

(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, 2023 and 2022**

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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.

## 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
(4) Summary of significant accounting policies	9~10
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	10
(6) Explanation of significant accounts	10~33
(7) Related-party transactions	33~34
(8) Assets pledged as security	34
(9) Significant commitments and contingencies	34
(10) Losses Due to Major Disasters	35
(11) Significant Subsequent Events	35
(12) Other	35
(13) Other disclosures	
(a) Information on significant transactions	36~38
(b) Information on investments	39
(c) Information on investment in mainland China	39~40
(d) Major shareholders	40
(14) Segment information	41



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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, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 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 Interim 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 March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 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)

May 4, 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' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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**Reviewed only, not audited in accordance with Standards on Auditing**

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

**Consolidated Balance Sheets**

**March 31, 2023, December 31, 2022, and March 31, 2022**

(Expressed in Thousands of New Taiwan Dollars)

Assets	March 31, 2023		December 31, 2022		March 31, 2022		Liabilities and Equity	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Current assets:</b>							<b>Current liabilities:</b>						
Cash and cash equivalents (note 6(a))	\$ 1,478,210	28	1,504,089	26	1,633,597	40	Current contract liabilities (note 6(t))	\$ 55,593	1	54,937	1	26,775	1
Current financial assets at fair value through profit or loss (note 6(b))	100,036	2	-	-	-	-	Accounts payable	618,060	12	1,026,645	18	500,463	12
Financial assets measured at amortized cost (note 6(c))	29,700	-	29,700	1	129,700	3	Other payables (note 6(o))	1,160,892	22	542,881	10	628,440	15
Notes receivable, net (note 6(d))	426	-	7,029	-	3,785	-	Current provisions (note 6(l))	7,499	-	15,253	-	7,905	-
Accounts receivable, net (note 6(d))	989,482	19	1,605,759	28	760,075	18	Current lease liabilities (note 6(m))	10,782	-	11,222	-	45,647	1
Other receivables (note 6(e))	2,186	-	647	-	6,387	-	Current tax liabilities	<u>318,001</u>	<u>6</u>	<u>296,821</u>	<u>5</u>	<u>151,809</u>	<u>4</u>
Current tax assets	-	-	-	-	1,838	-	<b>Total current liabilities</b>	<u>2,170,827</u>	<u>41</u>	<u>1,947,759</u>	<u>34</u>	<u>1,361,039</u>	<u>33</u>
Inventories, net (note 6(f))	698,107	13	769,841	14	358,996	9	<b>Non-Current liabilities:</b>						
Other current assets (note 6(k))	<u>39,114</u>	<u>1</u>	<u>44,457</u>	<u>1</u>	<u>30,184</u>	<u>1</u>	Long-term deferred revenue (notes 6(n))	5,438	-	5,545	-	-	-
<b>Total current assets</b>	<u>3,337,261</u>	<u>63</u>	<u>3,961,522</u>	<u>70</u>	<u>2,924,562</u>	<u>71</u>	Deferred tax liabilities	1,293	-	-	-	1,722	-
<b>Non-current assets:</b>							Non-current lease liabilities (note 6(m))	53,478	1	49,819	1	51,537	1
Property, plant and equipment (notes 6(g) and 8)	1,577,094	29	1,370,950	24	869,150	21	Other non-current liabilities, others	<u>200</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Right-of-use assets (note 6(h))	104,692	2	101,521	2	106,171	3	<b>Total non-current liabilities</b>	<u>60,409</u>	<u>1</u>	<u>55,564</u>	<u>1</u>	<u>53,259</u>	<u>1</u>
Intangible assets (note 6(i))	34,412	1	33,091	-	28,993	1	<b>Total liabilities</b>	<u>2,231,236</u>	<u>42</u>	<u>2,003,323</u>	<u>35</u>	<u>1,414,298</u>	<u>34</u>
Deferred tax assets	55,648	1	68,137	1	52,407	1	<b>Equity attributable to owners of parent (notes 6(q)(r)(s)):</b>						
Refundable deposits	7,548	-	7,476	-	7,487	-	Capital stock	345,380	6	345,380	6	339,180	8
Other non-current financial assets (notes 6(j) and 8)	51,743	1	51,644	1	51,642	1	Advance receipts for share capital	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,300</u>	<u>-</u>
Other non-current assets (note 6(k))	<u>163,038</u>	<u>3</u>	<u>104,524</u>	<u>2</u>	<u>68,045</u>	<u>2</u>		<u>345,380</u>	<u>6</u>	<u>345,380</u>	<u>6</u>	<u>342,480</u>	<u>8</u>
<b>Total non-current assets</b>	1,994,175	37	1,737,343	30	1,183,895	29	Capital surplus	1,794,485	34	1,794,485	31	1,697,547	42
							Retained earnings	1,024,197	19	1,635,168	29	654,160	16
							Other equity	<u>(63,862)</u>	<u>(1)</u>	<u>(79,491)</u>	<u>(1)</u>	<u>(28)</u>	<u>-</u>
							<b>Total equity</b>	<u>3,100,200</u>	<u>58</u>	<u>3,695,542</u>	<u>65</u>	<u>2,694,159</u>	<u>66</u>
<b>Total assets</b>	<u>\$ 5,331,436</u>	<u>100</u>	<u>5,698,865</u>	<u>100</u>	<u>4,108,457</u>	<u>100</u>	<b>Total liabilities and equity</b>	<u>\$ 5,331,436</u>	<u>100</u>	<u>5,698,865</u>	<u>100</u>	<u>4,108,457</u>	<u>100</u>

See accompanying notes to financial statements.

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

**Consolidated Statement of Comprehensive Income**

**For the three months ended March 31, 2023 and 2022**

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

	For the three months ended March 31,			
	2023		2022	
	Amount	%	Amount	%
<b>Operating revenue (notes 6(t) and 14)</b>	\$ 1,008,204	100	800,819	100
<b>Operating costs (notes 6(f)(i)(l)(m)(o)(r) and 12)</b>	<u>627,809</u>	<u>62</u>	<u>501,978</u>	<u>63</u>
<b>Gross profit</b>	<u>380,395</u>	<u>38</u>	<u>298,841</u>	<u>37</u>
<b>Operating expenses (notes 6(d)(i)(m)(o)(r)(u), 7 and 12):</b>				
Selling expenses	90,987	9	64,612	8
General and administrative expenses	51,375	5	50,702	6
Research and development expenses	63,750	6	51,871	6
Expected credit impairment gain and losses	<u>(8,957)</u>	<u>(1)</u>	<u>880</u>	<u>-</u>
<b>Total operating expenses</b>	<u>197,155</u>	<u>19</u>	<u>168,065</u>	<u>20</u>
<b>Net operating income</b>	<u>183,240</u>	<u>19</u>	<u>130,776</u>	<u>17</u>
<b>Non-operating income and expenses (note 6(b)(m)(v)):</b>				
Interest income	3,766	-	1,034	-
Other gains and losses	(197)	-	18,437	2
Finance costs (note 6(m))	<u>(168)</u>	<u>-</u>	<u>(281)</u>	<u>-</u>
<b>Total non-operating income and expenses</b>	<u>3,401</u>	<u>-</u>	<u>19,190</u>	<u>2</u>
<b>Profit before income tax</b>	186,641	19	149,966	19
<b>Income tax expenses (note 6(p))</b>	<u>43,144</u>	<u>4</u>	<u>30,742</u>	<u>4</u>
<b>Profit</b>	<u>143,497</u>	<u>15</u>	<u>119,224</u>	<u>15</u>
<b>Other comprehensive income (note 6(q)):</b>				
<b>Items that will be reclassified subsequently to profit or loss</b>				
Exchange differences on translation of foreign financial statements	1,289	-	10,288	1
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(o))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income</b>	<u>1,289</u>	<u>-</u>	<u>10,288</u>	<u>1</u>
<b>Comprehensive income</b>	<u>\$ 144,786</u>	<u>15</u>	<u>129,512</u>	<u>16</u>
<b>Earnings per share (note 6(s)):</b>				
<b>Basic earnings per share (in New Taiwan Dollars)</b>	<u>\$ 4.18</u>		<u>3.52</u>	
<b>Diluted earnings per share (in New Taiwan Dollars)</b>	<u>\$ 4.14</u>		<u>3.47</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, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent							Total other equity interest		
	Retained earnings							Exchange differences on translation of foreign financial statements	Unearned stock-based employee compensation	Total equity
	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	-	-	-	-	-	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
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	-	-	-	-	-	143,497	143,497	-	-	143,497
Other comprehensive income	-	-	-	-	-	-	-	1,289	-	1,289
Total comprehensive income	-	-	-	-	-	143,497	143,497	1,289	-	144,786
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary share	-	-	-	-	-	(754,468)	(754,468)	-	-	(754,468)
Restricted Stock Awards compensation cost	-	-	-	-	-	-	-	-	14,340	14,340
Balance at March 31, 2023	\$ 345,380	-	1,794,485	221,962	10,315	791,920	1,024,197	(3,770)	(60,092)	3,100,200

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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2023	2022
<b>Cash flows from operating activities:</b>		
Profit before income tax	\$ 186,641	149,966
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expenses	26,620	26,725
Amortization expenses	3,181	2,559
Expected credit impairment (gains) losses	(8,957)	880
Gains on financial assets at fair value through profit or loss	(36)	-
Interest expenses	168	281
Interest income	(3,766)	(1,034)
Gains on disposal of property, plant and equipment	(184)	(3,759)
Share-based payment transactions	14,340	-
Unrealized foreign exchange (gain) loss	(4,806)	(8,083)
<b>Total adjustments to reconcile profit</b>	<b>26,560</b>	<b>17,569</b>
<b>Changes in operating assets and liabilities:</b>		
Decrease in notes receivable	6,655	2,210
Decrease in accounts receivable	628,778	113,949
Increase in other receivables	(650)	(5,436)
Decrease (increase) in inventories	73,574	(5,236)
Decrease (increase) in other current assets	5,405	(9,177)
(Decrease) increase in accounts payable	(408,788)	11,224
(Decrease) increase in other payables	(147,423)	2,757
Decrease in current provisions	(7,754)	(563)
Increase in current contract liabilities	656	1,400
Decrease in long-term deferred revenue	(107)	-
<b>Total adjustments</b>	<b>176,906</b>	<b>128,697</b>
Cash inflow generated from operations	363,547	278,663
Interest received	2,875	1,045
Interest paid	(168)	(281)
Income taxes paid	(8,224)	(24)
<b>Net cash flows from operating activities</b>	<b>358,030</b>	<b>279,403</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	(100,000)	-
Proceeds from disposal of financial assets at amortized cost	-	19,300
Acquisition of property, plant and equipment	(215,949)	(131,721)
Proceeds from disposal of property, plant and equipment	1,243	5,950
Increase in refundable deposits	(63)	(690)
Acquisition of intangible assets	(4,500)	(94)
Increase in other financial assets	(99)	(131)
Increase in prepayments for equipment	(61,063)	(43,431)
<b>Net cash flows used in investing activities</b>	<b>(380,431)</b>	<b>(150,817)</b>
<b>Cash flows from (used in) financing activities:</b>		
Payments of lease liabilities	(3,797)	(4,740)
Proceeds from exercise of employee stock options	-	10,989
<b>Net cash flows (used in) from financing activities</b>	<b>(3,797)</b>	<b>6,249</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>319</b>	<b>3,112</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(25,879)</b>	<b>137,947</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>\$ 1,478,210</b>	<b>1,633,597</b>

See accompanying notes to financial statements.



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

**Notes to the Consolidated Financial Statements**

**March 31, 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 May 4, 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”

- (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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”

(Continued)

## WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (4) Summary of significant 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 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, 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
			March 31, 2023	December 31, 2022	March 31, 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.

##### (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 B 12 of International Financial Reporting Standards 34, Interim 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.

(Continued)

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

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>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Cash and cash on hand	\$ 326	380	405
Demand deposits	995,063	955,869	893,192
Check deposits	121	-	-
Time deposits	482,700	547,840	740,000
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 1,478,210</u></u>	<u><u>1,504,089</u></u>	<u><u>1,633,597</u></u>

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

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Financial assets mandatorily measured at fair value through profit or loss — current:			
Open-end mutual funds	<u><u>\$ 100,036</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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

(Continued)

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

(c) Financial assets measured at amortized cost

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Domestic time deposits	\$ <u>29,700</u>	<u>29,700</u>	<u>129,700</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.

(d) Notes and accounts receivable

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Notes receivable from operating activities	\$ 426	7,029	3,785
Accounts receivable—measured as amortized cost	1,000,989	1,626,174	764,280
Less: Loss allowance	<u>(11,507)</u>	<u>(20,415)</u>	<u>(4,205)</u>
	<u><b>\$ 989,908</b></u>	<u><b>1,612,788</b></u>	<u><b>763,860</b></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 were determined as follows:

	<b>March 31, 2023</b>		
	<b>Gross carrying amount—notes receivable and accounts receivable from operating activities</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 818,936	0.17 %	1,357
1 to 30 days past due	78,576	1.27 %	1,000
31 to 60 days past due	37,049	5.84 %	2,165
61 to 90 days past due	31,364	6.08 %	1,907
91 to 180 days past due	30,613	9.10 %	2,786
181 to 365 days past due	4,580	43.56 %	1,995
More than 365 days past due	<u>297</u>	100.00 %	<u>297</u>
	<u><b>\$ 1,001,415</b></u>		<u><b>11,507</b></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 provision</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	<u>3,693</u>	100.00 %	<u>3,693</u>
	<b><u>\$ 1,633,203</u></b>		<b><u>20,415</u></b>
<b>March 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 provision</b>
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	<u>280</u>	100.00 %	<u>280</u>
	<b><u>\$ 768,065</u></b>		<b><u>4,205</u></b>

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

<b>Three months ended March 31,</b>		
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 20,415	3,325
Impairment losses recognized	-	880
Impairment losses reversed	(8,957)	-
Effects of changes in foreign exchange rates	49	-
Balance at March 31	<b><u>\$ 11,507</u></b>	<b><u>4,205</u></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).

(e) Other receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Other receivables	\$ 5,795	4,256	9,996
Less: Loss allowance	(3,609)	(3,609)	(3,609)
	<u>\$ 2,186</u>	<u>647</u>	<u>6,387</u>

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

(f) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials and supplies	\$ 447,737	403,472	171,510
Work in progress	180,033	191,756	89,204
Finished goods	70,337	174,613	98,282
	<u>\$ 698,107</u>	<u>769,841</u>	<u>358,996</u>

The details of the cost of sales were as follows:

	<u>Three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Recognized as operating costs and expenses	\$ 587,360	480,257
Write-down of inventories	19,399	10,148
Income from sale of scrap and wastes	(145)	(49)
Others	21,195	11,622
	<u>\$ 627,809</u>	<u>501,978</u>

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

(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, 2023	\$ 218,029	586,072	302,196	797,660	1,903,957
Additions	980	1,927	2,479	221,495	226,881
Disposal	-	(5,463)	-	-	(5,463)
Reclassifications (note)	-	720	1,813	-	2,533
Effect of movements in exchange rates	(4)	624	214	-	834
Balance at March 31, 2023	<u>\$ 219,005</u>	<u>583,880</u>	<u>306,702</u>	<u>1,019,155</u>	<u>2,128,742</u>

(Continued)

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

	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Other equipment</b>	<b>Construction in progress</b>	<b>Total</b>
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)
Reclassification (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>
Accumulated depreciation:					
Balance at January 1, 2023	\$ 87,084	259,951	185,972	-	533,007
Depreciation	1,273	12,673	8,832	-	22,778
Disposal	-	(4,404)	-	-	(4,404)
Effect of movements in exchange rates	(5)	166	106	-	267
Balance at March 31, 2023	<u>\$ 88,352</u>	<u>268,386</u>	<u>194,910</u>	<u>-</u>	<u>551,648</u>
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>
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 March 31, 2023	<u>\$ 130,653</u>	<u>315,494</u>	<u>111,792</u>	<u>1,019,155</u>	<u>1,577,094</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 March 31, 2022	<u>\$ 132,585</u>	<u>299,223</u>	<u>93,125</u>	<u>344,217</u>	<u>869,150</u>

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

As of March 31, 2023 and December 31 and March 31, 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.

(h) Right-of-use assets

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

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
Cost :			
Balance at January 1, 2023	\$ 92,818	73,549	166,367
Additions	-	6,995	6,995
Effect of movements in exchange rates	-	132	132
Balance at March 31, 2023	<u>\$ 92,818</u>	<u>80,676</u>	<u>173,494</u>
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>
Accumulated depreciation :			
Balance at January 1, 2023	\$ 4,979	59,867	64,846
Depreciation	477	3,365	3,842
Effect of movements in exchange rates	-	114	114
Balance at March 31, 2023	<u>\$ 5,456</u>	<u>63,346</u>	<u>68,802</u>
Balance at January 1, 2022	\$ 3,116	41,220	44,336
Depreciation	485	4,791	5,276
Effect of movements in exchange rates	-	614	614
Balance at March 31, 2022	<u>\$ 3,601</u>	<u>46,625</u>	<u>50,226</u>

(Continued)

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

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Carrying amounts :			
Balance at January 1, 2023	\$ 87,839	13,682	101,521
Balance at March 31, 2023	\$ 87,362	17,330	104,692
Balance at January 1, 2022	\$ 91,307	19,935	111,242
Balance at March 31, 2022	\$ 90,822	15,349	106,171

(i) 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	4,500	-	-	-	4,500
Effect of movements in exchange rates	10	-	-	-	10
Balance at March 31, 2023	\$ 106,532	140,970	67,666	3,400	318,568
Balance at January 1, 2022	\$ 88,879	140,970	67,666	3,400	300,915
Additions	94	-	-	-	94
Effect of movements in exchange rates	70	-	-	-	70
Balance at March 31, 2022	\$ 89,043	140,970	67,666	3,400	301,079
Accumulated amortization and impairment losses :					
Balance at January 1, 2023	\$ 73,440	140,970	66,557	-	280,967
Amortization for the period	3,030	-	151	-	3,181
Effect of movements in exchange rates	8	-	-	-	8
Balance at March 31, 2023	\$ 76,478	140,970	66,708	-	284,156
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	47	-	-	-	47
Balance at March 31, 2022	\$ 65,013	140,970	66,103	-	272,086
Carrying value :					
Balance at January 1, 2023	\$ 28,582	-	1,109	3,400	33,091
Balance at March 31, 2023	\$ 30,054	-	958	3,400	34,412
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

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 March 31,</u>	
	<u>2023</u>	<u>2022</u>
Costs of sales	\$ 1,032	939
Operating expenses	2,149	1,620
Total	\$ 3,181	2,559

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

(Continued)



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

(j) Other non-current financial assets

	March 31, 2023	December 31, 2022	March 31, 2022
Restricted deposits	\$ <u>51,743</u>	<u>51,644</u>	<u>51,642</u>

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:

	March 31, 2023	December 31, 2022	March 31, 2022
Prepaid expenses	\$ 8,724	13,756	10,401
Prepayments	809	4,672	501
Business tax refund receivable	11,939	-	5,829
Offset against business tax payable	16,985	25,016	11,636
Prepayments for equipment	163,038	104,524	68,045
Other	657	1,013	1,817
	\$ <u>202,152</u>	<u>148,981</u>	<u>98,229</u>

  

	March 31, 2023	December 31, 2022	March 31, 2022
Current	\$ 39,114	44,457	30,184
Non-current	163,038	104,524	68,045
	\$ <u>202,152</u>	<u>148,981</u>	<u>98,229</u>

(i) Prepaid expenses

Prepaid expenses were primarily for prepayments for office expenses.

(ii) Prepayments

Prepayments were primarily for prepayments for suppliers.

(l) Provisions

	<b>Provisions for warrant</b>
Balance at January 1, 2023	\$ 15,253
Provisions made during the period	7,499
Provision used and reversed during the period	(15,253)
Balance at March 31, 2023	\$ <u>7,499</u>
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>7,905</u>

(Continued)

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

(m) Lease liabilities

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Current	\$ <u>10,782</u>	<u>11,222</u>	<u>45,647</u>
Non-current	\$ <u>53,478</u>	<u>49,819</u>	<u>51,537</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 March 31, 2023</b>	<b>2022</b>
Interests on lease liabilities	\$ <u>168</u>	<u>281</u>
Expenses relating to short-term leases	\$ <u>3,002</u>	<u>1,340</u>

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

	<b>Three months ended March 31, 2023</b>	<b>2022</b>
Total cash outflow for leases	\$ <u>7,914</u>	<u>6,774</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.

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.

(Continued)

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

(n) Long-term deferred revenue

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Current	\$ -	-	-
Non-current	5,438	5,545	-
	<b>\$ 5,438</b>	<b>5,545</b>	<b>-</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 March 31,</b>	
	<b>2023</b>	<b>2022</b>
Operating cost	\$ 3,284	2,566
Selling expenses	1,780	2,037
Administration expenses	892	928
Research and development expenses	1,419	1,424
Total	<b>\$ 7,375</b>	<b>6,955</b>

(ii) Short-term benefit obligation

As of March 31, 2023, and December 31, and March 31, 2022, the Group's short-term benefit liabilities for paid leave were \$15,452, \$14,769 and \$13,582, respectively, which were recognized as other payables in the consolidated balance sheets.

(Continued)

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

(p) Income taxes

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

	<b>Three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Current tax expense		
Current period	\$ 29,226	37,238
Adjustment for prior periods	<u>136</u>	<u>-</u>
	<u>29,362</u>	<u>37,238</u>
Deferred tax benefit		
Origination and reversal of temporary differences	<u>13,782</u>	<u>(6,496)</u>
Income tax expense	<u><b>\$ 43,144</b></u>	<u><b>30,742</b></u>
Income tax recognized in other comprehensive income	<u>\$ -</u>	<u>-</u>
Income tax recognized in equity	<u><b>\$ -</b></u>	<u><b>-</b></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 March 31, 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 34,538 thousand shares, 34,538 thousand shares and 34,248 thousand shares as of March 31, 2023 and December 31, and March 31, 2022, respectively. All issued shares were paid up upon issuance.

For the three months ended March 31, 2022, the Company had issued 330 thousand shares at par value, amounting to \$10,989, for its employee stock options; of which, the relevant statutory registration procedures of 27 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 actual number of issued shares was 250 thousand, which generated capital surplus-restricted stock of \$98,250. The Company's Board of Directors resolved the base date of the capital increase to be August 12, 2022, and the registration procedures have been completed.

(Continued)

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

(ii) Cancellation of ordinary share

In December 2022, the Company has recalled 6 thousand new shares of restricted stocks issued for employee. As of March 31, 2023, the registration procedures have been completed.

(iii) Capital surplus

The balances of capital surplus were as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Additional paid-in capital	\$ 1,674,029	1,674,029	1,669,171
Employee stock options	21,517	21,517	25,736
Employee stock options-expired	3,047	3,047	2,640
Restricted stock	95,892	95,892	-
	<b><u>\$ 1,794,485</u></b>	<b><u>1,794,485</u></b>	<b><u>1,697,547</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.

(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 reverse 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.

(Continued)

## WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 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, 2023, December 31, and March 31, 2022, the balance of special reserve amounted to \$10,315, \$10,315 and \$7,994, 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:

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

(Continued)

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

(v) Other equity interest

	<b>Exchange differenses 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	1,289	-	1,289
Unearned Stock-Based Employee compensation	<u>-</u>	<u>14,340</u>	<u>14,340</u>
Balance at March 31, 2023	<u><u>\$ (3,770)</u></u>	<u><u>(60,092)</u></u>	<u><u>(63,862)</u></u>
Balance at January 1, 2022	\$ (10,316)	-	(10,316)
Exchange differences on foreign operations	<u>10,288</u>	<u>-</u>	<u>10,288</u>
Balance at March 31, 2022	<u><u>\$ (28)</u></u>	<u><u>-</u></u>	<u><u>(28)</u></u>

(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. 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.

(Continued)

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

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

	<b>Three months ended March 31, 2023</b>
	<b>Number of restricted stock (in thousands)</b>
Outstanding at January 1(equal to outstanding at March 31)	<b>244</b>

For the three months ended March 31, 2023, the Company incurred expenses of \$14,340 for each of the restricted stock, which were recognized as operating costs and operating expenses.

(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>Three months ended March 31, 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 year	33.3	-
Exercised during the year	33.3	330,000
Outstanding at March 31	<b>33.3</b>	<b>46,000</b>
Exercisable at March 31	<b>\$ 33.3</b>	<b>46,000</b>

(Continued)



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

(s) Earnings per share

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

	<b>Three months ended March 31,</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>143,497</u>	<u>119,224</u>
Weighted average number of ordinary shares outstanding (shares in thousands)	<u>34,294</u>	<u>33,902</u>
<b>Basic earnings per share</b>	\$ <u>4.18</u>	<u>3.52</u>
<b>Diluted earnings per share (expressed in New Taiwan dollars)</b>		
Profit attributable to ordinary shareholders of the Company	\$ <u>143,497</u>	<u>119,224</u>
Weighted average number of ordinary shares outstanding (shares in thousands)	34,294	33,902
Effect of dilutive potential ordinary shares		
Effect of employee stock options (shares in thousands)	-	352
Effect of employee stock bonus (shares in thousands)	277	68
Effect of employee restricted stock	<u>114</u>	<u>-</u>
Weighted average number of ordinary shares (diluted) (shares in thousands)	<u>34,685</u>	<u>34,322</u>
<b>Diluted earnings per share</b>	\$ <u>4.14</u>	<u>3.47</u>

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>Three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Primary geographical markets:		
Taiwan	\$ 166,353	352,169
America	152,967	148,255
China	426,435	189,887
Europe	5,853	3,178
Canada	2,198	3,606
Asia	<u>254,398</u>	<u>103,724</u>
	\$ <u>1,008,204</u>	<u>800,819</u>

(Continued)

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

	<b>Three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Major products/services lines:		
Test Socket	\$ 845,925	506,816
Contact Element	102,248	140,367
Probe Card	23,023	90,356
Other	37,008	63,280
	<b>\$ 1,008,204</b>	<b>800,819</b>

(ii) Contract balances

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Notes receivable	\$ 426	7,029	3,785
Accounts receivable	1,000,989	1,626,174	764,280
Less: loss allowance	(11,507)	(20,415)	(4,205)
	<b>\$ 989,908</b>	<b>1,612,788</b>	<b>763,860</b>
Contract liabilities-advance collections	\$ 466	286	530
Contract liabilities-customer loyalty program	55,127	54,651	26,245
	<b>\$ 55,593</b>	<b>54,937</b>	<b>26,775</b>

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 March 31, 2023 and 2022, that were included in the contract liability balance at the beginning of the each period were \$3,621 and \$5,629, 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 March 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$20,161 and \$8,020, and directors' remuneration amounting to \$2,016 and \$2,406, 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.

(Continued)

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

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.

(v) Non-operating income and expenses

(i) Interest income

Details of interest income of the Group were as follows:

	<b>Three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest income		
Bank deposits	\$ 3,758	1,030
Others	8	4
	<b>\$ 3,766</b>	<b>1,034</b>

(ii) Other gains and losses

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

	<b>Three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Foreign exchange (losses) gains	\$ (1,574)	13,566
Gains on financial assets at fair value through profit or loss	36	-
Gains on disposals of property, plant and equipment	184	3,759
Government grants	795	986
Others	362	126
	<b>\$ (197)</b>	<b>18,437</b>

(iii) Finance costs

Details of finance costs of the Group were as follows:

	<b>Three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest expenses		
Bank loans	\$ -	-
Lease liabilities	168	281
	<b>\$ 168</b>	<b>281</b>

(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 March 31, 2023, and December 31 and March 31, 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 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>March 31, 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	\$ 2,186	-	3,609
Refundable deposits	7,548	-	-
Other financial assets	51,743	-	-
Loss allowance	-	-	(3,609)
Amortized cost	<u>\$ 61,477</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>\$ 61,477</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>March 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	\$ 6,387	-	3,609
Refundable deposits	7,487	-	-
Other financial assets	51,642	-	-
Loss allowance	-	-	(3,609)
Amortized cost	<u>\$ 65,516</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>\$ 65,516</u>	<u>-</u>	<u>-</u>

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

<b>For the three months ended March 31, 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 March 31, 2023)	<u>\$ -</u>	<u>-</u>	<u>3,609</u>	<u>3,609</u>
<b>For the three months ended March 31, 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 March 31, 2022)	<u>\$ -</u>	<u>-</u>	<u>3,609</u>	<u>3,609</u>

(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>March 31, 2023</b>							
Non-derivative financial liabilities							
Notes and accounts payable (non-interest-bearing)	\$ 618,060	618,060	618,060	-	-	-	-
Other payables (non-interest-bearing)	1,160,892	1,160,892	1,160,892	-	-	-	-
Lease liabilities (included due within one year) (fix interest rate)	64,260	77,567	7,012	4,457	3,989	7,572	54,537
Guarantee deposits(non-interest-bearing)	200	200	-	200	-	-	-
	<u>\$ 1,843,412</u>	<u>1,856,719</u>	<u>1,785,964</u>	<u>4,657</u>	<u>3,989</u>	<u>7,572</u>	<u>54,537</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	6,556	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>1,576,082</u>	<u>5,478</u>	<u>2,384</u>	<u>5,187</u>	<u>54,928</u>
<b>March 31, 2022</b>							
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 (included due within one year) (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>

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:

	March 31, 2023			December 31, 2022			March 31, 2022			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	44,858	30.450	1,365,914	71,023	30.710	2,181,128	12,290	28.625	351,810
JPY		605,093	0.2288	138,445	594,639	0.2324	138,194	100,425	0.2353	23,630
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		26,011	30.450	792,039	45,772	30.710	1,405,669	16,741	28.625	479,212
JPY		163,427	0.2288	37,392	181,616	0.2324	42,207	72,116	0.2325	16,969

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, 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 \$5,399 and \$966, for the three months ended March 31, 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 March 31, 2023 and 2022, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(1,574) and \$13,566, respectively.

2) Other market price risk

For the three months ended March 31, 2023 and 2022, 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:

Prices of securities at the reporting date	Three months ended March 31,			
	2023		2022	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 3%	\$ -	2,401	-	-
Decreasing 3%	\$ -	2,401	-	-

(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 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:

	March 31, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Open fund	\$ 100,036	100,036	-	-	100,036
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	1,478,210	-	-	-	-
Domestic-time deposits	29,700	-	-	-	-
Notes and accounts receivables	989,908	-	-	-	-
Other receivables	2,186	-	-	-	-
Other financial assets	51,743	-	-	-	-
Refundable deposits	7,548	-	-	-	-
Subtotal	2,559,295				
<b>Total</b>	<b>\$ 2,659,331</b>				

(Continued)

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

March 31, 2023					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial liabilities measured at amortized cost</b>					
Accounts payables	\$ 618,060	-	-	-	-
Other payables	1,160,892	-	-	-	-
Lease liabilities	64,260	-	-	-	-
Guarantee deposits	200	-	-	-	-
<b>Total</b>	<b>\$ 1,843,412</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>\$ 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>\$ 1,630,767</b>				

  

March 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	\$ 1,633,597	-	-	-	-
Domestic-time deposits	129,700	-	-	-	-
Notes and accounts receivables	763,860	-	-	-	-
Other receivables	6,387	-	-	-	-
Other financial assets	51,642	-	-	-	-
Refundable deposits	7,487	-	-	-	-
<b>Total</b>	<b>\$ 2,592,673</b>				
<b>Financial liabilities measured at amortized cost</b>					
Accounts payables	\$ 500,463	-	-	-	-
Other payables	628,440	-	-	-	-
Lease liabilities	97,184	-	-	-	-
<b>Total</b>	<b>\$ 1,226,087</b>				

(Continued)



## WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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.
  - 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.

(Continued)

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

(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.

(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			March 31, 2023
			Foreign exchange movement	Changes in lease payments	Others	
Lease liabilities	\$ 61,041	(3,797)	21	-	6,995	64,260
Total liabilities from financing activities	<u>\$ 61,041</u>	<u>(3,797)</u>	<u>21</u>	<u>-</u>	<u>6,995</u>	<u>64,260</u>

  

	January 1, 2022	Cash flows	Non-Cash changes			March 31, 2022
			Foreign exchange movement	Changes in lease payments	Others	
Lease liabilities	\$ 101,703	(4,740)	444	(223)	-	97,184
Total liabilities from financing activities	<u>\$ 101,703</u>	<u>(4,740)</u>	<u>444</u>	<u>(223)</u>	<u>-</u>	<u>97,184</u>

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

(a) Names and 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 ended March 31, 2023, the Group has donated \$1,000, which were recognized in operating expenses, to Kaohsiung City WinWay Charity Association.

(Continued)

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

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<b>Three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 17,825	10,068
Post-employment benefits	54	54
	<b>\$ 17,879</b>	<b>10,122</b>

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

The carrying amounts of assets pledged as security were follows:

<b>Assets pledged as security</b>	<b>Liabilities secured by pledge</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Other financial	Guarantee for customs duty	\$ 1,513	1,513	1,511
assets-non-current-demand deposits				
Other financial	Construction of plant	50,230	50,131	50,131
assets-non-current-time deposits				
Property, plant, and equipment	Bank borrowings	130,653	130,946	132,585
		<b>\$ 182,396</b>	<b>182,590</b>	<b>184,227</b>

**(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 May 4, 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 March 31, 2023 and December 31, and March 31, 2022, significant outstanding purchase commitments for construction in progress, property, plant and equipment the amounts of \$526,457, \$633,397 and \$906,983.

(Continued)

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

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

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

**(12) Other:**

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

	<b>Three months ended March 31,</b>					
<b>By function</b>	<b>2023</b>			<b>2022</b>		
<b>By item</b>	<b>Cost of sales</b>	<b>Operating expenses</b>	<b>Total</b>	<b>Cost of sales</b>	<b>Operating expenses</b>	<b>Total</b>
Employee benefits						
Salary	96,619	123,617	220,236	80,021	101,854	181,875
Labor and health insurance	10,863	9,080	19,943	7,583	6,988	14,571
Pension	3,284	4,091	7,375	2,566	4,389	6,955
Remuneration of directors	-	2,064	2,064	-	2,446	2,446
Others	5,539	4,580	10,119	4,627	4,037	8,664
Depreciation	20,677	5,943	26,620	20,252	6,473	26,725
Amortization	1,032	2,149	3,181	939	1,620	2,559

(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 three months ended March 31, 2023.

(i) Lending to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss	7,244,040.87	100,036	-	100,036	-

(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	-	-	-	-	7,244,040.87	100,036	-	-	-	-	7,244,041.00	100,036	-

(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	61,905	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	396,520	HSIN HSIUNG CONSTRUCTION CO., LTD.	Non-related party	-	-	-	-	Bidding	Plant expansion	
The Company	Nanzih Technology Industrial Park-plant construction	August 26, 2021	204,000	184,620	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	137,347	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	168,324	21.93 %	90 Days	(Note 1)	The main customers are 60 to 120 days	395,963	41.16 %	(Note)
WINWAY TECHNOLOGY (SUZHOU) LTD.	The Company	Parent Company	Purchase	168,334	87.24 %	90 Days	(Note 1)	The main suppliers are 60 to 120 days	395,963	95.11 %	(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 \$395,963	118.17 %	46,855		Accounts receivable \$116,277	-	(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 current assets	1,527	Commissions are not comparable with similar transactions.	0.03 %
				Other payable	6,649		0.12 %
				Sales expenses	9,671		0.96 %
0	The Company	WINWAY TECHNOLOGY (SUZHOU) LTD.	1	Accounts receivable	395,963	Selling price offered could not be compared to those offered to third-party customers; the collection terms are 90 days; the payment terms are 60 days; were not significantly different from those with third-party customers.	7.43 %
				Other payable	1,150		0.02 %
				Sales revenue	168,324		16.69 %
				Sales expenses	1,084		0.11 %

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 three months ended March 31, 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 December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 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 %	257,197	21,081	21,081	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 %	5,340	(6,895)	(6,895)	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 March 31, 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	21,081	100%	21,081	300,610	-

(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 March 31, 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)	200,361 (USD6,580,000)	1,860,120

Note : It was eliminated in the consolidation.

Note 1: The amounts denominated in foreign currencies were translated using the rate of exchange at March 31, 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	10.13 %

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.