

(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 Three Months Ended March 31, 2022 and 2021**

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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.

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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 March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021, 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 Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". 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 generally accepted auditing standards 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 March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 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 review resulting in this independent auditors' review report are Cheng-Lung, Hsu and Guo-Yang, Tzang.

KPMG

Taipei, Taiwan (Republic of China)

May 10, 2022

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 review 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)
Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2022 and 2021

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2022, December 31, 2021, and March 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets	March 31, 2022		December 31, 2021		March 31, 2021		Liabilities and Equity	March 31, 2022		December 31, 2021		March 31, 2021	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets:							Current liabilities:						
Cash and cash equivalents (note 6(a))	\$ 1,633,597	40	1,495,650	38	1,078,463	31	Current contract liabilities (note 6(s))	\$ 26,775	1	25,359	1	1,881	-
Current financial assets at fair value through profit or loss (note 6(b))	-	-	-	-	600,207	18	Accounts payable	500,463	12	488,672	12	207,590	6
Financial assets measured at amortized cost (note 6(c))	129,700	3	149,000	4	99,000	3	Other payables (note 6(n))	628,440	15	269,357	7	624,372	18
Notes receivable, net (note 6(d))	3,785	-	5,828	-	8,418	-	Current provisions (note 6(l))	7,905	-	8,468	-	4,517	-
Accounts receivable, net (note 6(d))	760,075	18	867,187	22	503,209	14	Current lease liabilities (note 6(m))	45,647	1	48,568	1	19,797	-
Other receivables (note 6(e))	6,387	-	953	-	152	-	Current tax liabilities	151,809	4	114,595	3	52,865	2
Current tax assets	1,838	-	1,772	-	-	-	Total current liabilities	<u>1,361,039</u>	<u>33</u>	<u>955,019</u>	<u>24</u>	<u>911,022</u>	<u>26</u>
Inventories, net (note 6(f))	358,996	9	350,358	9	340,328	10	Non-Current liabilities:						
Other current assets (note 6(k))	30,184	1	20,643	1	13,656	-	Deferred tax liabilities	1,722	-	1,193	-	1,494	-
Total current assets	<u>2,924,562</u>	<u>71</u>	<u>2,891,391</u>	<u>74</u>	<u>2,643,433</u>	<u>76</u>	Non-current lease liabilities (note 6(m))	51,537	1	53,135	1	98,911	3
Non-current assets:							Total non-current liabilities	<u>53,259</u>	<u>1</u>	<u>54,328</u>	<u>1</u>	<u>100,405</u>	<u>3</u>
Property, plant and equipment (notes 6(g) and 8)	869,150	21	765,236	19	552,844	16	Total liabilities	<u>1,414,298</u>	<u>34</u>	<u>1,009,347</u>	<u>25</u>	<u>1,011,427</u>	<u>29</u>
Right-of-use assets (note 6(h))	106,171	3	111,242	3	129,488	4	Equity attributable to owners of parent (notes 6(o)(p)(q)):						
Intangible assets (note 6(i))	28,993	1	31,435	1	33,470	1	Capital stock	339,180	8	338,910	9	338,390	10
Deferred tax assets	52,407	1	45,382	1	43,546	1	Advance receipts for share capital	3,300	-	270	-	20	-
Refundable deposits	7,487	-	6,724	-	8,052	-		<u>342,480</u>	<u>8</u>	<u>339,180</u>	<u>9</u>	<u>338,410</u>	<u>10</u>
Other non-current financial assets (notes 6(j) and 8)	51,642	1	51,511	1	51,511	1	Capital surplus	1,697,547	42	1,689,858	43	1,685,069	48
Other non-current assets (note 6(k))	68,045	2	36,284	1	32,683	1	Retained earnings	654,160	16	911,136	23	470,018	13
Total non-current assets	<u>1,183,895</u>	<u>29</u>	<u>1,047,814</u>	<u>26</u>	<u>851,594</u>	<u>24</u>	Other equity	(28)	-	(10,316)	-	(9,897)	-
Total assets	<u>\$ 4,108,457</u>	<u>100</u>	<u>3,939,205</u>	<u>100</u>	<u>3,495,027</u>	<u>100</u>	Total equity	<u>2,694,159</u>	<u>66</u>	<u>2,929,858</u>	<u>75</u>	<u>2,483,600</u>	<u>71</u>
							Total liabilities and equity	<u>\$ 4,108,457</u>	<u>100</u>	<u>3,939,205</u>	<u>100</u>	<u>3,495,027</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2022 and 2021

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

	For the three months ended March 31,			
	2022		2021	
	Amount	%	Amount	%
Operating revenue (notes 6(s) and 14)	\$ 800,819	100	546,516	100
Operating costs (notes 6(f)(i)(l)(m)(n)(q) and 12)	501,978	63	351,942	64
Gross profit	298,841	37	194,574	36
Operating expenses (notes 6((d)(i)(m)(n)(q)(t), 7 and 12):				
Selling expenses	64,612	8	60,281	11
General and administrative expenses	50,702	6	33,869	6
Research and development expenses	51,871	6	40,516	7
Expected credit impairment gain and losses	880	-	(1,115)	-
Total operating expenses	168,065	20	133,551	24
Net operating income	130,776	17	61,023	12
Non-operating income and expenses (note 6(u)):				
Interest income	1,034	-	410	-
Other gains and losses	18,437	2	(1,076)	-
Finance costs (note 6(m))	(281)	-	(396)	-
Total non-operating income and expenses	19,190	2	(1,062)	-
Profit before income tax	149,966	19	59,961	12
Income tax expenses (note 6(o))	30,742	4	14,450	3
Profit	119,224	15	45,511	9
Other comprehensive income (note 6(p)):				
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	10,288	1	(1,903)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Other comprehensive income	10,288	1	(1,903)	-
Comprehensive income	<u>\$ 129,512</u>	<u>16</u>	<u>43,608</u>	<u>9</u>
Earnings per share (note 6(r)):				
Basic earnings per share (in New Taiwan Dollars)	<u>\$ 3.52</u>		<u>1.38</u>	
Diluted earnings per share (in New Taiwan Dollars)	<u>\$ 3.47</u>		<u>1.35</u>	

See accompanying notes to financial statements.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity
For the three months ended March 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							Total other equity interest	Total equity
	Ordinary shares	Captial collected in advance	Capital surplus	Retained earnings			Total retained earnings	Exchange differences	
				Legal reserve	Special reserve	Unappropriated retained earnings		on translation of foreign financial statements	
Balance at January 1, 2021	\$ 305,710	-	609,440	120,203	11,454	732,757	864,414	(7,994)	1,771,570
Profit	-	-	-	-	-	45,511	45,511	-	45,511
Other comprehensive income	-	-	-	-	-	-	-	(1,903)	(1,903)
Total comprehensive income	-	-	-	-	-	45,511	45,511	(1,903)	43,608
Appropriation and distribution of retained earnings:									
Cash dividends of ordinary share	-	-	-	-	-	(439,907)	(439,907)	-	(439,907)
Capital increase by cash	30,460	-	1,069,045	-	-	-	-	-	1,099,505
Exercise of employee stock options	2,220	20	5,600	-	-	-	-	-	7,840
Stock options compensation cost	-	-	984	-	-	-	-	-	984
Balance at March 31, 2021	\$ 338,390	20	1,685,069	120,203	11,454	338,361	470,018	(9,897)	2,483,600
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	-	-	-	-	-	119,224	119,224	-	119,224
Other comprehensive income	-	-	-	-	-	-	-	10,288	10,288
Total comprehensive income	-	-	-	-	-	119,224	119,224	10,288	129,512
Appropriation and distribution of retained earnings:									
Cash dividends of ordinary share	-	-	-	-	-	(376,200)	(376,200)	-	(376,200)
Exercise of employee stock options	270	3,030	7,689	-	-	-	-	-	10,989
Balance at March 31, 2022	\$ 339,180	3,300	1,697,547	173,299	7,994	472,867	654,160	(28)	2,694,159

See accompanying notes to financial statements.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2022	2021
Cash flows from operating activities:		
Profit before income tax	\$ 149,966	59,961
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	26,725	28,532
Amortization expenses	2,559	3,005
Expected credit impairment loss (gain)	880	(1,115)
Gain on financial assets at fair value through profit	-	(207)
Interest expenses	281	396
Interest income	(1,034)	(410)
Share-based payment transactions	-	984
(Gain) Losses on disposal of property, plant and equipment	(3,759)	28
Write-down of inventories	10,148	29,693
Unrealized foreign exchange loss (gain)	(8,083)	1,444
Total adjustments to reconcile profit	27,717	62,350
Changes in operating assets and liabilities:		
Decrease in notes receivable	2,210	2,844
Decrease in accounts receivable	113,949	26,916
Increase in other receivable	(5,436)	(8)
(Increase) decrease in inventories	(15,384)	46,814
Increase in other current assets	(9,177)	(4,039)
Increase (decrease) in accounts payable	11,224	(5,592)
Increase (decrease) in other payable	2,757	(27,843)
Decrease in current provisions	(563)	(888)
Increase (decrease) in current contract liabilities	1,400	(728)
Total adjustments	128,697	99,826
Cash inflow generated from operations	278,663	159,787
Interest received	1,045	266
Interest paid	(281)	(396)
Income taxes paid	(24)	(4,239)
Net cash flows from operating activities	279,403	155,418
Cash flows (used in) from investing activities:		
Acquisition of financial assets at amortized cost	-	(99,000)
Proceeds from disposal of financial assets at amortized cost	19,300	-
Acquisition of financial assets at fair value through profit or loss	-	(600,000)
Acquisition of property, plant and equipment	(131,721)	(41,253)
Proceeds from disposal of property, plant and equipment	5,950	-
Increase in refundable deposits	(690)	(417)
Acquisition of intangible assets	(94)	-
Increase in other financial assets	(131)	(50,000)
Increase in prepayments for equipment	(43,431)	(27,939)
Net cash flows used in investing activities	(150,817)	(818,609)
Cash flows (used in) from financing activities:		
Repayments of long-term borrowings	-	(40,000)
Payments of lease liabilities	(4,740)	(4,852)
Capital increase by cash	-	1,099,505
Proceeds from exercise of employee stock options	10,989	7,840
Net cash flows from financing activities	6,249	1,062,493
Effect of exchange rate changes on cash and cash equivalents	3,112	(943)
Net increase in cash and cash equivalents	137,947	398,359
Cash and cash equivalents at beginning of period	1,495,650	680,104
Cash and cash equivalents at end of period	\$ 1,633,597	1,078,463

See accompanying notes to financial statements.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

March 31, 2022 and 2021

(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 May 10, 2022.

(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, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (b) 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 IAS 1 “Classification of Liabilities as Current or Non-current”
- 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”

(Continued)

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

(4) Summary of significant accounting policies:

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that have been measured at fair value.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

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

Name of Investor	Name of Subsidiary	Business Activity	Percentage Ownership			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
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.	Sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	100 %	100 %	100 %	Significant subsidiary.
WINWAY INTERNATIONAL CO., LTD.	WINWAY TECHNOLOGY (SUZHOU) LTD.	Process and sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	100 %	100 %	100 %	Significant subsidiary

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

(Continued)

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

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. 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, 2021.

(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, 2021.

(a) Cash and cash equivalents

	March 31, 2022	December 31, 2021	March 31, 2021
Cash and cash on hand	\$ 405	381	474
Demand deposits	893,192	905,269	777,989
Time deposits	740,000	590,000	300,000
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 1,633,597</u></u>	<u><u>1,495,650</u></u>	<u><u>1,078,463</u></u>

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

(Continued)

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

(b) Financial assets and liabilities at fair value through profit or loss

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets mandatorily measured at fair value through profit or loss — current:			
Open-end mutual funds	\$ <u>-</u>	<u>-</u>	<u>600,207</u>

For the net gain or loss on financial assets measured at fair value, please refer to note 6(v).

(c) Financial assets measured at amortized cost

	March 31, 2022	December 31, 2021	March 31, 2021
Domestic time deposits	\$ <u>129,700</u>	<u>149,000</u>	<u>99,000</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 investment 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.

(d) Notes and accounts receivable

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable from operating activities	\$ 3,785	5,828	8,418
Accounts receivable—measured as amortized cost	764,280	870,512	505,139
Less: Loss allowance	<u>(4,205)</u>	<u>(3,325)</u>	<u>(1,930)</u>
	<u>\$ 763,860</u>	<u>873,015</u>	<u>511,627</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 provision was determined as follows:

(Continued)

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

March 31, 2022			
	Gross carrying amount—notes receivable and accounts receivable from operating activities	Weighted- average loss rate	Loss allowance provision
Current	\$ 618,839	0.11 %	710
1 to 30 days past due	69,480	0.97 %	676
31 to 60 days past due	42,647	3.26 %	1,390
61 to 90 days past due	18,390	4.15 %	763
91 to 180 days past due	14,680	1.65 %	242
181 to 365 days past due	3,749	3.84 %	144
More than 365 days past due	280	100.00 %	280
	\$ 768,065		4,205
December 31, 2021			
	Gross carrying amount—notes receivable and accounts receivable from operating activities	Weighted- average loss rate	Loss allowance provision
Current	\$ 746,663	0.11 %	834
1 to 30 days past due	92,883	1.58 %	1,463
31 to 60 days past due	18,317	1.44 %	263
61 to 90 days past due	8,665	1.49 %	129
91 to 180 days past due	5,244	6.98 %	366
181 to 365 days past due	4,298	-	-
More than 365 days past due	270	100.00 %	270
	\$ 876,340		3,325
March 31, 2021			
	Gross carrying amount—notes receivable and accounts receivable from operating activities	Weighted- average loss rate	Loss allowance provision
Current	\$ 414,479	0.02 %	69
1 to 30 days past due	29,477	-	-
31 to 60 days past due	43,600	-	1
61 to 90 days past due	12,431	0.01 %	1
91 to 180 days past due	10,438	6.94 %	724
181 to 365 days past due	2,853	30.00 %	856
More than 365 days past due	279	100.00 %	279
	\$ 513,557		1,930

(Continued)

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

The movement in the allowance for notes receivable and accounts receivable was as follow:

	Three months ended March 31,	
	2022	2021
Balance on January 1	\$ 3,325	3,045
Impairment losses recognized	880	-
Impairment losses reversed	-	(1,115)
Balance on March 31	\$ 4,205	1,930

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(v).

(e) Other receivables

	March 31, 2022	December 31, 2021	March 31, 2021
Other receivables	\$ 9,996	4,562	3,761
Less: Loss allowance	(3,609)	(3,609)	(3,609)
	\$ 6,387	953	152

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

(f) Inventories

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials and supplies	\$ 171,510	185,814	234,211
Work in progress	89,204	82,364	60,932
Finished goods	98,282	82,180	45,185
	\$ 358,996	350,358	340,328

The details of the cost of sales were as follows:

	Three months ended March 31,	
	2022	2021
Recognized as operating costs	\$ 480,257	307,833
Write-down of inventories	10,148	29,693
Income from sale of scrap and wastes	(49)	(25)
Others	11,622	14,441
	\$ 501,978	351,942

As of March 31, 2022 and December 31, and March 31, 2021 the Group did not provide any inventories as collateral or restricted.

(Continued)

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

(g) 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, 2022	\$ 212,546	558,102	247,864	239,629	1,258,141
Additions	1,415	376	4,898	104,588	111,277
Disposal	-	(28,113)	-	-	(28,113)
Reclassifications (note)	-	11,131	540	-	11,671
Effect of movements in exchange rates	19	4,656	1,868	-	6,543
Balance at March 31, 2022	<u>\$ 213,980</u>	<u>546,152</u>	<u>255,170</u>	<u>344,217</u>	<u>1,359,519</u>
Balance at January 1, 2021	\$ 209,958	508,075	204,934	1,700	924,667
Additions	1,491	3,025	9,480	29,757	43,753
Disposal	-	(110)	(276)	-	(386)
Reclassifications (note)	-	4,091	6,946	-	11,037
Effect of movements in exchange rates	1	(918)	(284)	-	(1,201)
Balance at March 31, 2021	<u>\$ 211,450</u>	<u>514,163</u>	<u>220,800</u>	<u>31,457</u>	<u>977,870</u>
Accumulated depreciation:					
Balance at January 1, 2022	\$ 79,550	260,099	153,256	-	492,905
Depreciation	1,825	11,696	7,928	-	21,449
Disposal	-	(25,922)	-	-	(25,922)
Effect of movements in exchange rates	20	1,056	861	-	1,937
Balance at March 31, 2022	<u>\$ 81,395</u>	<u>246,929</u>	<u>162,045</u>	<u>-</u>	<u>490,369</u>
Balance at January 1, 2021	\$ 72,213	205,254	125,078	-	402,545
Depreciation	1,863	13,332	7,862	-	23,057
Disposal	-	(110)	(248)	-	(358)
Effect of movements in exchange rates	1	(122)	(97)	-	(218)
Balance at March 31, 2021	<u>\$ 74,077</u>	<u>218,354</u>	<u>132,595</u>	<u>-</u>	<u>425,026</u>
Carrying amounts:					
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 March 31, 2022	<u>\$ 132,585</u>	<u>299,223</u>	<u>93,125</u>	<u>344,217</u>	<u>869,150</u>
Balance at January 1, 2021	<u>\$ 137,745</u>	<u>302,821</u>	<u>79,856</u>	<u>1,700</u>	<u>522,122</u>
Balance at March 31, 2021	<u>\$ 137,373</u>	<u>295,809</u>	<u>88,205</u>	<u>31,457</u>	<u>552,844</u>

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

As of March 31, 2022 and December 31, and March 31, 2021, 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.

(h) 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, 2022	\$ 94,423	61,155	155,578
Write-off	-	(223)	(223)
Effect of movements in exchange rates	-	1,042	1,042
Balance at March 31, 2022	<u>\$ 94,423</u>	<u>61,974</u>	<u>156,397</u>

(Continued)

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

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2021	\$ 96,766	61,367	158,133
Effect of movements in exchange rates	<u>-</u>	<u>(212)</u>	<u>(212)</u>
Balance at March 31, 2021	<u>\$ 96,766</u>	<u>61,155</u>	<u>157,921</u>
Accumulated depreciation :			
Balance at January 1, 2022	\$ 3,116	41,220	44,336
Depreciation	485	4,791	5,276
Effect of movements in exchange rates	<u>-</u>	<u>614</u>	<u>614</u>
Balance at March 31, 2022	<u>\$ 3,601</u>	<u>46,625</u>	<u>50,226</u>
Balance at January 1, 2021	\$ 1,029	21,999	23,028
Depreciation	649	4,826	5,475
Effect of movements in exchange rates	<u>-</u>	<u>(70)</u>	<u>(70)</u>
Balance at March 31, 2021	<u>\$ 1,678</u>	<u>26,755</u>	<u>28,433</u>
Carrying amounts :			
Balance at January 1, 2022	<u>\$ 91,307</u>	<u>19,935</u>	<u>111,242</u>
Balance at March 31, 2022	<u>\$ 90,822</u>	<u>15,349</u>	<u>106,171</u>
Balance at January 1, 2021	<u>\$ 95,737</u>	<u>39,368</u>	<u>135,105</u>
Balance at March 31, 2021	<u>\$ 95,088</u>	<u>34,400</u>	<u>129,488</u>

(i) Intangible assets

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

	<u>Software</u>	<u>Patent</u>	<u>Trademark</u>	<u>other</u>	<u>Total</u>
Cost :					
Balance at January 1, 2022	\$ 88,879	140,970	67,666	3,400	300,915
Additions	94	-	-	-	94
Effect of movements in exchange rates	<u>70</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70</u>
Balance at March 31, 2022	<u>\$ 89,043</u>	<u>140,970</u>	<u>67,666</u>	<u>3,400</u>	<u>301,079</u>
Balance at January 1, 2021	\$ 82,509	140,970	67,666	3,400	294,545
Effect of movements in exchange rates	<u>(14)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14)</u>
Balance at March 31, 2021	<u>\$ 82,495</u>	<u>140,970</u>	<u>67,666</u>	<u>3,400</u>	<u>294,531</u>
Accumulated amortization and impairment losses :					
Balance at January 1, 2022	\$ 62,558	140,970	65,952	-	269,480
Amortization for the period	2,408	-	151	-	2,559
Effect of movements in exchange rates	<u>47</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47</u>
Balance at March 31, 2022	<u>\$ 65,013</u>	<u>140,970</u>	<u>66,103</u>	<u>-</u>	<u>272,086</u>
Balance at January 1, 2021	\$ 51,744	140,970	65,348	-	258,062
Amortization for the period	2,854	-	151	-	3,005
Effect of movements in exchange rates	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6)</u>
Balance at March 31, 2021	<u>\$ 54,592</u>	<u>140,970</u>	<u>65,499</u>	<u>-</u>	<u>261,061</u>

(Continued)

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

	<u>Software</u>	<u>Patent</u>	<u>Trademark</u>	<u>other</u>	<u>Total</u>
Carrying value :					
Balance at January 1, 2022	\$ 26,321	-	1,714	3,400	31,435
Balance at March 31, 2022	\$ 24,030	-	1,563	3,400	28,993
Balance at January 1, 2021	\$ 30,765	-	2,318	3,400	36,483
Balance at March 31, 2021	\$ 27,903	-	2,167	3,400	33,470

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

	<u>Three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Costs of sales	\$ 939	641
Operating expenses	1,620	2,364
Total	\$ 2,559	3,005

As of March 31, 2022 and December 31, and March 31, 2021 the Group did not provide any intangible assets as collateral or restricted.

(j) Other non-current financial assets

	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2022</u>	<u>2021</u>	<u>2021</u>
Restricted deposits	\$ 51,642	51,511	51,511

Please refer to note 8 for details of collateral.

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

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

	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2022</u>	<u>2021</u>	<u>2021</u>
Prepaid expenses	\$ 10,401	8,193	7,062
Prepayments	501	128	2,524
Refund of overpaid tax	5,829	-	-
Prepayments for equipment	11,636	9,602	2,605
Long-term prepaid rents	68,045	36,284	32,683
Other	1,817	2,720	1,465
	\$ 98,229	56,927	46,339

	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2022</u>	<u>2021</u>	<u>2021</u>
Current	\$ 30,184	20,643	13,656
Non-current	68,045	36,284	32,683
	\$ 98,229	56,927	46,339

(Continued)

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

(i) Prepaid expenses

Prepaid expenses were primarily for prepayments for office expenses.

(ii) Prepayments

Prepayments were primarily for prepayments for suppliers.

(iii) Others

Others were primarily for prepayments for the year-end party and registry fees.

(l) Provisions

	Provisions for warrant
Balance at January 1, 2022	\$ 8,468
Provisions made during the period	7,905
Provision used and reversed during the period	(8,468)
Balance at March 31, 2022	<u><u>\$ 7,905</u></u>
Balance at January 1, 2021	\$ 5,405
Provisions made during the period	4,517
Provision used and reversed during the period	(5,405)
Balance at March 31, 2021	<u><u>\$ 4,517</u></u>

(m) Lease liabilities

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

	March 31, 2022	December 31, 2021	March 31, 2021
Current	<u><u>\$ 45,647</u></u>	<u><u>48,568</u></u>	<u><u>19,797</u></u>
Non-current	<u><u>\$ 51,537</u></u>	<u><u>53,135</u></u>	<u><u>98,911</u></u>

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

The amounts recognized in profit or loss were as follows:

	Three months ended March 31, 2022	2021
Interests on lease liabilities	<u><u>\$ 281</u></u>	<u><u>377</u></u>
Expenses relating to short-term leases	<u><u>\$ 1,340</u></u>	<u><u>1,591</u></u>

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

	Three months ended March 31, 2022	2021
Total cash outflow for leases	<u><u>\$ 6,774</u></u>	<u><u>7,397</u></u>

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

(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.

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) 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 WINTEST ENTERPRISES LTD., 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:

	Three months ended March 31,	
	2022	2021
Operating cost	\$ 2,566	2,472
Selling expenses	2,037	1,718
Administration expenses	928	749
Research and development expenses	1,424	1,270
Total	\$ 6,955	6,209

(ii) Short-term benefit obligation

As of March 31, 2022, and December 31, and March 31, 2021, the Group's short-term benefit liabilities for paid leave were \$13,582, \$13,590 and \$12,763, respectively, which were recognized as other payables in the consolidated balance sheets.

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

(o) Income taxes

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

	Three months ended March 31,	
	2022	2021
Current tax expense		
Current period	\$ 37,238	15,924
Adjustment for prior periods	<u>-</u>	<u>1,556</u>
	<u>37,238</u>	<u>17,480</u>
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	<u>(6,496)</u>	<u>(3,030)</u>
Income tax expense	<u>\$ 30,742</u>	<u>14,450</u>
Income tax recognized in other comprehensive income	<u>\$ -</u>	<u>-</u>
Income tax recognized in equity	<u>\$ -</u>	<u>-</u>

(p) 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 March 30, 2022 and 2021. For the related information, please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2021.

(i) Capital stock

The Company's total authorized shares of common stock of 50,000 thousand shares, with a par value of \$10 per share, included 34,248 thousand shares, 33,918 thousand shares and 33,841 thousand shares as of March 31, 2022 and December 31, and March 31, 2021 respectively. All issued shares were paid up upon issuance.

For the three months ended March 31, 2022 and 2021, the Company had issued 330 thousand shares and 224 thousand shares at par value, amounting to \$10,989 and \$7,840, respectively, for its employee stock options; of which, the relevant statutory registration procedures of 27 thousand shares and 222 thousand shares, respectively, had since been completed and all the capital had been received.

(ii) Capital surplus

The balances of capital surplus were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Additional paid-in capital	\$ 1,669,171	1,660,965	1,657,092
Employee stock options	25,736	26,253	25,337
Employee stock options-expired	<u>2,640</u>	<u>2,640</u>	<u>2,640</u>
	<u>\$ 1,697,547</u>	<u>1,689,858</u>	<u>1,685,069</u>

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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.

(iii) 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. In accordance with Ruling No.1010012865 issued by the

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

FSC, on April 6, 2012, an increase in retained earnings due to the first-time adoption of IFRSs shall be retained as a special reserve, and when the relevant assets are used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be retained as a special reserve. The amount to be retained should be equal to the current-period total reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of March 31, 2022, December 31, and March 31, 2021, the balance of special reserve amounted to \$7,994, \$7,994 and \$11,454, respectively.

3) Earnings distribution

The following are the appropriation of earnings in 2021 and 2020 which were approved in the Board of Directors' meeting held on February 23, 2022 and March 19, 2021. These earnings were appropriated as follows:

	2021		2020	
	<u>Amount per share</u>	<u>Total amount</u>	<u>Amount per share</u>	<u>Total amount</u>
Dividends distributed to ordinary shareholders:				
Cash	\$ 11.0	<u>376,200</u>	13.0	<u>439,907</u>

(iv) Other equity interest

The other equity interest is the foreign exchange differences arising from foreign operations. The movements were as follows:

	Three months ended March 31,	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ (10,316)	(7,994)
Component entities of the Group	10,288	(1,903)
Balance at March 31	<u>\$ (28)</u>	<u>(9,897)</u>

(q) Share-based payment

(i) 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.

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

- 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.

	Three months ended March 31,			
	2022		2021	
	Weighted average exercise price (price NTD)	Number of options (Units)	Weighted average exercise price (price NTD)	Number of options (Units)
Outstanding at January 1	\$ 33.3	376,000	35	689,000
Forfeited during the year	33.3	-	35	6,000
Exercised during the year	33.3	330,000	35	224,000
Outstanding at March 31	33.3	<u>46,000</u>	35	<u>459,000</u>
Exercisable at March 31	\$ 33.3	<u>46,000</u>	35	<u>80,200</u>

- 3) For the three months ended March 31, 2021 the compensation cost resulting from granted employee share options was \$98.4.

(r) Earnings per share

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

	Three months ended March 31,	
	2022	2021
Basic earnings per share (expressed in New Taiwan dollars)		
Profit attributable to ordinary shareholders of the Company	\$ <u>119,224</u>	<u>45,511</u>
Weighted-average number of ordinary shares outstanding (shares in thousands)	<u>33,902</u>	<u>33,037</u>
Basic earnings per share	\$ <u>3.52</u>	<u>1.38</u>
Diluted earnings per share (expressed in New Taiwan dollars)		
Profit attributable to ordinary shareholders of the Company	\$ <u>119,224</u>	<u>45,511</u>

(Continued)

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

	Three months ended March 31,	
	2022	2021
	Three months ended March 31,	
Weighted-average number of ordinary shares outstanding (shares in thousands)	33,902	33,037
Effect of dilutive potential ordinary shares		
Effect of employee stock options (shares in thousands)	352	616
Effect of employee stock bonus (shares in thousands)	68	88
Weighted-average number of ordinary shares (diluted) (shares in thousands)	<u>34,322</u>	<u>33,741</u>
Diluted earnings per share	\$ <u>3.47</u>	<u>1.35</u>

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	Three months ended March 31,	
	2022	2021
Primary geographical markets:		
Taiwan	\$ 352,169	191,974
America	148,255	123,138
China	189,887	160,780
Europe	3,178	2,929
Canada	3,606	6,983
Asia	103,724	60,712
	\$ <u>800,819</u>	<u>546,516</u>
Major products/services lines:		
Test Socket	\$ 506,816	346,373
Contact Element	140,367	139,566
Probe Card	90,356	26,482
Other	63,280	34,095
	\$ <u>800,819</u>	<u>546,516</u>

(ii) Contract balances

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	\$ 3,785	5,828	8,418
Accounts receivable	764,280	870,512	505,139
Less: loss allowance	<u>(4,205)</u>	<u>(3,325)</u>	<u>(1,930)</u>
	\$ <u>763,860</u>	<u>873,015</u>	<u>511,627</u>
Contract liabilities-advance collections	\$ 530	5,930	1,881
Contract liabilities-customer loyalty program	<u>26,245</u>	<u>19,429</u>	<u>-</u>
	\$ <u>26,775</u>	<u>25,359</u>	<u>1,881</u>

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

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

The amount of revenue recognized for the three months ended March 31, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were \$5,629 and \$2,555 respectively.

(t) 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 March 31, 2022 and 2021, the Company estimated its employee remuneration amounting to \$8,020 and \$3,028, and directors' remuneration amounting to \$2,406 and \$908, 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 percentage of remuneration to employees and directors as specified in the Company's articles. 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, 2021 and 2020, the remuneration to employees amounted to \$31,546 and \$34,337, and the remuneration to directors amounted to \$4,198 and \$3,068, respectively. The aforementioned approved amounts were the same as the amounts charged against the earnings in 2021 and 2020. Related information would be available at the Market Observation Post System website.

(u) Non-operating income and expenses

(i) Interest income

Details of interest income of the Group were as follows:

	Three months ended March 31,	
	2022	2021
Interest income		
Bank deposits	\$ 1,030	406
Others	4	4
	\$ 1,034	410

(Continued)

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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(ii) Other gains and losses

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

	Three months ended March 31,	
	2022	2021
Foreign exchange losses, net	\$ 13,566	(2,198)
Net gains of financial assets at fair value through profit or loss	-	207
Gain (loss) on disposal of property, plant and equipment, net	3,759	(28)
Government grants	986	191
Others	126	752
	\$ 18,437	(1,076)

(iii) Finance costs

Details of finance costs of the Group were as follows:

	Three months ended March 31,	
	2022	2021
Interest expenses		
Bank loans	\$ -	19
Lease liabilities	281	377
	\$ 281	396

(v) 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 6(v) of the consolidated financial statements for the year ended December 31, 2021.

(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 March 31, 2022, and December 31, and March 31, 2021, the Group does not have a significant concentration of credit risk.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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3) Credit risk of receivables and debt instruments

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

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

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

March 31, 2022			
At amortized cost			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL credit-impaired
Other receivables	\$ 6,387	-	3,609
Refundable deposits	7,487	-	-
Other financial assets	51,642	-	-
Loss allowance	-	-	(3,609)
Amortized cost	\$ 65,516	-	-
Carrying amount	\$ 65,516	-	-

December 31, 2021			
At amortized cost			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL credit-impaired
Other receivables	\$ 953	-	3,609
Refundable deposits	6,724	-	-
Other financial assets	51,511	-	-
Loss allowance	-	-	(3,609)
Amortized cost	\$ 59,188	-	-
Carrying amount	\$ 59,188	-	-

March 31, 2021			
At amortized cost			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL credit-impaired
Other receivables	\$ 152	-	3,609
Refundable deposits	8,052	-	-
Other financial assets	51,511	-	-
Loss allowance	-	-	(3,609)
Amortized cost	\$ 59,715	-	-
Carrying amount	\$ 59,715	-	-

(Continued)

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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The movements in the allowance for impairment for debt investments at amortized cost were as follows:

For the three months ended March 31, 2022				
	12-month ECL	Lifetime ECL- not credit- impaired	Lifetime ECL credit- impaired	Total
Balance at January 1, 2022(equal to balance at March 31, 2022)	\$ <u>-</u>	<u>-</u>	<u>3,609</u>	<u>3,609</u>
For the three months ended March 31, 2021				
	12-month ECL	Lifetime ECL- not credit- impaired	Lifetime ECL credit- impaired	Total
Balance at January 1, 2021(equal to balance at March 31, 2021)	\$ <u>-</u>	<u>-</u>	<u>3,609</u>	<u>3,609</u>

(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
March 31, 2022							
Non-derivative financial liabilities							
Notes and accounts payable (non-interest-bearing)	\$ 500,463	500,463	500,463	-	-	-	-
Other payables (non-interest-bearing)	628,440	628,440	628,440	-	-	-	-
Lease liabilities(fix interest rate)	97,184	111,173	7,017	39,561	5,297	3,451	55,847
	<u>\$ 1,226,087</u>	<u>1,240,076</u>	<u>1,135,920</u>	<u>39,561</u>	<u>5,297</u>	<u>3,451</u>	<u>55,847</u>
December 31, 2021							
Non-derivative financial liabilities							
Notes and accounts payable (non-interest-bearing)	\$ 488,672	488,672	488,672	-	-	-	-
Other payables (non-interest-bearing)	269,357	269,357	269,357	-	-	-	-
Lease liabilities(fix interest rate)	101,703	115,968	8,954	40,672	6,131	4,056	56,155
	<u>\$ 859,732</u>	<u>873,997</u>	<u>766,983</u>	<u>40,672</u>	<u>6,131</u>	<u>4,056</u>	<u>56,155</u>
March 31, 2021							
Non-derivative financial liabilities							
Notes and accounts payable (non-interest-bearing)	\$ 207,590	207,590	207,590	-	-	-	-
Other payables (non-interest-bearing)	624,372	624,372	624,372	-	-	-	-
Lease liabilities (fix interest rate)	118,708	134,113	10,519	10,519	47,281	8,477	57,317
	<u>\$ 950,670</u>	<u>966,075</u>	<u>842,481</u>	<u>10,519</u>	<u>47,281</u>	<u>8,477</u>	<u>57,317</u>

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

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(iii) Market risk

1) Currency risk

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

	March 31, 2022			December 31, 2021			March 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 12,290	28.625	351,810	21,141	27.68	585,193	9,896	28.535	282,394
JPY	100,425	0.2353	23,630	189,351	0.2405	45,539	157,672	0.2577	40,632
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	16,741	28.625	479,212	10,057	27.68	278,376	3,012	28.535	85,938
JPY	72,116	0.2353	16,969	93,901	0.2405	22,583	94,022	0.2577	24,229

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 March 31, 2022 and 2021, if the exchange rate 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 \$966 and \$1,703, for the three months ended March 31, 2022 and 2021 respectively. The method of analysis remains the same as 2021.

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 March 31, 2022 and 2021 the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$13,566 and \$(2,198), respectively.

1) Other market price risk

For the three months ended March 31, 2022 and 2021, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for profit or loss as illustrated below:

	Three months ended March 31,				
	2022		2021		
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income	
Prices of securities at the reporting date					
Increasing 3%	\$ -	-	-	14,405	
Decreasing 3%	\$ -	-	-	14,405	

(iv) 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 amount and fair value 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

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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instruments not measured at fair value whose carrying amount is reasonably close to the fair value, disclosure of fair value information is not required:

March 31, 2022					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,633,597	-	-	-	-
Domestic-time deposits	129,700	-	-	-	-
Notes and accounts receivables	763,860	-	-	-	-
Other receivables	6,387	-	-	-	-
Other financial assets	51,642	-	-	-	-
Refundable deposits	7,487	-	-	-	-
Total	\$ 2,592,673				
Financial liabilities measured at amortized cost					
Notes and accounts payables	\$ 500,463	-	-	-	-
Other payables	628,440	-	-	-	-
Lease liabilities	97,184	-	-	-	-
Total	\$ 1,226,087				

December 31, 2021					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,495,650	-	-	-	-
Domestic-time deposits	149,000	-	-	-	-
Notes and accounts receivables	873,015	-	-	-	-
Other receivables	953	-	-	-	-
Other financial assets	51,511	-	-	-	-
Refundable deposits	6,724	-	-	-	-
Total	\$ 2,576,853				
Financial liabilities measured at amortized cost					
Notes and accounts payables	\$ 488,672	-	-	-	-
Other payables	269,357	-	-	-	-
Lease liabilities	101,703	-	-	-	-
Total	\$ 859,732				

March 31, 2021					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Open fund	\$ 600,207	600,207	-	-	600,207
Financial assets measured at amortized cost					
Cash and cash equivalents	1,078,463	-	-	-	-
Domestic-time deposits	99,000	-	-	-	-
Notes and accounts receivables	511,627	-	-	-	-
Other receivables	152	-	-	-	-
Other financial assets	51,511	-	-	-	-
Refundable deposits	8,052	-	-	-	-
Subtotal	1,748,805				
Total	\$ 2,349,012				
Financial liabilities measured at amortized cost					
Notes and accounts payables	\$ 207,590	-	-	-	-
Other payables	624,372	-	-	-	-
Lease liabilities	118,708	-	-	-	-
Total	\$ 950,670				

When the Group evaluated its assets and liabilities, it used market observable input values as much as possible. The fair value of different levels were classified based on the input values used in the evaluation technology as follows:

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

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

- 3) 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 to be without a 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.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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(w) Financial risk management

Except for the following disclosures, 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, 2021.

(x) 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, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2021 for further details.

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

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2022	Cash flows	Non-Cash changes Foreign exchange movement	Changes in lease payments	March 31, 2022
Lease liabilities	\$ 101,703	(4,740)	444	(223)	97,184
	<u>\$ 101,703</u>	<u>(4,740)</u>	<u>444</u>	<u>(223)</u>	<u>97,184</u>
	January 1, 2021	Cash flows	Non-Cash changes Foreign exchange movement	Changes in lease payments	March 31, 2022
Long-term borrowings	\$ 40,000	(40,000)	-	-	-
Lease liabilities	123,697	(4,852)	(137)	-	118,708
	<u>\$ 163,697</u>	<u>(44,852)</u>	<u>(137)</u>	<u>-</u>	<u>118,708</u>

(7) Related-party transactions:

(a) Key management personnel compensation

Key management personnel compensation comprised:

	Three months ended March 31, 2022	2021
Short-term employee benefits	\$ 10,068	9,378
Post-employment benefits	54	81
	<u>\$ 10,122</u>	<u>9,459</u>

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

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledge to secure</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Other financial assets-non-current-demand deposits	Guarantee for customs duty	\$ 1,511	1,511	1,511
Other financial assets-non-current-time deposits	Construction of plant	50,131	50,000	50,000
Property, plant, and equipment	Bank borrowings	132,585	132,995	137,373
		<u>\$ 184,227</u>	<u>184,506</u>	<u>188,884</u>

(9) Commitments and contingencies:

- (a) MPI Corporation (hereinafter referred to as MPI) filed a business secret civil lawsuit against the Group and the chair of the board in the Intellectual Property Court on September 19, 2018, 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.

After the prosecution was filed, MPI applied for evidence preservation. The Intellectual Property Court approved the application on February 6, 2019 and executed the Group for evidence preservation on March 5, 2019. The assets of the Group were not be frozen and no seizure. The Intellectual Property Court held its first session on August 14, 2019 to determine the jurisdiction of the court, and there is no further progress.

In addition, MPI added a lawsuit and petition to stop the trial in December 2020 and raised the claim amount to \$158,910. The Group has appointed lawyers to handle it and it is not yet possible to judge the final possible outcome. The Group is continuously evaluating the substance of these lawsuits.

The main products of the Group are mostly highly customized and the Group always respects intellectual property rights and are committed to technology research and development. There is no statement by MPI that the Group illegally obtained or used business secrets or related infringing intellectual property rights.

- (b) On July 15, 2021, Johnstech International Corp. filed a patent infringement lawsuit against the Group to the United States District Court, Northern District of California, demanding for compensation. After going through several negotiations, the Group signed the settlement agreement with Johnstech International Corp. on May 5, 2022. Thereafter, the Group no longer has to pay for said compensation and they will seek business collaboration in the future. The above lawsuit did not have a significant impact on the finance and business operation of the Group.
- (c) As at March 31, 2022 and December 31, and March 31, 2021, significant outstanding purchase commitments for construction in progress, property, plant and equipment the amounts of \$906,983, \$856,574 and \$342,375.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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(10) Losses Due to Major Disasters: none

(11) Significant Subsequent Events:

On May 10, 2022, the board of directors resolved to issue new employee restricted stocks.

(12) Other:

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

	Three months ended March 31,					
By function	2022			2021		
By item	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	80,021	101,854	181,875	63,894	74,151	138,045
Labor and health insurance	7,583	6,988	14,571	6,654	5,692	12,346
Pension	2,566	4,389	6,955	2,472	3,737	6,209
Remuneration of directors	-	2,446	2,446	-	908	908
Others	4,627	4,037	8,664	3,954	2,923	6,877
Depreciation	20,252	6,473	26,725	23,128	5,404	28,532
Amortization	939	1,620	2,559	641	2,364	3,005

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to 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 three months ended March 31, 2022.

(i) Lending to other parties:None

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a enterprise individual	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net equity of the latest financial statements	Maximum amount for guarantees and endorsements	Endorsements/ guarantees by parent company	Subsidiary endorsements/ guarantees by a subsidiary	Endorsements/ guarantees to a subsidiary in Mainland China
		Name	Relationship with the Company										
0	The Company	WINWAY TECHNOLOGY (SUZHOU) LTD.	Subsidiary	269,416 (Note 1)	25,763 (USD 900,000) (Note 3)	25,763 (USD 900,000) (Note 3)	-	-	0.96 %	538,832 (Note 2)	Y	-	Y
0	The Company	WINTEST ENTERPRISES LTD.	Subsidiary	269,416 (Note 1)	60,113 (USD 2,100,000) (Note 3)	60,113 (USD 2,100,000) (Note 3)	-	-	2.23 %	538,832 (Note 2)	Y	-	Y

Note 1: The endorsement/guarantee provided to individual party shall not exceed 10% of the most recent reviewed net equity of the Company.

Note 2: The aggregate endorsement/guarantee amount provided shall not exceed 20% of the most recent reviewed net equity of the Company.

Note 3: The amounts denominated in foreign currencies were translated using the rate of exchange at March 31, 2022.

(iii) Securities held as of March 31, 2022 (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:None

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(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	Hinchu Tai-Yuen presold offices	January 27, 2021	281,363	41,276	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	124,200	HSIN HSIUNG CONSTRUCTION CO., LTD.	Non-related party	-	-	-	-	Bidding	Plant expansion	
The Company	Nanzih Technology Industrial Park-plant construction	August 26, 2021	204,000	48,450	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	43,500	SEAN KUNG 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	WINTEST ENTERPRISES LTD.	Subsidiary	Sale	153,465	19.27 %	90 Days	(Note 1)	The main customers are 60 to 120 days	234,784	28.84 %	(Note)
WINTEST ENTERPRISES LTD.	The Company	Parent company	Purchase	153,465	73.14 %	90 Days	(Note 1)	The main suppliers are 60 to 120 days	(234,784)	87.07 %	(Note)

Note : It was eliminated in the consolidation.

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

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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(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	WINTEST ENTERPRISES LTD.	Subsidiary	Accounts receivable \$234,784	260.62 %	-	-	Accounts receivable \$26,642	-	(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	Accounts payable Other payable Sales expenses	51 14,268 13,848	Commissions are not comparable with similar transactions.	0.00 % 0.35 % 1.73 %
0	The Company	WINTEST ENTERPRISES LTD.	1	Accounts receivable Other payable Sales revenue Sales expenses	234,784 2,171 153,465 1,830	Selling price offered could not be compared to those offered to third-party customers; the collection terms are 90~150 days; were not significantly different from those with third-party customers. Commissions are not comparable with similar transactions.	5.71 % 0.05 % 19.16 % 0.23 %
0	The Company	WINWAY TECHNOLOGY (SUZHOU) LTD.	1	Accounts receivable Accounts payable Sales revenue Cost of goods sold	1,456 2,489 1,990 2,440	Selling price offered could not be compared to those offered to third-party customers; the collection terms are 60 days; were not significantly different from those with third-party customers.	0.04 % 0.06 % 0.25 % 0.30 %
1	WINTEST ENTERPRISES LTD.	WINWAY TECHNOLOGY (SUZHOU) LTD.	3	Accounts payable Cost of goods sold	31,375 42,492	0.00 No other trading terms for comparison.	0.76 % 5.31 %

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.

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WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(b) Information on investments:

The following is the information on investees for the three months ended March 31, 2022 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value			
The Company	WINWAY INTERNATIONAL CO., LTD.	SAMOA	Investment holding	204,599	204,599	6,580,000	100 %	226,937	(2,769)	(4,510)	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 %	14,465	768	768	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, 2022	Investment flows		Accumulated remittance from Taiwan as of March 31, 2022	Net income (Losses) of investee (Note 2)	Indirect investment holding percentage	Share of profit/losses of investee	Book value (Note)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
WINTEST ENTERPRISES LTD.	Sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	9,200	Indirect investment in Mainland China through an existing company registered in the third country.	9,200	-	-	9,200	(7,910)	100%	(7,910)	82,330	-
WINWAY TECHNOLOGY (SUZHOU) LTD.	Process and sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	195,399	Indirect investment in Mainland China through an existing company registered in the third country.	195,399	-	-	195,399	5,141	100%	5,141	189,597	-

Note : It was eliminated in the consolidation.

(Continued)

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(ii) Limitation on investment in Mainland China:

Accumulated remittance from Taiwan to China as of March 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on investment in Mainland China set by Investment Commission, Ministry of Economic Affairs
204,599 (USD6,580,000)	188,353 (USD6,580,000)	1,616,495

Note 1: The amounts denominated in foreign currencies were translated using the rate of exchange at March 31, 2022.

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:

Shareholder's Name	Shareholding	Shares	Percentage
HE WEI INVESTMENT CO., LTD.		3,499,559	10.21 %

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.

(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 after tax of the operating segment of the Group is measured by using the earnings after tax as the basis for performance measurement.