(3,714)	81.23%	(3,714)	290,603	-	
Jiangsu Win Wonder Agriculture Development Co., Ltd.	Developing farming technology and trading	88,173	(Note 3)	-	-	-	-	(30,381)	81.23%	(30,381)	45,484	-	
Jiangsu Win Fortune Agriculture Development Co., Ltd.	Developing hog farming technology and trading	276,400	(Note 4)	221,120	-	-	221,120	(24,883)	81.23%	(24,883)	257,953	-	
Chainwin (Huaian) AIoT Co., Ltd.	Information software services	27,860	(Note 4)	27,860	-	-	27,860	(2,239)	81.23%	(2,239)	23,823	-	
Jiangsu Win Advance Bio-Assay Co., Ltd.	Biotechnology testing service	111,560	(Note 4)	-	-	-	-	(2,898)	81.23%	(2,898)	103,571	-	
Jiangsu Win Lux Biotech Co., Ltd.	Biotech research and development and bioassay	27,680	(Note 1)	27,680	-	-	27,680	742	81.23%	742	29,672	-	
Onearray Biotech (Kunshan) Co., Ltd.	Selling of high density gene chip and testing service	18,275	(Note 2)	12,125	6,150	-	18,275	(4,424)	75.21%	(4,424)	3,291	-	

(ii) Limitation on investment in mainland China:

(In thousands of Dollars)

Investor Company Name	Accumulated Investment in mainland China at the end (Note 8)(Note 9)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 11)
The Company and subsidiaries	9,754,106 (USD 331,189)	10,590,829 (USD 344,866)	21,209,598

Note 1: The Group invested in mainland China companies through Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd., which is established in a third region.

Note 2: The Group invested in mainland China companies through Phalanx Biotech Limited, which is established in a third region.

Note 3: The Company invested in mainland China companies through Jiansu Win Chance Agriculture Development Co., Ltd.

Note 4: The Company invested in mainland China companies through Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.

Note 5: The amount of net income (losses) was recognized based on the audited financial statements of the investee companies.

Note 6: Carrying value as of December 31, 2023 was with reference to the amount recognized by the investment through subsidiaries to subsidiaries established in a third region.

Note 7: Investment income (loss) recognized was translated into New Taiwan Dollars at the average exchange rate for the each month from January 1 to December 31, 2023.

Note 8: The Group acquired Vanchip (Tianjin) Technology Co., Ltd. through a third region, wherein the outflow of investment from Taiwan amounted US\$9,383 thousand (NT\$261,420 thousand).

Note 9: Jiansu Merit/Cofcojoycome Agriculture Development Co., Ltd. had been liquidated on January 25, 2019. However, according to the regulation of Investment Commission the remittance to mainland China amounting to US\$4,872 thousand (NT\$149,664 thousand) was included in the accumulated investment account.

Note10: As of December 31, 2023, Jiangsu Merit Runfu Agriculture Development Co., Ltd. was still within the period of liquidation.

Note11: Amount of upper limit on investment was the higher between sixty percentage of total equity or total consolidated equity.

(iii) Significant transactions: Please refer Schedule A, Schedule B, Schedule D, Schedule F, and Schedule G.

Schedule J Information on major shareholders:

(In shares)

Shareholding	Shares	Percentage
Shareholder's Name		
Cathay Life Insurance Co., Ltd.	21,598,000	5.09%

WIN Semiconductors Corp.
Statement of cash and cash equivalents
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand	USD : 1.5	\$ -
Petty cash		140
Checkable deposits		351
Demand deposits		1,448,713
Foreign demand deposits	USD : 195,352,152.34 ; JPY : 210,114,536 ; EUR : 70,242.79 ; GBP : 1,974.43 ; AUD : 0.18 ; RMB : 6.84 ; SGD : 865.82	<u>6,047,410</u>
		<u><u>\$ 7,496,614</u></u>

The closing rate on December 31, 2023 is as follow:

USD : TWD=1 : 30.71	GBP : TWD=1 : 39.18
JPY : TWD=1 : 0.2173	AUD : TWD=1 : 20.98
EUR : TWD=1 : 34.02	RMB : TWD=1 : 4.33
SGD : TWD=1 : 23.31	

**Statement of current financial assets measured at
fair value through profit or loss**

<u>Name of financial instrument</u>	<u>Description</u>	<u>Shares or units (in thousands)</u>	<u>Unit cost (in dollars)</u>	<u>Acquisition cost</u>	<u>Gains (losses) on valuation</u>	<u>Book value</u>	<u>Fair Value</u>	
							<u>Unit price (in dollars)</u>	<u>Total amount</u>
Lin BioScience, Inc.	Stock	55	100.00	\$ <u>5,500</u>	<u>739</u>	<u>6,239</u>	113.44	<u>6,239</u>

WIN Semiconductors Corp.
Statement of accounts receivable
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
A Company	\$ 125,669
B Company	120,849
C Company	120,684
D Company	98,570
Others (Each amount was less than 5% of accounts receivable)	<u>669,442</u>
	<u>\$ 1,135,214</u>

Statement of inventories

<u>Item</u>	<u>Amount</u>	
	<u>Cost (Note)</u>	<u>Net realizable value</u>
Raw materials, supplies and spare parts	\$ 3,643,129	4,521,824
Work in progress	1,052,234	2,288,787
Finished good	<u>345,930</u>	<u>521,499</u>
Total	<u>\$ 5,041,293</u>	<u>7,332,110</u>

(Note) The amount excludes the allowance to reduce inventory to market and obsolescence.

WIN Semiconductors Corp.

**Statement of changes in non-current financial assets measured at fair value
through profit or loss**

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Name of financial instrument</u>	<u>Beginning balance</u>		<u>Addition</u>		<u>Decrease</u>		<u>Gains (losses) on valuation</u>	<u>Ending balance</u>		<u>Collateral</u>
	<u>Shares or units (in thousands)</u>	<u>Fair value</u>	<u>Shares or units (in thousands)</u>	<u>Fair value</u>	<u>Shares or units (in thousands)</u>	<u>Fair value</u>		<u>Shares or units (in thousands)</u>	<u>Fair value</u>	
MagiCapital Fund II L.P.	-	\$ 324,910	-	7,570	-	(8,927)	(45,202)	-	278,351	None
CDIB Capital Growth Partners L.P.	-	154,881	-	-	-	(14,392)	15,189	-	155,678	"
CDIB Capital Healthcare Ventures II L.P.	-	43,103	-	-	-	-	9,036	-	52,139	"
Fuh Hwa Oriental Fund	15,000	30,840	-	-	-	-	(9,000)	15,000	21,840	"
Fuh Hwa Smart Energy Fund	12,000	68,064	-	-	-	-	(14,304)	12,000	53,760	"
LeaSun Winion L.P.	-	32,408	-	-	-	-	8,726	-	41,134	"
NFC Fund II L.P.	-	238,070	-	6,839	-	-	(54,472)	-	190,437	"
Foryou Venture Capital Limited Partnership	-	30,300	-	-	-	-	11,400	-	41,700	"
Renaissance Capital Limited Partnership	-	131,767	-	-	-	-	(24,473)	-	107,294	"
Lian Ding Capital Investment Limited Partnership	-	218,000	-	-	-	-	36,000	-	254,000	"
NFC Fund III L.P.	-	97,600	-	46,942	-	-	(6,800)	-	137,742	"
		<u>\$ 1,369,943</u>		<u>61,351</u>		<u>(23,319)</u>	<u>(73,900)</u>		<u>1,334,075</u>	

WIN Semiconductors Corp.

**Statement of changes in non-current financial assets measured at fair value
through other comprehensive income**

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Name of financial instrument</u>	<u>Beginning balance</u>		<u>Addition</u>		<u>Decrease</u>		<u>Gains (losses) on valuation</u>	<u>Ending balance</u>		<u>Collateral</u>
	<u>Shares or units (in thousands)</u>	<u>Fair value</u>	<u>Shares or units (in thousands)</u>	<u>Fair value</u>	<u>Shares or units (in thousands)</u>	<u>Fair value</u>		<u>Shares or units (in thousands)</u>	<u>Fair value</u>	
Inventec Solar Energy Corporation/ Stock	34,000	\$ -	-	-	-	-	-	34,000	-	None
CDIB Capital Creative Industries Limited/ Stock (Note 1)	3,000	19,170	-	-	(283)	(2,833)	(743)	2,717	15,594	"
MagiCap Venture Capital Co., Ltd./ Preferred Stock A	543	37,285	-	-	-	-	(23,428)	543	13,857	"
New Future Capital Co., Ltd./ Stock	8,900	88,555	-	-	-	-	(8,010)	8,900	80,545	"
Barits Biofund Inc./ Stock (Note 1 and Note 2)	4,000	42,720	-	-	(1,800)	(18,000)	(1,378)	2,200	23,342	"
NFC I Renewable Power Co., Ltd./ Stock	16,200	160,380	-	-	-	-	80,033	16,200	240,413	"
Gogolook Co., Ltd. / Stock	3,550	90,626	-	-	-	-	512,812	3,550	603,438	"
Sino-American Silicon Products Inc. / Stock	529	73,796	-	-	-	-	29,888	529	103,684	"
		<u>\$ 512,532</u>		<u>-</u>		<u>(20,833)</u>	<u>589,174</u>		<u>1,080,873</u>	

(Note 1) The decrease of shares and amount were due to capital reduction.

(Note 2) On August, 2023, Grand Fortune Venture Corp. has been renamed.

WIN Semiconductors Corp.
Statement of changes in investments accounted for using equity method
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning balance		Addition		Decrease (dividend income)		Gains (losses) on investment	Exchange differences on transaction of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Capital surplus	Ending balance		Market value or net assets value			
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount					Amount	Percentage of ownership	Shares (in thousands)	Unit price	Total amount	Collateral
WIN SEMI. USA, INC.	1,000	\$ (7,215)	-	-	-	-	3,003	-	-	-	(4,212)	100.00	1,000	-	(4,212)	None
Win Semiconductors Cayman Islands Co., Ltd.	376,600	9,181,994	-	-	-	-	(1,699,619)	2,103	1,283,187	-	8,767,665	100.00	376,600	-	8,767,665	"
WIN Venture Capital Corp.	104,000	1,093,009	-	-	-	(16,411)	14,505	(7,636)	(41,148)	315	1,042,634	100.00	104,000	-	1,042,634	"
Phalanx Biotech Group, Inc.	53,427	529,439	-	-	-	-	(105,679)	42	(45)	-	423,757	73.67	53,427	-	423,757	"
WIN Chance Investment Corp.	87,350	924,748	-	-	-	(22,187)	14,742	(6,911)	395	285	911,072	100.00	87,350	-	911,072	"
WIN Earn Investment Corp.	58,000	469,890	-	-	-	-	8,243	(3,685)	211	152	474,811	100.00	58,000	-	474,811	"
ITEQ CORPORATION	65,409	<u>7,838,047</u>	-	-	-	<u>(196,226)</u>	<u>121,508</u>	<u>(56,970)</u>	<u>3,259</u>	<u>2,348</u>	<u>7,711,966</u>	18.02	65,409	84.80	<u>5,546,661</u>	"
Total		<u>\$ 20,029,912</u>		<u>-</u>		<u>(234,824)</u>	<u>(1,643,297)</u>	<u>(73,057)</u>	<u>1,245,859</u>	<u>3,100</u>	<u>19,327,693</u>				<u>17,162,388</u>	

WIN Semiconductors Corp.

Statement of financial liabilities at fair value through profit or loss - current

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares (in thousands)	Unit cost (in dollars)	Original cost	Rate	Fair Value		Changes in the fair value that is attributable to changes in credit risk
						Unit price (in dollars)	Total amount	
Convertible bonds with embedded derivatives	Hybrid contracts	870	\$ 55.968	<u>48,692</u>	- %	266.408	<u>231,774</u>	-

WIN Semiconductors Corp.
Statement of accounts payable
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
E Company	\$ 190,749
F Company	102,436
G Company	87,439
H Company	73,903
I Company	70,455
J Company	68,524
Others (Each amount was less than 5% of accounts payable)	<u>741,769</u>
Total	<u><u>\$ 1,335,275</u></u>

Statement of other payables

<u>Item</u>	<u>Amount</u>
Payables on equipment	\$ 817,182
Accrued payroll	720,575
Other accrued expense	389,238
Income tax payable	312,907
Others (Each amount was less than 5% of other payables)	<u>10,744</u>
Total	<u><u>\$ 2,250,646</u></u>

WIN Semiconductors Corp.
Statement of lease liabilities
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Lease term</u>	<u>Discount rate (%)</u>	<u>Ending balance</u>	<u>Note</u>
Land	Plants and parking lots	2017.01.01~2041.03.31	0.72%~1.11%	\$ 395,848	
Buildings and structures	Dormitories	2015.01.01~2028.04.30	0.86%~1.11%	51,928	
Office equipment	Printers and copiers, company vehicles, etc.	2021.09.26~2028.04.30	0.56%~1.47%	7,318	
	Subtotal			<u>455,094</u>	
	Less: Current portion			<u>(47,398)</u>	
	Total			<u><u>\$ 407,696</u></u>	

Statement of other current liabilities

<u>Item</u>	<u>Amount</u>
Employee benefit provisions	\$ 129,070
Receipts under custody	54,899
Refund liabilities	17,914
Others (Each amount was less than 5% of other current liabilities)	<u>5,078</u>
Total	<u><u>\$ 206,961</u></u>

WIN Semiconductors Corp.
Statement of other non-current liabilities
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Net defined benefit liabilities	\$ 90,969
Guarantee deposits received	111,141
Total	<u>\$ 202,110</u>

Statement of long-term borrowings

Creditor	Amount	Term of contract	Interest rate	Collateral
Land Bank of Taiwan – secured bank loans	\$ 1,200,000	2023.08.14~2038.08.14	2.04%	Refer to Note 8
CTBC Bank Co., Ltd. – unsecured bank loans	2,804,684	2020.04.09~2027.10.01	1.40%~2.03%	None
Bank of Taiwan – unsecured bank loans	1,710,300	2020.05.07~2025.07.05	1.30%~1.60%	"
Bank SinoPac Co., Ltd. – unsecured bank loans	1,851,000	2022.03.29~2025.12.08	1.25%~1.60%	"
Mega International Commercial Bank Co., Ltd. – unsecured bank loans	4,500	2022.10.06~2025.09.15	1.55%	"
Agricultural Bank of Taiwan Co., Ltd. – unsecured bank loans	588,333	2020.03.25~2025.06.15	1.10%~1.50%	"
Hua Nan Commercial Bank, Ltd. – unsecured bank loans	4,537,900	2020.04.01~2029.01.20	1.00%~1.72%	"
Far Eastern International Bank – unsecured bank loans	1,046,560	2020.04.16~2026.12.14	1.39%~1.76%	"
O-Bank Co., Ltd. – unsecured bank loans	200,000	2023.12.01~2028.12.01	1.69%	"
The Export – Import Bank of Republic of China-unsecured bank loans	1,000,000	2023.11.29~2025.11.29	1.62%	"
Subtotal	<u>14,943,277</u>			
Less: Current portion	<u>(2,996,728)</u>			
Total	<u>\$ 11,946,549</u>			

WIN Semiconductors Corp.
Statement of operating revenues
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>
Foundry	217,748 pieces	\$ 14,893,506
Sales returns		(20,726)
Sales discounts and allowances		<u>(3,811)</u>
Net operating revenues		<u>\$ 14,868,969</u>

WIN Semiconductors Corp.
Statement of operating costs
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Raw materials	
Beginning balance of raw materials	\$ 3,852,019
Add : Purchases	2,232,265
Transferred from self-manufacturing raw materials	1,100,916
Transferred from indirect materials	1,362
Metal recycling	91,535
Less : Ending balance of raw materials	(3,300,301)
Transferred to engineering laboratory fees – Research and Development	(148,291)
Transferred to engineering laboratory fees – Manufacturing	(87,457)
Others	<u>(24,915)</u>
Raw materials consumed	3,717,133
Indirect material (including \$1,362 thousand transferred to raw materials)	2,225,539
Direct labor	842,269
Manufacturing overhead	<u>6,380,614</u>
Manufacturing costs	13,165,555
Beginning balance of work-in process inventory	718,953
Less : Ending balance of work-in process inventory	<u>(1,147,129)</u>
Cost of goods manufactured	12,737,379
Beginning balance of finished goods	485,797
Less : Ending balance of finished goods	(359,818)
Self-manufacturing raw materials transfer-out	(1,100,916)
Transferred to engineering laboratory fees – Research and Development	(487,831)
Transferred to engineering laboratory fees – Manufacturing	(247,149)
Transferred to promotion expenses – Selling	<u>(2,695)</u>
Cost of self-manufacturing goods sold	11,024,767
Losses on valuation of inventories and obsolescence	20,158
Unallocated overhead	150,130
Others	18,037
Revenues from sale of scraps	<u>(36,707)</u>
Operating costs	<u><u>\$ 11,176,385</u></u>

WIN Semiconductors Corp.
Statement of operating expenses
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research and development expense</u>
Salary and wages expenses	\$ 119,330	241,719	332,160
Engineering laboratory fees	-	-	738,580
Depreciation expenses	1,436	105,580	516,164
Amortization expenses	120	24,501	29,204
Donations expenses	-	43,075	-
Insurance expenses	33,940	38,007	26,278
Employee benefits expenses	-	22,235	-
Professional service fees	80,605	18,086	5,587
Cleaning fees	-	25,192	-
Commissions expenses	28,522	-	-
Entertainment expenses	1,827	7,203	14
Pension expenses	4,921	10,191	14,295
Rent expenses	47	687	545
Tax expenses	740	13,780	98
Repairs and maintenance expenses	-	41,973	15,521
Advertising expenses	11,512	3,111	-
Traveling expenses	5,603	3,382	3,275
Other expenses	8,512	52,695	11,352
	<u>\$ 297,115</u>	<u>651,417</u>	<u>1,693,073</u>

Statement of other current assets was disclosed in Note 6(k)

Statement of changes in property, plant and equipment was disclosed in Note 6(g)

Statement of changes in accumulated depreciation of property, plant and equipment was disclosed in Note 6(g)

Statement of changes in right-of-use assets was disclosed in Note 6(h)

Statement of changes in accumulated depreciation of right-of-use assets was disclosed in Note 6(h)

Statement of changes in investment property was disclosed in Note 6(i)

Statement of changes in accumulated depreciation of investment property was disclosed in Note 6(i)

Statement of changes in intangible assets was disclosed in Note 6(j)

Statement of deferred tax assets was disclosed in Note 6(r)

Statement of other non-current assets was disclosed in Note 6(k)

Statement of other payables to related parties was disclosed in Note 7

Statement of bonds payable was disclosed in Note 6(n)

Statement of deferred tax liabilities was disclosed in Note 6(r)

Statement of interest income was disclosed in Note 6(x)

Statement of other income was disclosed in Note 6(x)

Statement of other gains and losses was disclosed in Note 6(x)

Statement of finance cost was disclosed in Note 6(x)

Statement of functional aggregation of employee benefits, depreciation, depletion and amortization was disclosed in Note 12