

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

**WINWAY TECHNOLOGY CO., LTD. AND  
SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Nine Months Ended September 30, 2023 and 2022**

Address: No.68, Chuangyi S. Rd., Nanzih Dist., Kaohsiung City  
Telephone: (07)361-0999

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

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report Review	3
4. Consolidated Balance Sheets	4
5. Consolidated Statement of Comprehensive Income	5
6. Consolidated Statement of Changes in Equity	6
7. Consolidated Statement of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of material accounting policies	9~10
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	10
(6) Explanation of significant accounts	10~35
(7) Related-party transactions	35
(8) Assets pledged as security	36
(9) Significant commitments and contingencies	36
(10) Losses Due to Major Disasters	36
(11) Significant Subsequent Events	36
(12) Other	37
(13) Other disclosures	
(a) Information on significant transactions	38~40
(b) Information on investments	41
(c) Information on investment in mainland China	41~42
(d) Major shareholders	42
(14) Segment information	43



安侯建業聯合會計師事務所  
KPMG

高雄市801647前金區中正四路211號12樓之6  
12th Fl., - 6, No. 211, Zhongzheng 4th Road,  
Kaohsiung City 801647, Taiwan (R.O.C.)

電話 Tel	+ 886 7 213 0888
傳真 Fax	+ 886 7 271 3721
網址 Web	home.kpmg/tw

3

## Independent Auditors' Review Report

To the Board of Directors  
WINWAY TECHNOLOGY Co., Ltd.:

### Introduction

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

### Scope of Review

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

### Conclusion

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

The engagement partners on the reviews resulting in this independent auditors' review report are Cheng-Lung, Hsu and Guo-Yang, Tzang.

KPMG

Taipei, Taiwan (Republic of China)

November 8, 2023

#### **Notes to Readers**

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

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

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

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES****Consolidated Balance Sheets****September 30, 2023, December 31, 2022, and September 30, 2022****(Expressed in Thousands of New Taiwan Dollars)**

Assets	September 30, 2023		December 31, 2022		September 30, 2022		Liabilities and Equity	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Current assets:</b>							<b>Current liabilities:</b>						
Cash and cash equivalents (note 6(a))	\$ 502,314	11	1,504,089	26	1,212,632	24	Current contract liabilities (note 6(t))	\$ 98,386	2	54,937	1	43,910	-
Financial assets measured at amortized cost (note 6(b))	129,700	3	29,700	1	29,700	1	Accounts payable	482,240	11	1,026,645	18	909,621	18
Notes receivable, net (notes 6(c)(t))	588	-	7,029	-	2,122	-	Other payables (note 6(o))	288,285	6	542,881	10	516,061	11
Accounts receivable, net (notes 6(c)(t))	1,281,116	28	1,605,759	28	1,496,485	30	Current provisions (note 6(l))	10,348	-	15,253	-	13,477	-
Other receivables (note 6(d))	539	-	647	-	13,038	-	Current lease liabilities (note 6(m))	5,938	-	11,222	-	13,797	-
Current tax assets	7,031	-	-	-	-	-	Current tax liabilities	101,498	3	296,821	5	188,005	4
Inventories, net (note 6(e))	515,373	11	769,841	14	625,976	12	Long-term borrowings, current portion (notes 6(k) and 8)	13,495	-	-	-	-	-
Other current assets (note 6(j))	35,247	1	44,457	1	67,316	1	<b>Total current liabilities</b>	1,000,190	22	1,947,759	34	1,684,871	33
<b>Total current assets</b>	2,471,908	54	3,961,522	70	3,447,269	68	<b>Non-Current liabilities:</b>						
<b>Non-current assets:</b>							Long-term deferred revenue (notes 6(n))	5,226	-	5,545	-	5,650	1
Property, plant and equipment (notes 6(f) and 8)	1,738,349	38	1,370,950	24	1,246,879	25	Long-term borrowings (notes 6(k) and 8)	136,505	3	-	-	-	-
Right-of-use assets (note 6(g))	97,359	2	101,521	2	106,566	2	Deferred tax liabilities	4,705	-	-	-	10,515	-
Intangible assets (note 6(h))	29,910	1	33,091	-	33,906	1	Non-current lease liabilities (note 6(m))	51,998	1	49,819	1	51,941	1
Deferred tax assets	69,776	1	68,137	1	62,273	1	Other non-current liabilities, others	-	-	200	-	-	-
Refundable deposits	5,363	-	7,476	-	5,493	-	<b>Total non-current liabilities</b>	198,434	4	55,564	1	68,106	2
Other non-current financial assets (notes 6(i) and 8)	51,747	1	51,644	1	51,642	1	<b>Total liabilities</b>	1,198,624	26	2,003,323	35	1,752,977	35
Other non-current assets (note 6(j))	145,661	3	104,524	2	81,571	2	<b>Equity attributable to owners of parent (notes 6(q)(r)(s)):</b>						
<b>Total non-current assets</b>	2,138,165	46	1,737,343	30	1,588,330	32	Capital stock	347,796	8	345,380	6	345,440	7
							Capital surplus	1,992,165	43	1,794,485	31	1,796,843	36
							Retained earnings	1,286,618	28	1,635,168	29	1,231,440	24
							Other equity	(215,130)	(5)	(79,491)	(1)	(91,101)	(2)
							<b>Total equity</b>	3,411,449	74	3,695,542	65	3,282,622	65
<b>Total assets</b>	<b>\$ 4,610,073</b>	<b>100</b>	<b>5,698,865</b>	<b>100</b>	<b>5,035,599</b>	<b>100</b>	<b>Total liabilities and equity</b>	<b>\$ 4,610,073</b>	<b>100</b>	<b>5,698,865</b>	<b>100</b>	<b>5,035,599</b>	<b>100</b>

See accompanying notes to financial statements.

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

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES****Consolidated Statement of Comprehensive Income****For the nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)**

	For the three months ended September 30,				For the nine months ended September 30,			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Operating revenue (notes 6(t) and 14)</b>	\$ 984,228	100	1,555,029	100	3,009,040	100	3,413,012	100
<b>Operating costs (notes 6(e)(h)(l)(m)(o)(r) and 12)</b>	<u>641,003</u>	<u>65</u>	<u>824,390</u>	<u>53</u>	<u>1,931,891</u>	<u>64</u>	<u>1,924,006</u>	<u>56</u>
<b>Gross profit</b>	<u>343,225</u>	<u>35</u>	<u>730,639</u>	<u>47</u>	<u>1,077,149</u>	<u>36</u>	<u>1,489,006</u>	<u>44</u>
<b>Operating expenses (notes 6(c)(h)(m)(o)(r)(u), 7 and 12):</b>								
Selling expenses	94,706	10	91,576	6	267,238	9	223,667	7
General and administrative expenses	56,846	6	110,795	7	158,113	5	236,808	7
Research and development expenses	57,945	6	83,511	5	179,366	6	194,262	6
Expected credit impairment gain and losses	<u>1,121</u>	<u>-</u>	<u>8,575</u>	<u>1</u>	<u>(9,710)</u>	<u>-</u>	<u>15,275</u>	<u>-</u>
<b>Total operating expenses</b>	<u>210,618</u>	<u>22</u>	<u>294,457</u>	<u>19</u>	<u>595,007</u>	<u>20</u>	<u>670,012</u>	<u>20</u>
<b>Net operating income</b>	<u>132,607</u>	<u>13</u>	<u>436,182</u>	<u>28</u>	<u>482,142</u>	<u>16</u>	<u>818,994</u>	<u>24</u>
<b>Non-operating income and expenses (notes 6(b)(m)(v)):</b>								
Interest income	1,173	-	1,529	-	10,663	-	4,757	-
Other gains and losses	28,576	3	31,661	2	18,340	1	52,617	2
Finance costs (note 6(m))	<u>(494)</u>	<u>-</u>	<u>(226)</u>	<u>-</u>	<u>(841)</u>	<u>-</u>	<u>(783)</u>	<u>-</u>
<b>Total non-operating income and expenses</b>	<u>29,255</u>	<u>3</u>	<u>32,964</u>	<u>2</u>	<u>28,162</u>	<u>1</u>	<u>56,591</u>	<u>2</u>
<b>Profit before income tax</b>	161,862	16	469,146	30	510,304	17	875,585	26
<b>Income tax expenses (note 6(p))</b>	<u>35,135</u>	<u>4</u>	<u>100,301</u>	<u>6</u>	<u>104,386</u>	<u>3</u>	<u>179,081</u>	<u>5</u>
<b>Profit</b>	<u>126,727</u>	<u>12</u>	<u>368,845</u>	<u>24</u>	<u>405,918</u>	<u>14</u>	<u>696,504</u>	<u>21</u>
<b>Other comprehensive income (note 6(q)):</b>								
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>								
Exchange differences on translation of foreign financial statements	8,636	1	3,195	-	1,136	-	10,170	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(p))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income</b>	<u>8,636</u>	<u>1</u>	<u>3,195</u>	<u>-</u>	<u>1,136</u>	<u>-</u>	<u>10,170</u>	<u>-</u>
<b>Comprehensive income</b>	<u>\$ 135,363</u>	<u>13</u>	<u>372,040</u>	<u>24</u>	<u>407,054</u>	<u>14</u>	<u>706,674</u>	<u>21</u>
<b>Earnings per share (note 6(s)):</b>								
<b>Basic earnings per share (in New Taiwan Dollars)</b>	<u>\$ 3.70</u>		<u>10.79</u>		<u>11.84</u>		<u>20.43</u>	
<b>Diluted earnings per share (in New Taiwan Dollars)</b>	<u>\$ 3.67</u>		<u>10.68</u>		<u>11.67</u>		<u>20.16</u>	

See accompanying notes to financial statements.

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

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES****Consolidated Statement of Changes in Equity****For the nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent							Total other equity interest		Total equity
	Retained earnings						Exchange differences on translation of foreign financial statements	Unearned stock-based employee compensation		
	Ordinary shares	Captial collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings			Total retained earnings	
Balance at January 1, 2022	\$ 338,910	270	1,689,858	173,299	7,994	729,843	911,136	(10,316)	-	2,929,858
Profit	-	-	-	-	-	696,504	696,504	-	-	696,504
Other comprehensive income	-	-	-	-	-	-	-	10,170	-	10,170
Total comprehensive income	-	-	-	-	-	696,504	696,504	10,170	-	706,674
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	48,663	-	(48,663)	-	-	-	-
Special reserve appropriated	-	-	-	-	2,321	(2,321)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(376,200)	(376,200)	-	-	(376,200)
Exercise of employee stock options	4,030	(270)	8,735	-	-	-	-	-	-	12,495
Restricted Stock	2,500	-	98,250	-	-	-	-	-	(100,750)	-
Compensation cost arising from restricted stock	-	-	-	-	-	-	-	-	9,795	9,795
Balance at September 30, 2022	\$ 345,440	-	1,796,843	221,962	10,315	999,163	1,231,440	(146)	(90,955)	3,282,622
Balance at January 1, 2023	\$ 345,380	-	1,794,485	221,962	10,315	1,402,891	1,635,168	(5,059)	(74,432)	3,695,542
Profit	-	-	-	-	-	405,918	405,918	-	-	405,918
Other comprehensive income	-	-	-	-	-	-	-	1,136	-	1,136
Total comprehensive income	-	-	-	-	-	405,918	405,918	1,136	-	407,054
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	110,023	-	(110,023)	-	-	-	-
Reversal of special reserve	-	-	-	-	(5,257)	5,257	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(754,468)	(754,468)	-	-	(754,468)
Restricted Stock	2,500	-	201,750	-	-	-	-	-	(204,250)	-
Restricted Stock Awards write-down	(84)	-	84	-	-	-	-	-	-	-
Restricted Stock Awards compensation cost	-	-	(4,414)	-	-	-	-	-	67,475	63,061
Donation from shareholders	-	-	260	-	-	-	-	-	-	260
Balance at September 30, 2023	\$ 347,796	-	1,992,165	331,985	5,058	949,575	1,286,618	(3,923)	(211,207)	3,411,449

See accompanying notes to financial statements.

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

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES****Consolidated Statement of Cash Flows****For the nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the nine months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Profit before income tax	\$ 510,304	875,585
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expenses	80,810	82,639
Amortization expenses	9,327	8,404
Expected credit impairment (gains) losses	(9,710)	15,275
Gain on financial assets at fair value through profit or loss	(497)	-
Interest expenses	841	783
Interest income	(10,663)	(4,757)
(Gains) losses on disposal of property, plant and equipment	581	(2,084)
Share-based payment transactions	63,061	9,795
Unrealized foreign exchange loss (gain)	941	(8,822)
Gains on rent concessions	-	(312)
<b>Total adjustments to reconcile profit</b>	<b>134,691</b>	<b>100,921</b>
<b>Changes in operating assets and liabilities:</b>		
Decrease in notes receivable	6,421	3,840
Decrease (increase) in accounts receivable	334,217	(634,824)
Decrease (increase) in other receivables	37	(11,734)
Decrease (increase) in inventories	254,084	(272,588)
Decrease (increase) in other current assets	9,259	(43,870)
(Decrease) increase in accounts payable	(544,343)	420,429
(Decrease) increase in other payables	(222,056)	240,852
(Decrease) increase in current provisions	(4,905)	5,009
Increase in current contract liabilities	43,409	18,541
(Decrease) increase in long-term deferred revenue	(319)	5,650
<b>Total adjustments</b>	<b>10,495</b>	<b>(167,774)</b>
Cash inflow generated from operations	520,799	707,811
Interest received	10,734	4,438
Interest paid	(766)	(783)
Income taxes paid	(303,615)	(111,479)
<b>Net cash flows from operating activities</b>	<b>227,152</b>	<b>599,987</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	(600,000)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	600,497	-
Decrease in financial assets at amortized cost	(100,000)	119,300
Acquisition of property, plant and equipment	(431,777)	(482,353)
Proceeds from disposal of property, plant and equipment	3,968	17,408
Decrease in refundable deposits	2,130	1,289
Acquisition of intangible assets	(4,857)	(8,788)
Increase in other financial assets	(103)	(131)
Increase in prepayments for equipment	(84,258)	(122,962)
<b>Net cash flows used in investing activities</b>	<b>(614,400)</b>	<b>(476,237)</b>
<b>Cash flows from (used in) financing activities:</b>		
Proceeds from long-term borrowings	150,000	-
Decrease in guarantee deposits received	(200)	-
Payments of lease liabilities	(10,474)	(46,361)
Cash dividends paid	(754,468)	(376,200)
Proceeds from exercise of employee stock options	-	12,495
<b>Net cash flows used in financing activities</b>	<b>(615,142)</b>	<b>(410,066)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>615</b>	<b>3,298</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,001,775)</b>	<b>(283,018)</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>1,504,089</b>	<b>1,495,650</b>
<b>Cash and cash equivalents at the end of period</b>	<b>\$ 502,314</b>	<b>1,212,632</b>

See accompanying notes to financial statements.



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

## WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless otherwise specified)

#### (1) Company history:

Winway Technology Co., Ltd. (the Company) was incorporated on April 10, 2001 as a company limited by shares under the laws of the Republic of China (ROC). The Company and its subsidiaries (jointly referred to as the Group) are engaged in designing, processing, and sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures and their key components, and the import and export trade of related products.

The Company shares have been listed on the Taiwan Stock Exchange since January 20, 2021.

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

The consolidated financial statements were authorized for issuance by the Board of Directors on November 8, 2023.

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

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

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

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

- (b) The impact of IFRS issued by the FSC but not yet effective

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

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

(Continued)

## WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

#### (4) Summary of material accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Business Activity	Percentage Ownership			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	WINWAY INTERNATIONAL CO., LTD.	Investment holding	100 %	100 %	100 %	Significant subsidiary
The Company	WINWAY TECHNOLOGY INTERNATIONAL INC.	Sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	100 %	100 %	100 %	Non-significant subsidiary.
WINWAY INTERNATIONAL CO., LTD.	WINTEST ENTERPRISES LTD. (Note 2)	Sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	-	-	100 %	Significant subsidiary
WINWAY INTERNATIONAL CO., LTD.	WINWAY TECHNOLOGY (SUZHOU) LTD. (Note 1) (Note 2)	Process and sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	100 %	100 %	100 %	Significant subsidiary

Note 1 : From April 22, 2022, the Chinese name of WINWAY TECHNOLOGY (SUZHOU) LTD. was changed.

Note 2 : WINTEST ENTERPRISE LTD. was merged with WINWAY TECHNOLOGY (SUZHOU) LTD. at October 1, 2022 and WINWAY TECHNOLOGY (SUZHOU) LTD. was the surviving company.

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Subsidiaries which are not included in the consolidated financial statements: None.

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period the management's best estimate of effective annual tax rate. This should be recognized and allocated to current and deferred taxes based on its proportionate size.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC requires 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.

In preparing the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with those described in note 5 of the consolidated financial statements for the year ended December 31, 2022.

**(6) Explanation of significant accounts:**

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and those described in note 6 of the consolidated financial statements for the year ended December 31, 2022.

(a) Cash and cash equivalents

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Cash and cash on hand	\$ 329	380	378
Demand deposits	421,310	955,869	772,254
Time deposits	48,405	547,840	440,000
Cash equivalents	<u>32,270</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 502,314</u></u>	<u><u>1,504,089</u></u>	<u><u>1,212,632</u></u>

Please refer to note 6(w) for the exchange rate risk and sensitivity analysis of the financial assets of the Group.

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Financial assets measured at amortized cost

	September 30, 2023	December 31, 2022	September 30, 2022
Domestic time deposits	\$ <u>129,700</u>	<u>29,700</u>	<u>29,700</u>

The Group has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

The Group's financial assets measured at amortized costs were not restricted nor pledged as collateral.

(c) Notes and accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable from operating activities	\$ 588	7,029	2,122
Accounts receivable—measured as amortized cost	1,291,817	1,626,174	1,515,157
Less: Loss allowance	<u>(10,701)</u>	<u>(20,415)</u>	<u>(18,672)</u>
	<u>\$ 1,281,704</u>	<u>1,612,788</u>	<u>1,498,607</u>

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

	September 30, 2023		
	Gross carrying amount—notes receivable and accounts receivable from operating activities	Weighted-average loss rate	Loss allowance
Current	\$ 1,093,995	0.15 %	1,608
1 to 30 days past due	114,256	1.59 %	1,814
31 to 60 days past due	25,180	5.91 %	1,489
61 to 90 days past due	8,864	8.00 %	713
91 to 180 days past due	48,199	8.79 %	4,237
181 to 365 days past due	1,397	23.34 %	326
More than 365 days past due	<u>514</u>	100.00 %	<u>514</u>
	<u>\$ 1,292,405</u>		<u>10,701</u>

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>December 31, 2022</b>		
	<b>Gross carrying amount—notes receivable and accounts receivable from operating activities</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
Current	\$ 1,312,666	0.14 %	1,863
1 to 30 days past due	120,490	1.55 %	1,862
31 to 60 days past due	105,798	5.46 %	5,779
61 to 90 days past due	39,997	6.07 %	2,428
91 to 180 days past due	43,477	8.33 %	3,622
181 to 365 days past due	7,082	16.49 %	1,168
More than 365 days past due	3,693	100.00 %	3,693
	<b>\$ 1,633,203</b>		<b>20,415</b>
	<b>September 30, 2022</b>		
	<b>Gross carrying amount—notes receivable and accounts receivable from operating activities</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
Current	\$ 1,278,468	0.06 %	822
1 to 30 days past due	124,944	1.33 %	1,665
31 to 60 days past due	53,975	4.17 %	2,249
61 to 90 days past due	11,709	9.69 %	1,134
91 to 180 days past due	19,935	5.51 %	1,097
181 to 365 days past due	24,494	32.46 %	7,951
More than 365 days past due	3,754	100.00 %	3,754
	<b>\$ 1,517,279</b>		<b>18,672</b>

The movements in the allowance for notes receivable and accounts receivable were as follows:

	<b>Nine months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 20,415	3,325
Impairment losses recognized	-	15,275
Impairment losses reversed	(9,710)	-
Effects of changes in foreign exchange rates	(4)	72
Balance at September 30	<b>\$ 10,701</b>	<b>18,672</b>

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group's notes receivable and accounts receivable were not restricted nor pledged as collateral.

For further credit risk information, please refer to note 6(w).

(d) Other receivables

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Other receivables	\$ 4,148	4,256	16,647
Less: Loss allowance	(3,609)	(3,609)	(3,609)
	<b><u>\$ 539</u></b>	<b><u>647</u></b>	<b><u>13,038</u></b>

For further credit risk information, please refer to note 6(w).

(e) Inventories

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Raw materials and supplies	\$ 306,964	403,472	275,683
Work in progress	133,638	191,756	247,415
Finished goods	74,771	174,613	102,878
	<b><u>\$ 515,373</u></b>	<b><u>769,841</u></b>	<b><u>625,976</u></b>

The details of the cost of sales were as follows:

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Recognized as operating costs and expenses	\$ 600,455	835,553	1,815,596	1,889,603
Write-down of inventories (Reversal of write-downs)	22,066	(13,806)	66,862	16,609
Income from sale of scrap and wastes	(70)	(44)	(261)	(111)
Others	18,552	2,687	49,694	17,905
	<b><u>\$ 641,003</u></b>	<b><u>824,390</u></b>	<b><u>1,931,891</u></b>	<b><u>1,924,006</u></b>

As of September 30, 2023, and December 31 and September 30, 2022, the Group did not provide any inventories as collateral or restricted.

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(f) Property, plant and equipment

The movements of the property, plant and equipment of the Group were as follows:

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost or deemed cost:					
Balance at January 1, 2023	\$ 218,029	586,072	302,196	797,660	1,903,957
Additions	4,296	20,468	16,650	357,766	399,180
Disposal	(9,958)	(9,219)	(32,549)	-	(51,726)
Reclassifications (note)	-	28,111	13,719	-	41,830
Effect of movements in exchange rates	32	385	279	-	696
Balance at September 30, 2023	<u>\$ 212,399</u>	<u>625,817</u>	<u>300,295</u>	<u>1,155,426</u>	<u>2,293,937</u>
Balance at January 1, 2022	\$ 212,546	558,102	247,864	239,629	1,258,141
Additions	5,422	8,966	35,407	437,563	487,358
Disposal	-	(59,725)	(3,632)	-	(63,357)
Reclassification (note)	-	55,876	17,269	-	73,145
Effect of movements in exchange rates	83	4,009	1,877	-	5,969
Balance at September 30, 2022	<u>\$ 218,051</u>	<u>567,228</u>	<u>298,785</u>	<u>677,192</u>	<u>1,761,256</u>
Accumulated depreciation:					
Balance at January 1, 2023	\$ 87,084	259,951	185,972	-	533,007
Depreciation	3,863	38,734	26,683	-	69,280
Disposal	(9,121)	(5,803)	(32,253)	-	(47,177)
Effect of movements in exchange rates	32	212	234	-	478
Balance at September 30, 2023	<u>\$ 81,858</u>	<u>293,094</u>	<u>180,636</u>	<u>-</u>	<u>555,588</u>
Balance at January 1, 2022	\$ 79,550	260,099	153,256	-	492,905
Depreciation	5,709	36,411	25,147	-	67,267
Disposal	-	(45,824)	(2,209)	-	(48,033)
Reclassifications	-	(303)	303	-	-
Effect of movements in exchange rates	84	1,108	1,046	-	2,238
Balance at September 30, 2022	<u>\$ 85,343</u>	<u>251,491</u>	<u>177,543</u>	<u>-</u>	<u>514,377</u>
Carrying amounts:					
Balance at January 1, 2023	<u>\$ 130,945</u>	<u>326,121</u>	<u>116,224</u>	<u>797,660</u>	<u>1,370,950</u>
Balance at September 30, 2023	<u>\$ 130,541</u>	<u>332,723</u>	<u>119,659</u>	<u>1,155,426</u>	<u>1,738,349</u>
Balance at January 1, 2022	<u>\$ 132,996</u>	<u>298,003</u>	<u>94,608</u>	<u>239,629</u>	<u>765,236</u>
Balance at September 30, 2022	<u>\$ 132,708</u>	<u>315,737</u>	<u>121,242</u>	<u>677,192</u>	<u>1,246,879</u>

Note: Reclassifications are transferred from other non-current assets-prepayments for equipment.

As of September 30, 2023 and December 31 and September 30, 2022, the property, plant and equipment of the Group has been pledged as collateral for long-term borrowings and credit line, please refer to note 8.

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(g) Right-of-use assets

The movements of right-of-use assets of the Group were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost :			
Balance at January 1, 2023	\$ 92,818	73,549	166,367
Additions	-	7,350	7,350
Effect of movements in exchange rates	-	78	78
Balance at September 30, 2023	<u>\$ 92,818</u>	<u>80,977</u>	<u>173,795</u>
Balance at January 1, 2022	\$ 94,423	61,155	155,578
Additions	-	12,205	12,205
Write-off	(1,605)	(223)	(1,828)
Effect of movements in exchange rates	-	830	830
Balance at September 30, 2022	<u>\$ 92,818</u>	<u>73,967</u>	<u>166,785</u>
Accumulated depreciation :			
Balance at January 1, 2023	\$ 4,979	59,867	64,846
Depreciation	1,432	10,098	11,530
Effect of movements in exchange rates	-	60	60
Balance at September 30, 2023	<u>\$ 6,411</u>	<u>70,025</u>	<u>76,436</u>
Balance at January 1, 2022	\$ 3,116	41,220	44,336
Depreciation	1,385	13,987	15,372
Effect of movements in exchange rates	-	511	511
Balance at September 30, 2022	<u>\$ 4,501</u>	<u>55,718</u>	<u>60,219</u>
Carrying amounts :			
Balance at January 1, 2023	<u>\$ 87,839</u>	<u>13,682</u>	<u>101,521</u>
Balance at September 30, 2023	<u>\$ 86,407</u>	<u>10,952</u>	<u>97,359</u>
Balance at January 1, 2022	<u>\$ 91,307</u>	<u>19,935</u>	<u>111,242</u>
Balance at September 30, 2022	<u>\$ 88,317</u>	<u>18,249</u>	<u>106,566</u>

(h) Intangible assets

The cost and accumulated amortization for intangible assets were as follows:

	<u>Software</u>	<u>Patent</u>	<u>Trademark</u>	<u>Other</u>	<u>Total</u>
Cost :					
Balance at January 1, 2023	\$ 102,022	140,970	67,666	3,400	314,058
Additions	4,857	-	-	-	4,857
Reclassifications (note)	1,276	-	-	-	1,276
Effect of movements in exchange rates	3	-	-	-	3
Balance at September 30, 2023	<u>\$ 108,158</u>	<u>140,970</u>	<u>67,666</u>	<u>3,400</u>	<u>320,194</u>
Balance at January 1, 2022	\$ 88,879	140,970	67,666	3,400	300,915
Additions	8,788	-	-	-	8,788
Reclassifications (note)	2,070	-	-	-	2,070
Effect of movements in exchange rates	56	-	-	-	56
Balance at September 30, 2022	<u>\$ 99,793</u>	<u>140,970</u>	<u>67,666</u>	<u>3,400</u>	<u>311,829</u>

(Continued)



**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Software</u>	<u>Patent</u>	<u>Trademark</u>	<u>Other</u>	<u>Total</u>
Accumulated amortization and Impairment losses :					
Balance at January 1, 2023	\$ 73,440	140,970	66,557	-	280,967
Amortization for the period	8,874	-	453	-	9,327
Reclassification	(13)	-	-	-	(13)
Effect of movements in exchange rates	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
Balance at September 30, 2023	<u><b>\$ 82,304</b></u>	<u><b>140,970</b></u>	<u><b>67,010</b></u>	<u><b>-</b></u>	<u><b>290,284</b></u>
Balance at January 1, 2022	\$ 62,558	140,970	65,952	-	269,480
Amortization for the period	7,950	-	454	-	8,404
Effect of movements in exchange rates	<u>39</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39</u>
Balance at September 30, 2022	<u><b>\$ 70,547</b></u>	<u><b>140,970</b></u>	<u><b>66,406</b></u>	<u><b>-</b></u>	<u><b>277,923</b></u>
Carrying value :					
Balance at January 1, 2023	<u><b>\$ 28,582</b></u>	<u><b>-</b></u>	<u><b>1,109</b></u>	<u><b>3,400</b></u>	<u><b>33,091</b></u>
Balance at September 30, 2023	<u><b>\$ 25,854</b></u>	<u><b>-</b></u>	<u><b>656</b></u>	<u><b>3,400</b></u>	<u><b>29,910</b></u>
Balance at January 1, 2022	<u><b>\$ 26,321</b></u>	<u><b>-</b></u>	<u><b>1,714</b></u>	<u><b>3,400</b></u>	<u><b>31,435</b></u>
Balance at September 30, 2022	<u><b>\$ 29,246</b></u>	<u><b>-</b></u>	<u><b>1,260</b></u>	<u><b>3,400</b></u>	<u><b>33,906</b></u>

Note: Reclassifications are transferred from other non-current assets-prepayments for equipment.

The amortization of intangible assets and their impairment losses are included in the statement of comprehensive income:

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Costs of sales	\$ 949	996	2,951	2,924
Operating expenses	<u>2,087</u>	<u>2,013</u>	<u>6,376</u>	<u>5,480</u>
Total	<u><b>\$ 3,036</b></u>	<u><b>3,009</b></u>	<u><b>9,327</b></u>	<u><b>8,404</b></u>

As of September 30, 2023 and December 31 and September 30, 2022, the Group did not provide any intangible assets as collateral or restricted.

(i) Other non-current financial assets

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Restricted deposits	<u><b>\$ 51,747</b></u>	<u><b>51,644</b></u>	<u><b>51,642</b></u>

Please refer to note 8 for details of collateral.

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

The other current assets and other non-current assets of the Group were as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Prepaid expenses	\$ 16,663	13,756	12,092
Prepayments	1,652	4,672	2,401
Offset against business tax payable	4,504	25,016	21,152
Prepayments for equipment	145,661	104,524	81,571
Refund of overpaid tax	10,967	-	23,642
Other	1,461	1,013	8,029
	<b><u>\$ 180,908</u></b>	<b><u>148,981</u></b>	<b><u>148,887</u></b>
	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Current	\$ 35,247	44,457	67,316
Non-current	145,661	104,524	81,571
	<b><u>\$ 180,908</u></b>	<b><u>148,981</u></b>	<b><u>148,887</u></b>

(i) Prepaid expenses

Prepaid expenses were primarily for prepayments for office expenses.

(ii) Prepayments

Prepayments were primarily for prepayments for suppliers.

(k) Long-term borrowings

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Secured bank loans	\$ 150,000	-	-
Less: current portion	(13,495)	-	-
Total	<b><u>\$ 136,505</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Unused long-term credit lines	<b><u>\$ 2,210,000</u></b>	<b><u>2,809,974</u></b>	<b><u>2,360,000</u></b>
Range of interest rates	<b><u>1.8%</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

For the nine months ended September 30, 2023, the Group had the additional long-term borrowings amounting to \$150,000. There was no such transaction for the nine months ended September 30, 2022.

For the collateral for long-term borrowings, please refer to note 8.

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(l) Provisions

	<b>Provisions for warrant</b>
Balance at January 1, 2023	\$ 15,253
Provisions made during the period	10,348
Provision used and reversed during the period	<u>(15,253)</u>
Balance at September 30, 2023	<u><b>\$ 10,348</b></u>
Balance at January 1, 2022	\$ 8,468
Provisions made during the period	13,477
Provision used and reversed during the period	<u>(8,468)</u>
Balance at September 30, 2022	<u><b>\$ 13,477</b></u>

(m) Lease liabilities

The carrying value of lease liabilities of the Group were as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Current	<u>\$ 5,938</u>	<u>11,222</u>	<u>13,797</u>
Non-current	<u><b>\$ 51,998</b></u>	<u><b>49,819</b></u>	<u><b>51,941</b></u>

For the maturity analysis, please refer to note 6(w) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	<b>Three months ended September 30, 2023</b>	<b>2022</b>	<b>Nine months ended September 30, 2023</b>	<b>2022</b>
Interests on lease liabilities	<u>\$ 180</u>	<u>226</u>	<u>527</u>	<u>783</u>
Expenses relating to short-term leases	<u><b>\$ 2,035</b></u>	<u><b>1,946</b></u>	<u><b>6,847</b></u>	<u><b>4,578</b></u>

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

	<b>Nine months ended September 30, 2023</b>	<b>2022</b>
Total cash outflow for leases	<u><b>\$ 19,392</b></u>	<u><b>51,781</b></u>

(i) Land and buildings leases

The Group leases land and buildings for its factory and office, with lease terms of 10 years and 2 to 5 years, respectively. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Some leases provide for additional rent payments that are based on changes in local price indices, wherein the amounts are generally determined annually. The extension options held are exercisable only by the Group and not by the lessors. When the lease is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included in the lease liabilities.

(ii) Other leases

The Group leases some office equipment and staff dorm. These leases are short-term or leases of low-value items with a lease term of less than one year. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(n) Long-term deferred revenue

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Current	\$ -	-	-
Non-current	5,226	5,545	5,650
	<b>\$ 5,226</b>	<b>5,545</b>	<b>5,650</b>

In 2022, the Group received a subsidy of \$5,968 for the construction of solar equipment, which was recognized as long-term deferred revenue and was amortized over the useful life of the equipment.

(o) Employee benefits

(i) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension benefit of WINWAY TECHNOLOGY (Suzhou) LTD. and WINWAY TECHNOLOGY INTERNATIONAL INC. are based on their respective local regulation of defined contribution plan. The accrued expenses should be recognized as current expenses. Besides WINWAY INTERNATIONAL CO., LTD. do not have any employee pension plan.

The expenses recognized in profit or loss for the Group were as follows:

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Operating cost	\$ 3,407	2,658	9,951	7,727
Selling expenses	1,584	1,997	4,962	5,989
Administration expenses	1,002	859	2,823	2,609
Research and development expenses	1,372	1,266	4,178	4,004
Total	<b>\$ 7,365</b>	<b>6,780</b>	<b>21,914</b>	<b>20,329</b>

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Short-term benefit obligation

As of September 30, 2023, and December 31, and September 30, 2022, the Group's short-term benefit liabilities for paid leave were \$16,544, \$14,769 and \$13,200, respectively, which were recognized as other payables in the consolidated balance sheets.

(p) Income taxes

(i) The components of income tax for the Group were as follows:

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current tax expense				
Current period	\$ 39,599	92,264	102,527	188,213
Adjustment for prior periods	(9)	1,806	(1,208)	(1,563)
	<u>39,590</u>	<u>94,070</u>	<u>101,319</u>	<u>186,650</u>
Deferred tax benefit				
Origination and reversal of temporary differences	(4,455)	6,231	3,067	(7,569)
Income tax expense	<u>\$ 35,135</u>	<u>100,301</u>	<u>104,386</u>	<u>179,081</u>
Income tax recognized in other comprehensive income	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income tax recognized in equity	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company's tax returns for the years through 2021 were examined and approved by the ROC tax authorities.

(q) Capital and other equities

Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to September 30, 2023 and 2022. For the related information, please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2022.

(i) Ordinary shares

The Company's total authorized shares of common stock of 50,000 thousand shares, with a par value of \$10 per share, included 34,780 thousand shares, 34,538 thousand shares and 34,544 thousand shares as of September 30, 2023 and December 31, and September 30, 2022, respectively. All issued shares were paid up upon issuance.

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the nine months ended September 30, 2022, the Company had issued 376 thousand shares at par value, amounting to \$12,495, for its employee stock options; of which, the relevant statutory registration procedures of 376 thousand shares had since been completed and all the capital had been received.

On June 24, 2022, the shareholders' meeting approved the issuance of 500 thousand restricted stocks to employees. The issuance was authorized on July 22, 2022. The base dates for the capital increase are August 12, 2022, and July 21, 2023, respectively, with 250 thousand common stocks issued on each date. The subscription price was \$0 per share. The registration procedures have been completed.

(ii) Cancellation of ordinary share

The Company' Board of Directors resolved the cancellation of restricted stocks issued to employees, totaling 6 thousand shares on February 22, 2023 and 4 thousand shares on July 21, 2023, respectively. The base dates for the capital decrease, as resolved by the Company' Board of Directors, were February 22, 2023 and July 22, 2023, respectively, and the registration procedures have been completed.

In August 2023, the Company canceled 4 thousand shares of restricted stocks issued to employees that had not yet met the vested conditions. As of September 30, 2023, due to the incomplete registration procedure, the balance of \$4 was recorded as share capital awaiting retirement.

(iii) Capital surplus

The balances of capital surplus were as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Additional paid-in capital	\$ 1,700,604	1,674,029	1,674,029
Employee stock options	21,517	21,517	21,517
Employee stock options-expired	3,047	3,047	3,047
Restricted stock	266,737	95,892	98,250
Donation from shareholders	260	-	-
	<b><u>\$ 1,992,165</u></b>	<b><u>1,794,485</u></b>	<b><u>1,796,843</u></b>

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(Continued)

## WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (iv) Retained Earning

The Company's article of incorporation stipulated that annual earning shall be appropriated as follows:

- 1) pay income tax;
- 2) make up accumulated deficit;
- 3) retain 10% as legal reserve until the accumulated legal reserve equals the issued common stock;
- 4) appropriate of reverse a certain amount as special reserve according to the securities exchange act;
- 5) after 1~4 above, the remainder shall be distributed at the discretion of the board of directors and approved at the stockholders' meeting.

According to the ROC Company Act, the distribution of dividends, by way of cash, should first be approved by Board of Directors then reported during the shareholders' meeting; while the distribution of dividends, by way issuing new shares, should be submitted during the shareholders' meeting for review and approval.

The Company is in its growth stage. In order to coordinate with the Company's long-term financial planning, investment environment and industry competition in the future, the distribution of dividends should consider the budget of capital expenditures and demand for fund of company in the future. For dividends of at least 10% of such remaining amount, cash dividends shall not be less than 10% of the total amount dividends.

#### 1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

#### 2) Special reserve

The Company initially adopted the IFRSs to apply for exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards approved by the FSC, wherein its undistributed prior-period earnings shall be reclassified as unappropriated retained earnings at the adoption date, which will result in an increase in retained earnings amounting to \$13. Company shall allocate the same amount in special reserve in accordance with the requirements issued by the Financial Supervisory Commission. When there is any subsequent use, disposal, or reclassification of the relevant assets, the Company may reverse and proportionately appropriate the earnings distribution originally allocated to special reserve.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of September 30, 2023, December 31, and September 30, 2022, the balance of special reserve amounted to \$5,058, \$10,315 and \$10,315, respectively.

3) Earnings distribution

The following are the appropriations of earnings in 2022 and 2021 which were approved in the Board of Directors' meeting held on February 22, 2023 and February 23, 2022. These earnings were appropriated as follows:

	<b>2022</b>		<b>2021</b>	
	<b>Amount per share</b>	<b>Total amount</b>	<b>Amount per share</b>	<b>Total amount</b>
Dividends distributed to ordinary shareholders:				
Cash	\$ 22.00	<u><b>754,468</b></u>	11.00	<u><b>376,200</b></u>

(v) Other equity interest

	<b>Exchange differences on foreign operations</b>	<b>Unearned stock-based Employee compensation</b>	<b>Total</b>
Balance at January 1, 2023	\$ (5,059)	(74,432)	(79,491)
Exchange differences on foreign operations	1,136	-	1,136
Unearned Stock-Based Employee compensation	-	(136,775)	(136,775)
Balance at September 30, 2023	<u><b>(3,923)</b></u>	<u><b>(211,207)</b></u>	<u><b>(215,130)</b></u>
Balance at January 1, 2022	\$ (10,316)	-	(10,316)
Exchange differences on foreign operations	10,170	-	10,170
Unearned Stock-Based Employee compensation	-	(90,955)	(90,955)
Balance at September 30, 2022	<u><b>(146)</b></u>	<u><b>(90,955)</b></u>	<u><b>(91,101)</b></u>

(Continued)



**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(r) Share-based payment

(i) Employee restricted stock awards

On June 24, 2022, the shareholders' meeting approved the issuance of 500,000 restricted stocks to those full-time employees who meet the Company's requirements. The restricted stock has been registered with, and approved by, the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. On August 5, 2022, the board of directors issued 250,000 restricted stocks. The fair value on the grant date was \$403 per share, which was the closing price less the issue price. The restricted stock has been registered with, and approved by, the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. On July 21, 2023, the board of directors issued 250,000 restricted stocks. The fair value on the grant date was \$817 per share, which was the closing price less the issue price.

Full-time employees who are granted restricted shares as mentioned above shall receive the granted shares without consideration and shall remain in service with the Company for one, two and three years from the grant date, and shall receive 30%, 30% and 40% of the restricted shares each year, depending on the achievement of the Company's overall and individual performance targets for that year, respectively. All of the restricted stocks shall be delivered to the Company's designated trustee for safekeeping until the vesting conditions are met, and shall not be sold, pledged, transferred, gifted or otherwise disposed of. The voting rights of the stocks shall be exercised by the trustee in accordance with the relevant laws and regulations during the period when the stocks are delivered to the trustee for safekeeping. If any employee fails to meet the vesting conditions after subscribing for the new stocks, the Company will take back his/her shares without consideration and cancel the stocks in accordance with the law.

Details of the restricted stocks of the Company are as follows :

	<u>Nine months ended September 30, 2023</u>	<u>Nine months ended September 30, 2022</u>
	<u>Number of restricted stock (in thousands)</u>	<u>Number of restricted stock (in thousands)</u>
Outstanding at January 1	244	-
Granted during the period	250	250
Forfeited during the period	(8)	-
Exercised during the period	(68)	-
Outstanding at September 30	<u><b>418</b></u>	<u><b>250</b></u>

For the three months ended September 30, 2023 and 2022, and for nine months ended September 30, 2023 and 2022, the Company incurred expenses were \$35,243, \$9,795, \$63,061 and \$9,795 for each of the restricted stock, respectively, which were recognized as operating costs and operating expenses.

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Employee stock options

A resolution had been approved during the board meeting held on January 17, 2019 for the Company to issue 1,000 new shares in 2019 as employee stock option for its employees. Each share option represents the right to purchase 1,000 ordinary share of the Company when exercised.

1) Details of the employee stock options are as follows:

Grant date	January 17, 2019
Number unit	1,000,000 shares
Exercise price	\$ 35 per share
Vesting conditions	Duration of one year and achieve the agreed performance
Expected volatility	36.50%~40.10%
Risk free interest rate	0.58%~0.64%
Expected life	2.5~3.5 years
Weighted-average fair value of grant date	\$ 31.93

2) The Company estimated to issue 1,000 units (1,000,000 shares common stock options) on January 17, 2019, under the Black-Scholes Options Pricing Model. The value of stocks were \$75 per share.

	<b>Nine months ended September 30, 2022</b>	
	<b>Weighted average exercise price (price NTD)</b>	<b>Number of options (Units)</b>
Outstanding at January 1	\$ 33.3	376,000
Forfeited during the period	33.2	-
Exercised during the period	33.2	376,000
Outstanding at September 30	<u>\$ 32.4</u>	<u>-</u>
Exercisable at September 30	<u>\$ 32.4</u>	<u>-</u>

(s) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows:

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Basic earnings per share (expressed in New Taiwan dollars)</b>				
Profit attributable to ordinary shareholders of the Company	<u>\$ 126,727</u>	<u>368,845</u>	<u>405,918</u>	<u>696,504</u>
Weighted average number of ordinary shares outstanding (shares in thousands)	<u>34,296</u>	<u>34,276</u>	<u>34,295</u>	<u>34,091</u>
<b>Basic earnings per share</b>	<u>\$ 3.70</u>	<u>10.79</u>	<u>11.84</u>	<u>20.43</u>

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Diluted earnings per share (expressed in New Taiwan dollars)</b>				
Profit attributable to ordinary shareholders of the Company	\$ <u>126,727</u>	<u>368,845</u>	<u>405,918</u>	<u>696,504</u>
Weighted average number of ordinary shares outstanding (shares in thousands)	34,296	34,276	34,295	34,091
Effect of dilutive potential ordinary shares (shares in thousands)				
Effect of employee stock options	-	23	-	213
Effect of employee stock bonus	78	231	327	248
Effect of employee restricted stock	<u>160</u>	<u>5</u>	<u>158</u>	<u>2</u>
Weighted average number of ordinary shares (diluted) (shares in thousands)	<u>34,534</u>	<u>34,535</u>	<u>34,780</u>	<u>34,554</u>
<b>Diluted earnings per share</b>	<b>\$ <u>3.67</u></b>	<b><u>10.68</u></b>	<b><u>11.67</u></b>	<b><u>20.16</u></b>

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Primary geographical markets:				
Taiwan	\$ 234,377	283,530	698,392	955,506
America	299,232	544,759	726,778	996,200
China	233,479	474,327	932,794	956,712
Europe	3,637	4,818	13,969	12,479
Canada	3,032	6,688	6,204	26,069
Asia	<u>210,471</u>	<u>240,907</u>	<u>630,903</u>	<u>466,046</u>
	<b>\$ <u>984,228</u></b>	<b><u>1,555,029</u></b>	<b><u>3,009,040</u></b>	<b><u>3,413,012</u></b>
Major products/services lines:				
Test Socket	\$ 690,785	895,493	2,249,446	2,075,671
Contact Element	159,273	153,700	375,129	435,345
Probe Card	58,321	422,094	214,894	679,730
Other	<u>75,849</u>	<u>83,742</u>	<u>169,571</u>	<u>222,266</u>
	<b>\$ <u>984,228</u></b>	<b><u>1,555,029</u></b>	<b><u>3,009,040</u></b>	<b><u>3,413,012</u></b>

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 588	7,029	2,122
Accounts receivable	1,291,817	1,626,174	1,515,157
Less: loss allowance	<u>(10,701)</u>	<u>(20,415)</u>	<u>(18,672)</u>
	<u><b>\$ 1,281,704</b></u>	<u><b>1,612,788</b></u>	<u><b>1,498,607</b></u>
Contract liabilities-advance collections	\$ 8,669	286	323
Contract liabilities-customer loyalty program	<u>89,717</u>	<u>54,651</u>	<u>43,587</u>
	<u><b>\$ 98,386</b></u>	<u><b>54,937</b></u>	<u><b>43,910</b></u>

For details on notes receivable, accounts receivable and allowance for impairment, please refer to note 6(c).

The amounts of revenue recognized for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, that were included in the contract liability balance at the beginning of the each period were \$0, \$9,516, \$3,621 and \$15,147, respectively.

(u) Remunerations to employees and directors

In accordance with the Articles of Incorporation, the Company should contribute 5%~15% of the profit as employee compensation and a maximum of 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, the Company estimated its employee remuneration amounting to \$13,668, \$52,709, \$52,771 and \$86,701, and directors' remuneration amounting to \$861, \$(688), \$2,816 and \$6,000, respectively. The employee compensation and directors' remuneration were estimated as the income before tax, excluding the amount of employee compensation and directors' remuneration, multiplied by the percentages of remunerations of employees and directors as stated in the Company's Articles of Incorporation. These remunerations were expensed under operating costs or operating expenses. If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be accounted for as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years ended December 31, 2022 and 2021, the remuneration to employees amounted to \$141,512 and \$31,546, and the remuneration to directors amounted to \$6,000 and \$4,198, respectively. The aforementioned approved amounts were the same as the amounts charged against the earnings in 2022 and 2021. Related information would be available at the Market Observation Post System website.

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Non-operating income and expenses

(i) Interest income

Details of interest income of the Group were as follows:

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest income				
Bank deposits	\$ 1,080	1,525	10,535	4,746
Others	<u>93</u>	<u>4</u>	<u>128</u>	<u>11</u>
	<u>\$ 1,173</u>	<u>1,529</u>	<u>10,663</u>	<u>4,757</u>

(ii) Other gains and losses

Details of other gains and losses of the Group were as follows:

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Foreign exchange (losses) gains	\$ 27,389	30,888	15,097	46,244
Gains on financial assets at fair value through profit or loss	254	-	497	-
Gains (losses) on disposals of property, plant and equipment	(946)	(1,597)	(581)	2,084
Government grants	1,305	1,654	2,108	3,230
Others	<u>574</u>	<u>716</u>	<u>1,219</u>	<u>1,059</u>
	<u>\$ 28,576</u>	<u>31,661</u>	<u>18,340</u>	<u>52,617</u>

(iii) Finance costs

Details of finance costs of the Group were as follows:

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest expenses				
Bank loans	\$ 314	-	314	-
Lease liabilities	<u>180</u>	<u>226</u>	<u>527</u>	<u>783</u>
	<u>\$ 494</u>	<u>226</u>	<u>841</u>	<u>783</u>

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(w) Financial Instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2022.

(i) Credit risk

1) Credit risk exposure

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

2) Concentration to credit risk

The customers of the Group has a significant concentration on electronics industry. To reduce the credit risk, the Group regularly evaluates the collectability of accounts receivable and notes receivable. As of September 30, 2023, and December 31 and September 30, 2022, the Group does not have a significant concentration of credit risk.

3) Credit risk of receivables and debt instruments

For credit risk exposure of notes and accounts receivables, please refer to note 6(c).

Other financial assets at amortized cost include other receivables, refundable deposits and other financial assets.

The following table presents whether the assets measured at amortized cost were subject to a 12-month ECL or lifetime ECL allowance, and in the latter case, whether they were credit-impaired:

	<b>September 30, 2023</b>		
	<b>At amortized cost</b>		
	<b>12-month ECL</b>	<b>Lifetime ECL-not credit-impaired</b>	<b>Lifetime ECL-credit-impaired</b>
Other receivables	\$ 539	-	3,609
Refundable deposits	5,363	-	-
Other financial assets	51,747	-	-
Loss allowance	-	-	(3,609)
Amortized cost	<u>\$ 57,649</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>\$ 57,649</u>	<u>-</u>	<u>-</u>

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>December 31, 2022</b>			
<b>At amortized cost</b>			
	<b>12-month ECL</b>	<b>Lifetime ECL-not credit-impaired</b>	<b>Lifetime ECL- credit-impaired</b>
Other receivables	\$ 647	-	3,609
Refundable deposits	7,476	-	-
Other financial assets	51,644	-	-
Loss allowance	-	-	(3,609)
Amortized cost	<u>\$ 59,767</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>\$ 59,767</u>	<u>-</u>	<u>-</u>

  

<b>September 30, 2022</b>			
<b>At amortized cost</b>			
	<b>12-month ECL</b>	<b>Lifetime ECL-not credit-impaired</b>	<b>Lifetime ECL- credit-impaired</b>
Other receivables	\$ 13,038	-	3,609
Refundable deposits	5,493	-	-
Other financial assets	51,642	-	-
Loss allowance	-	-	(3,609)
Amortized cost	<u>\$ 70,173</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>\$ 70,173</u>	<u>-</u>	<u>-</u>

The movements in the allowance for impairment for debt investments at amortized cost were as follows:

<b>For the nine months ended September 30, 2023</b>				
	<b>12-month ECL</b>	<b>Lifetime ECL- not credit- impaired</b>	<b>Lifetime ECL- credit- impaired</b>	<b>Total</b>
Balance at January 1, 2023(equal to balance at September 30, 2023)	\$ -	-	3,609	3,609

  

<b>For the nine months ended September 30, 2022</b>				
	<b>12-month ECL</b>	<b>Lifetime ECL- not credit- impaired</b>	<b>Lifetime ECL- credit- impaired</b>	<b>Total</b>
Balance at January 1, 2022(equal to balance at September 30, 2022)	\$ -	-	3,609	3,609

(Continued)

## WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (ii) Liquidity Risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contracted cash flows	Due within 6 months	Due in 6-12 months	Due in 1-2 years	Due in 2-5 years	over 5 years
<b>September 30, 2023</b>							
Non-derivative financial liabilities							
Notes and accounts payable (non-interest-bearing)	\$ 482,240	482,240	482,240	-	-	-	-
Other payables (non-interest-bearing)	288,285	288,285	288,285	-	-	-	-
Long-term borrowings (including due within one year)(floating rate)	150,000	155,280	971	14,447	38,442	101,420	-
Lease liabilities (included due within one year) (fix interest rate)	57,936	70,891	4,519	2,063	4,126	6,342	53,841
	<u>\$ 978,461</u>	<u>996,696</u>	<u>776,015</u>	<u>16,510</u>	<u>42,568</u>	<u>107,762</u>	<u>53,841</u>
<b>December 31, 2022</b>							
Non-derivative financial liabilities							
Notes and accounts payable (non-interest-bearing)	\$ 1,026,645	1,026,645	1,026,645	-	-	-	-
Other payables (non-interest-bearing)	542,881	542,881	542,881	-	-	-	-
Lease liabilities (included due within one year) (fix interest rate)	61,041	74,343	6,566	5,278	2,384	5,187	54,928
Guarantee deposits(non-interest-bearing)	200	200	-	200	-	-	-
	<u>\$ 1,630,767</u>	<u>1,644,069</u>	<u>1,576,092</u>	<u>5,478</u>	<u>2,384</u>	<u>5,187</u>	<u>54,928</u>
<b>September 30, 2022</b>							
Non-derivative financial liabilities							
Notes and accounts payable (non-interest-bearing)	\$ 909,621	909,621	909,621	-	-	-	-
Other payables (non-interest-bearing)	516,061	516,061	516,061	-	-	-	-
Lease liabilities (included due within one year) (fix interest rate)	65,738	79,221	8,353	6,102	4,252	5,107	55,407
	<u>\$ 1,491,420</u>	<u>1,504,903</u>	<u>1,434,035</u>	<u>6,102</u>	<u>4,252</u>	<u>5,107</u>	<u>55,407</u>

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

#### (iii) Market risk

##### 1) Currency risk

The Group's significant exposure to foreign currency risk was as follow:

	September 30, 2023			December 31, 2022			September 30, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<b>Financial assets</b>									
<u>Monetary items</u>									
USD	\$ 32,242	32.270	1,040,464	71,023	30.710	2,181,128	31,241	31.750	991,911
JPY	577,743	0.2162	124,908	594,639	0.2324	138,194	364,203	0.2201	80,161
<b>Financial liabilities</b>									
<u>Monetary items</u>									
USD	20,517	32.270	662,068	45,772	30.710	1,405,669	15,751	31.750	500,096
JPY	73,729	0.2162	15,940	181,616	0.2324	42,207	179,633	0.2201	39,537

The foreign currency risk mainly arose from the translation of cash and cash equivalents, accounts receivable, other receivables, accounts payable, and other payables. As of September 30, 2023 and 2022, if the exchange rate of TWD versus USD and JPY had increased or decreased by 1%, given no changes in other factors, profit after tax would have increased or decreased by \$3,899 and \$4,260, for the nine months ended September 30, 2023 and 2022, respectively. The method of analysis remains the same as 2022.

(Continued)



## WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended September 30, 2023 and 2022 and nine months ended September 30, 2023 and 2022, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$27,389, \$30,888, \$15,097 and \$46,244, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.1%, the Group's net income would have increased or decreased by \$90, for the nine months ended September 30, 2023 which would be mainly resulted from the borrowings with variable interest rates.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss are measured on a recurring basis. The carrying amounts and fair values of the Group's financial assets and liabilities, including the information on fair value hierarchy are stated below; 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:

		September 30, 2023			
		Book Value	Fair Value		
			Level 1	Level 2	Level 3
					Total
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$	502,314	-	-	-
Domestic-time deposits		129,700	-	-	-
Notes and accounts receivables		1,281,704	-	-	-
Other receivables		539	-	-	-
Other financial assets		51,747	-	-	-
Refundable deposits		5,363	-	-	-
<b>Total</b>	<b>\$</b>	<b>1,971,367</b>			

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

		September 30, 2023				
		Book Value	Fair Value			Total
			Level 1	Level 2	Level 3	
<b>Financial liabilities measured at amortized cost</b>						
Borrowings from bank	\$	150,000	-	-	-	-
Accounts payables		482,240	-	-	-	-
Other payables		288,285	-	-	-	-
Lease liabilities		57,936	-	-	-	-
<b>Total</b>	<b>\$</b>	<b>978,461</b>				
		December 31, 2022				
		Book Value	Fair Value			Total
			Level 1	Level 2	Level 3	
<b>Financial assets measured at amortized cost</b>						
Cash and cash equivalents	\$	1,504,089	-	-	-	-
Domestic-time deposits		29,700	-	-	-	-
Notes and accounts receivables		1,612,788	-	-	-	-
Other receivables		647	-	-	-	-
Other financial assets		51,644	-	-	-	-
Refundable deposits		7,476	-	-	-	-
<b>Total</b>	<b>\$</b>	<b>3,206,344</b>				
<b>Financial liabilities measured at amortized cost</b>						
Accounts payables	\$	1,026,645	-	-	-	-
Other payables		542,881	-	-	-	-
Lease liabilities		61,041	-	-	-	-
Guarantee deposits		200	-	-	-	-
<b>Total</b>	<b>\$</b>	<b>1,630,767</b>				
		September 30, 2022				
		Book Value	Fair Value			Total
			Level 1	Level 2	Level 3	
<b>Financial assets measured at amortized cost</b>						
Cash and cash equivalents	\$	1,212,632	-	-	-	-
Domestic-time deposits		29,700	-	-	-	-
Notes and accounts receivables		1,498,607	-	-	-	-
Other receivables		13,038	-	-	-	-
Other financial assets		51,642	-	-	-	-
Refundable deposits		5,493	-	-	-	-
<b>Total</b>	<b>\$</b>	<b>2,811,112</b>				
<b>Financial liabilities measured at amortized cost</b>						
Notes and accounts payables	\$	909,621	-	-	-	-
Other payables		516,061	-	-	-	-
Lease liabilities		65,738	-	-	-	-
<b>Total</b>	<b>\$</b>	<b>1,491,420</b>				

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

1) Valuation techniques of financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

b) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

2) Valuation techniques of financial instruments measured at fair value

Non-derivative financial instruments

Financial instruments traded in active market are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained readily and regularly from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities, and such price can reflect those actual trading and regularly occurring in the market. Then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered as no quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

(x) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(w) of the consolidated financial statements for the year ended December 31, 2022.

(y) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2022 for further details.

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (z) Investing and financing activities not affecting the current cash flow

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flows	Non-Cash changes		September 30, 2023
			Foreign exchange movement	Changes in lease payments	
Long-term borrowings(including due within one year)	\$ -	150,000	-	-	150,000
Lease liabilities	61,041	(10,474)	19	7,350	57,936
Total liabilities from financing activities	<u>\$ 61,041</u>	<u>139,526</u>	<u>19</u>	<u>7,350</u>	<u>207,936</u>

  

	January 1, 2022	Cash flows	Non-Cash changes		September 30, 2022
			Foreign exchange movement	Changes in lease payments	
Lease liabilities	\$ 101,703	(46,361)	331	10,065	65,738
Total liabilities from financing activities	<u>\$ 101,703</u>	<u>(46,361)</u>	<u>331</u>	<u>10,065</u>	<u>65,738</u>

**(7) Related-party transactions:**

- (a) Names of related parties and their relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Kaohsiung City WinWay Charity Association	Same key management personnel with the Group

- (b) Significant related party transactions

For the three months and nine months ended September 30, 2023, the Group has donated \$0 and \$1,000 which were recognized in operating expenses, to Kaohsiung City WinWay Charity Association.

- (c) Key management personnel compensation

Key management personnel compensation comprised:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Short-term employee benefits	\$ 24,177	10,612	52,205	33,979
Post-employment benefits	54	54	162	162
	<u>\$ 24,231</u>	<u>10,666</u>	<u>52,367</u>	<u>34,141</u>

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(8) Assets pledged as security:**

The carrying amounts of assets pledged as security were as follows:

<u>Assets pledged as security</u>	<u>Liabilities secured by pledge</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other financial	Guarantee for customs duty	\$ 1,517	1,513	1,512
assets-non-current-demand deposits				
Other financial	Construction of plant	50,230	50,131	50,130
assets-non-current-time deposits				
Property, plant, and equipment	Bank borrowings	130,541	130,946	132,708
		<u>\$ 182,288</u>	<u>182,590</u>	<u>184,350</u>

**(9) Significant commitments and contingencies:**

- (a) MPI Corporation (hereinafter referred to as MPI) filed a business secret civil lawsuit against the Group and the chairman of the Board of Directors in the Intellectual Property Court on September 19, 2019, and jointly claimed \$44,000 compensation from the Group, \$9,270 from 4 employees, and the interest was calculated at 5% per annum from the day after the complaint was served to the settlement date.

In addition, MPI filed an additional lawsuit and a petition to stop the trial in December 2020, and raised the claim amount to \$158,910. The Group agreed to stop the trial from March 2022 to November 21, 2022. As of November 8, 2023, after the renewal of MPI's petition for continuation of the above-mentioned lawsuit, no substantive proceedings have been conducted, and it is not yet possible to determine the probable final outcome of the above-mentioned lawsuit.

The main products of the Group are highly customized, and the Group always respects intellectual property rights and is committed to the research and development of technology. There is no unlawful acquisition or use of its business secrets as stated by MPI.

- (b) As of September 30, 2023 and December 31, and September 30, 2022, significant outstanding purchase commitments for construction in progress, property, plant and equipment the amounts of \$425,683, \$633,397 and \$640,282.

**(10) Losses Due to Major Disasters: none**

**(11) Significant Subsequent Events: none**

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(12) Other:**

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

	Three months ended September 30,					
By function	2023			2022		
By item	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	97,474	123,961	221,435	140,564	215,575	356,139
Labor and health insurance	11,647	10,625	22,272	7,962	6,570	14,532
Pension	3,407	3,958	7,365	2,658	4,122	6,780
Remuneration of directors	-	877	877	-	(672)	(672)
Others	6,133	4,599	10,732	5,710	4,097	9,807
Depreciation	21,294	6,262	27,556	21,804	6,082	27,886
Amortization	950	2,086	3,036	996	2,013	3,009

	Nine months ended September 30,					
By function	2023			2022		
By item	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	286,280	356,517	642,797	314,967	450,840	765,807
Labor and health insurance	32,708	29,341	62,049	22,737	19,552	42,289
Pension	9,951	11,963	21,914	7,727	12,602	20,329
Remuneration of directors	-	2,904	2,904	-	6,056	6,056
Others	17,557	13,562	31,119	15,173	11,920	27,093
Depreciation	62,417	18,393	80,810	63,946	18,693	82,639
Amortization	2,951	6,376	9,327	2,924	5,480	8,404

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated 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 Group for the nine months ended September 30, 2023.

(i) Lending to other parties:

Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits(Note 2)	Maximum limit of fund financing (Note 2)	Note
												Item	Value			
The Company	WINWAY TECHNOLOGY INTERNATIONAL INC.	Other receivables	Yes	16,135	16,135	-	2.867%	(Note 1)	-	Operating requirements	-	-	-	682,290	1,364,580	(Note 3)

Note 1: WINWAY TECHNOLOGY INTERNATIONAL INC. requires a short-term financing with it.

Note 2: The aggregate loan amount and the individual loans were limited to 40% and 20%, respectively, of the Company net equity.

Note 3: It was eliminated in the consolidation.

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of September 30, 2023 (excluding investment in subsidiaries, associates and joint ventures): None

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount	Note
The Company	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	43,314,783.83	600,000	43,314,783.83	600,497	600,000	497	-	-	-

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

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 and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Hsinchu Tai-Yuan presold offices	January 27, 2021	281,363	69,125	WEN SHENG DEVELOPMENT CO., LTD.	Non-related party	-	-	-	-	Bidding	Plant expansion	
The Company	Nanzih Technology Industrial Park-plant construction	February 28, 2021	71,000	71,000	HSIN HSIUNG CONSTRUCTION CO., LTD.	Non-related party	-	-	-	-	Bidding	Plant expansion	
The Company	Nanzih Technology Industrial Park-plant construction	August 26, 2021	460,000	437,000	HSIN HSIUNG CONSTRUCTION CO., LTD.	Non-related party	-	-	-	-	Bidding	Plant expansion	
The Company	Nanzih Technology Industrial Park-plant construction	August 26, 2021	204,000	193,800	SEAN KUNG ELECTRIC ENGINEERING CO., LTD.	Non-related party	-	-	-	-	Bidding	Plant expansion	
The Company	Nanzih Technology Industrial Park-plant construction	February 10, 2022	145,000	145,000	CHENG DA ELECTRIC ENGINEERING CO., LTD.	Non-related party	-	-	-	-	Bidding	Plant expansion	

(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:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	WINWAY TECHNOLOGY (SUZHOU) LTD.	Subsidiary	Sale	528,609	19.91 %	90~150 Days	(Note 1)	The main customers are 60 to 120 days	392,164	30.07 %	(Note)
WINWAY TECHNOLOGY (SUZHOU) LTD.	The Company	Parent Company	Purchase	528,609	90.49 %	90~150 Days	(Note 1)	The main suppliers are 60 to 120 days	392,164	97.67 %	(Note)

Note : It was eliminated in the consolidation.

Note 1: No comparable transactions as the goods were specific.

(Continued)



**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	Note
					Amount	Action taken			
The Company	WINWAY TECHNOLOGY (SUZHOU) LTD.	Subsidiary	Accounts receivable \$392,164	124.11 %	126,733	Expected to be collected in October 2023.	Accounts receivable \$79,691	-	(Note)

Note : It was eliminated in the consolidation.

(ix) Trading in derivative instruments:None

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship (Note)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	WINWAY TECHNOLOGY INTERNATIONAL INC.	1	Other payable	8,140	Commissions are not comparable with similar transactions.	0.18 %
				Sales expenses	48,974		1.63 %
0	The Company	WINWAY TECHNOLOGY (SUZHOU) LTD.	1	Accounts receivable	392,164	Selling price offered could not be compared to those offered to third-party customers; the collection terms are 90~150 days; the payment terms are 60 days; were not significantly different from those with third-party customers.	8.51 %
				Accounts payable	903		0.02 %
				Other payables	342		0.01 %
				Other receivables	2,358		0.05 %
				Sales revenue	528,609		17.57 %
				Cost of goods sold	1,054		0.04 %
				Sales expenses	1,699		0.06 %

Note : No. 1 represents transactions from parent company to subsidiaries.

No. 2 represents transactions from subsidiaries to parent company.

No. 3 represents transactions between subsidiaries.

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Information on investments:

The following is the information on investees for the nine months ended September 30, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
The Company	WINWAY INTERNATIONAL CO., LTD.	SAMOA	Investment holding	204,599	204,599	6,580,000	100 %	201,113	(24,929)	(24,929)	Subsidiary (Note)
The Company	WINWAY TECHNOLOGY INTERNATIONAL INC.	America	Sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	73,785	73,785	781,934	100 %	17,395	4,231	4,231	Subsidiary (Note)

Note : It was eliminated in the consolidation.

(c) Information on investment in mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated remittance from Taiwan as of January 1, 2023	Investment flows		Accumulated remittance from Taiwan as of September 30, 2023	Net income (Losses) of investee	Indirect investment holding percentage	Share of profit/losses of investee	Book value (Note)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
WINWAY TECHNOLOGY (SUZHOU) LTD.	Process and sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	204,599	Indirect investment in Mainland China through an existing company registered in the third country.	204,599	-	-	204,599	(24,929)	100%	(24,929)	253,515	-

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Limitation on investment in Mainland China:

<b>Accumulated remittance from Taiwan to China as of September 30, 2023</b>	<b>Investment Amounts Authorized by Investment Commission, MOEA (Note 1)</b>	<b>Upper Limit on investment in Mainland China set by Investment Commission, Ministry of Economic Affairs</b>
204,599 (USD6,580,000)	212,337 (USD6,580,000)	2,046,869

Note : It was eliminated in the consolidation.

Note 1: The amounts denominated in foreign currencies were translated using the rate of exchange at September 30, 2023.

Note 2: Investment income (loss) recognized was based on financial statements reviewed by the member audit firm of the Company.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders:

<b>Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
HE WEI INVESTMENT CO., LTD.		3,499,559	10.06 %

Note: (1) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total nonphysical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered nonphysical stocks may be different from the capital stocks disclosed in the financial statement due to different calculations basis.

Note: (2) If the aforementioned data contained shares which were kept in trust by the shareholders, the data disclosed will be deemed as the settlor's separate account for the fund set by the trustee. As for the shareholder who reports its share equity as an insider and whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act and include its self-owned shares and trusted shares, as well as the shares of the individuals who have power to decide how to allocate the trust assets. For the information on reported share equity of the insider, please refer to the Market Observation Post System.

(Continued)

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(14) Segment information:**

The Group has one reportable segment. This segment is mainly the manufacturing and sales of optoelectronic products test fixtures. Accounting policies for the operating segments correspond to those stated in note 4. The profit before tax of the operating segment of the Group is measured by using the earnings before tax as the basis for performance measurement.