

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

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

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2022 and 2021**

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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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## Representation Letter

The entities that are required to be included in the combined financial statements of WINWAY TECHNOLOGY CO., LTD. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements. " endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, WINWAY TECHNOLOGY CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: WINWAY TECHNOLOGY CO., LTD.  
Chairman: Chia-Huang, Wang  
Date: February 22, 2023



安侯建業聯合會計師事務所

KPMG

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## Independent Auditors' Report

To the Board of Directors of WINWAY TECHNOLOGY CO., LTD. :

### Opinion

We have audited the consolidated financial statements of WINWAY TECHNOLOGY CO., LTD. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Revenue recognition

Please refer to note 4(n) “Revenue recognition” for accounting policy and note 6(s) “Revenue from contracts with customers”.

**Description of Key Audit Matter:**

The Group determines the timing of transferring control over the goods and recognizes its revenue depending on whether the specified sales terms in each individual contract are met. Since inappropriate revenue recognition may occur due to the specified sales terms in each individual contract and the sales revenue before or after the financial reporting date has a significant impact on the consolidated financial statements, revenue recognition is the key areas our audit focused on.

**How the matter was addressed in our audit:**

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding and testing the internal controls of sales and collection cycle; testing selected sales samples and agreeing to sales contract or customer orders, evaluating whether the sales terms have an impact on revenue recognition; for transactions incurred within a certain period before or after the balance sheet date, test selected sales samples by reviewing related documentation supporting sales recognition, evaluate whether the revenue was recorded in proper period; as well as assess whether the Group has disclosed all information related to revenue.

**Other Matter**

WINWAY TECHNOLOGY CO., LTD. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)  
February 22, 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.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2022		December 31, 2021		Liabilities and Equity	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Current assets:</b>					<b>Current liabilities:</b>				
Cash and cash equivalents (note 6(a))	\$ 1,504,089	26	1,495,650	38	Current contract liabilities (note 6(s))	\$ 54,937	1	25,359	1
Financial assets measured at amortized cost (note 6(b))	29,700	1	149,000	4	Accounts payable	1,026,645	18	488,672	12
Notes receivable, net (note 6(c))	7,029	-	5,828	-	Other payables (note 6(n))	542,881	10	269,357	7
Accounts receivable, net (note 6(c))	1,605,759	28	867,187	22	Current provisions (note 6(k))	15,253	-	8,468	-
Other receivables (note 6(d))	647	-	953	-	Current lease liabilities (note 6(l))	11,222	-	48,568	1
Current tax assets	-	-	1,772	-	Current tax liabilities	296,821	5	114,595	3
Inventories, net (note 6(e))	769,841	14	350,358	9	<b>Total current liabilities</b>	<u>1,947,759</u>	<u>34</u>	<u>955,019</u>	<u>24</u>
Other current assets (note 6(j))	44,457	1	20,643	1	<b>Non-Current liabilities:</b>				
<b>Total current assets</b>	<u>3,961,522</u>	<u>70</u>	<u>2,891,391</u>	<u>74</u>	Long-term deferred revenue (notes 6(m))	5,545	-	-	-
<b>Non-current assets:</b>					Deferred tax liabilities (notes 6(o))	-	-	1,193	-
Property, plant and equipment (notes 6(f) and 8)	1,370,950	24	765,236	19	Non-current lease liabilities (note 6(l))	49,819	1	53,135	1
Right-of-use assets (note 6(g))	101,521	2	111,242	3	Guarantee deposits	200	-	-	-
Intangible assets (note 6(h))	33,091	-	31,435	1	<b>Total non-current liabilities</b>	<u>55,564</u>	<u>1</u>	<u>54,328</u>	<u>1</u>
Deferred tax assets (note 6(o))	68,137	1	45,382	1	<b>Total liabilities</b>	<u>2,003,323</u>	<u>35</u>	<u>1,009,347</u>	<u>25</u>
Refundable deposits	7,476	-	6,724	-	<b>Equity attributable to owners of parent (notes 6(p)(q)(r)):</b>				
Other non-current financial assets (notes 6(i) and 8)	51,644	1	51,511	1	Capital stock	345,380	6	338,910	9
Other non-current assets (note 6(j))	104,524	2	36,284	1	Advance receipts for share capital	-	-	270	-
<b>Total non-current assets</b>	<u>1,737,343</u>	<u>30</u>	<u>1,047,814</u>	<u>26</u>		<u>345,380</u>	<u>6</u>	<u>339,180</u>	<u>9</u>
					Capital surplus	1,794,485	31	1,689,858	43
					Retained earnings	1,635,168	29	911,136	23
					Other equity	(79,491)	(1)	(10,316)	-
					<b>Total equity</b>	<u>3,695,542</u>	<u>65</u>	<u>2,929,858</u>	<u>75</u>
<b>Total assets</b>	<u>\$ 5,698,865</u>	<u>100</u>	<u>3,939,205</u>	<u>100</u>	<b>Total liabilities and equity</b>	<u>\$ 5,698,865</u>	<u>100</u>	<u>3,939,205</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Consolidated Statement of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

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

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Operating revenues (notes 6(s) and 14)</b>	\$ 5,122,173	100	2,887,296	100
<b>Operating costs (notes 6(e)(h)(k)(l)(n)(q) and 12)</b>	<u>2,800,140</u>	<u>55</u>	<u>1,678,215</u>	<u>58</u>
<b>Gross profit</b>	<u>2,322,033</u>	<u>45</u>	<u>1,209,081</u>	<u>42</u>
<b>Operating expenses (notes 6(c)(h)(l)(n)(q)(t), 7 and 12):</b>				
Selling expenses	340,698	7	261,140	9
General and administrative expenses	367,482	7	170,828	6
Research and development expenses	254,358	5	184,899	6
Expected credit impairment losses	<u>17,167</u>	<u>-</u>	<u>285</u>	<u>-</u>
<b>Total operating expenses</b>	<u>979,705</u>	<u>19</u>	<u>617,152</u>	<u>21</u>
<b>Net operating income</b>	<u>1,342,328</u>	<u>26</u>	<u>591,929</u>	<u>21</u>
<b>Non-operating income and expenses (note 6(u)):</b>				
Interest income	7,865	-	2,779	-
Other gains and losses	28,357	1	3,023	-
Finance costs (note 6(l))	<u>(963)</u>	<u>-</u>	<u>(1,342)</u>	<u>-</u>
<b>Total non-operating income and expenses</b>	<u>35,259</u>	<u>1</u>	<u>4,460</u>	<u>-</u>
<b>Profit before income tax</b>	1,377,587	27	596,389	21
<b>Income tax expenses (note 6(o))</b>	<u>277,355</u>	<u>5</u>	<u>109,760</u>	<u>4</u>
<b>Profit</b>	<u>1,100,232</u>	<u>22</u>	<u>486,629</u>	<u>17</u>
<b>Other comprehensive income (note 6(p)):</b>				
<b>Items that will be reclassified subsequently to profit or loss</b>				
Exchange differences on translation of foreign financial statements	5,257	-	(2,322)	-
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>5,257</u>	<u>-</u>	<u>(2,322)</u>	<u>-</u>
<b>Comprehensive income</b>	<u>\$ 1,105,489</u>	<u>22</u>	<u>484,307</u>	<u>17</u>
<b>Earnings per share (note 6(r)):</b>				
<b>Basic earnings per share (in New Taiwan Dollars)</b>	<u>\$ 32.22</u>		<u>14.46</u>	
<b>Diluted earnings per share (in New Taiwan Dollars)</b>	<u>\$ 31.73</u>		<u>14.22</u>	

See accompanying notes to financial statements.



(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity  
For the years ended December 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	Capital collected in advance	Capital surplus	Retained earnings			Total retained earnings	Exchange differences on translation of foreign financial statements	Unearned stock-based employee compensation	
				Legal reserve	Special reserve	Unappropriated retained earnings				
<b>Balance at January 1, 2021</b>	<b>\$ 305,710</b>	-	<b>609,440</b>	<b>120,203</b>	<b>11,454</b>	<b>732,757</b>	<b>864,414</b>	<b>(7,994)</b>	-	<b>1,771,570</b>
Profit	-	-	-	-	-	486,629	486,629	-	-	486,629
Other comprehensive income	-	-	-	-	-	-	-	(2,322)	-	(2,322)
Total comprehensive income	-	-	-	-	-	486,629	486,629	(2,322)	-	484,307
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	53,096	-	(53,096)	-	-	-	-
Reversal of special reserve	-	-	-	-	(3,460)	3,460	-	-	-	-
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	2,740	270	7,463	-	-	-	-	-	-	10,473
Stock options compensation cost	-	-	3,910	-	-	-	-	-	-	3,910
<b>Balance at December 31, 2021</b>	<b>338,910</b>	<b>270</b>	<b>1,689,858</b>	<b>173,299</b>	<b>7,994</b>	<b>729,843</b>	<b>911,136</b>	<b>(10,316)</b>	-	<b>2,929,858</b>
Profit	-	-	-	-	-	1,100,232	1,100,232	-	-	1,100,232
Other comprehensive income	-	-	-	-	-	-	-	5,257	-	5,257
Total comprehensive income	-	-	-	-	-	1,100,232	1,100,232	5,257	-	1,105,489
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	48,663	-	(48,663)	-	-	-	-
Special reserve appropriated	-	-	-	-	2,321	(2,321)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(376,200)	(376,200)	-	-	(376,200)
Exercise of employee stock options	4,030	(270)	8,735	-	-	-	-	-	-	12,495
Restricted Stock Awards	2,500	-	98,250	-	-	-	-	-	(100,750)	-
Restricted Stock Awards write-down	(60)	-	60	-	-	-	-	-	-	-
Restricted Stock Awards compensation cost	-	-	(2,418)	-	-	-	-	-	26,318	23,900
<b>Balance at December 31, 2022</b>	<b>\$ 345,380</b>	-	<b>1,794,485</b>	<b>221,962</b>	<b>10,315</b>	<b>1,402,891</b>	<b>1,635,168</b>	<b>(5,059)</b>	<b>(74,432)</b>	<b>3,695,542</b>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Consolidated Statement of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2022	2021
<b>Cash flows from operating activities:</b>		
<b>Profit before income tax</b>	\$ 1,377,587	596,389
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expenses	110,775	113,479
Amortization expenses	11,472	11,423
Expected credit impairment losses	17,167	285
Gains on financial assets at fair value through profit or losses	-	(834)
Interest expenses	963	1,342
Interest income	(7,865)	(2,779)
Share-based payment transactions	23,900	3,910
(Gains) Losses on disposal of property, plant and equipment	(1,770)	135
Unrealized foreign exchange (gain) loss	(701)	1,457
Gains on rent concessions	(312)	-
<b>Total adjustments to reconcile profit</b>	153,629	128,418
<b>Changes in operating assets and liabilities:</b>		
(Increase) decrease in notes receivable	(1,119)	5,410
Increase in accounts receivable	(753,146)	(338,371)
Decrease (increase) in other receivables	679	(719)
(Increase) decrease in inventories	(419,280)	66,434
Increase in other current assets	(23,678)	(11,053)
Increase in accounts payable	537,866	275,475
Increase in other payables	258,956	26,193
Increase in current provisions	6,785	3,063
Increase in current contract liabilities	29,570	22,756
Increase in long-term deferred revenue	5,545	-
<b>Total adjustments</b>	(204,193)	177,606
Cash inflow generated from operations	1,173,394	773,995
Interest received	7,503	2,545
Interest paid	(963)	(1,342)
Income taxes paid	(117,249)	(41,710)
<b>Net cash flows from operating activities</b>	1,062,685	733,488
<b>Cash flows from (used in) investing activities:</b>		
Decrease (increase) in financial assets at amortized cost	119,300	(149,000)
Acquisition of financial assets at fair value through profit or loss	-	(600,000)
Proceeds from disposal of financial assets at fair value through profit or loss	-	600,834
Acquisition of property, plant and equipment	(597,150)	(248,607)
Proceeds from disposal of property, plant and equipment	19,562	178
(Increase) decrease in refundable deposits	(711)	904
Acquisition of intangible assets	(10,407)	(4,627)
Increase in other financial assets	(133)	(50,000)
Increase in prepayments for equipment	(171,923)	(76,824)
<b>Net cash flows used in investing activities</b>	(641,462)	(527,142)
<b>Cash flows from (used in) financing activities:</b>		
Proceeds from long-term borrowings	-	50,000
Repayments of long-term borrowings	-	(90,000)
Increase in guarantee deposits	200	-
Payments of lease liabilities	(50,939)	(19,497)
Cash dividends paid	(376,200)	(439,907)
Capital increase by cash	-	1,099,505
Proceeds from exercise of employee stock options	12,495	10,473
<b>Net cash flows from (used in) financing activities</b>	(414,444)	610,574
<b>Effect of exchange rate changes on cash and cash equivalents</b>	1,660	(1,374)
<b>Net increase in cash and cash equivalents</b>	8,439	815,546
<b>Cash and cash equivalents at the beginning of period</b>	1,495,650	680,104
<b>Cash and cash equivalents at the end of period</b>	\$ 1,504,089	1,495,650

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**For the years ended December 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 February 22, 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, 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 the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- 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”

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to 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”

**(4) Summary of significant accounting policies:**

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, ROC.

- (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) Principles of preparation of the consolidated financial statements

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

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date on which control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from Intra-group transactions, are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent.

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

Name of Investor	Name of Subsidiary	Business Activity	Percentage Ownership		Description
			December 31, 2022	December 31, 2021	
The Company	WINWAY INTERNATIONAL CO., LTD.	Investment holding	100 %	100 %	Significant subsidiary
The Company	WINWAY TECHNOLOGY INTERNATIONAL INC.	Sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	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 %	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.

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

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are retranslated to the functional currency at the

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

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

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

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

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

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

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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1) Financial assets measured at amortized cost

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

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

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

2) Fair value through profit or loss (FVTPL)

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

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

3) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes :

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows, or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered as sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis, are measured at FVTPL.

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

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

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

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

5) Impairment of financial assets

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

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

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

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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

The Group considers that the credit risk on a financial asset has increased significantly and considers a financial asset to be in default when the financial asset is more than 30 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

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

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

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

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

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

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

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

2) Equity instrument

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

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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6) Offsetting of financial assets and liabilities

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

(h) Inventories

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

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

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

1)	Buildings	2~50 years
2)	Machinery and equipment	1~10 years
3)	Other equipment	2~15 years

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

(j) Lease

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

(i) As a lessee

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

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

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

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

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

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

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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- 4) there is a change of its assessment on whether it will exercise an extension or termination option; or
- 5) there is any lease modifications

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

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

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

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

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

- 1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- 2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- 3) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and there is no substantive change in other terms and conditions of the lease. In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

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

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

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(k) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1. Patents	7 years
2. Customer software cost	3~6 years
3. Trademark	10 years

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

(l) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs) .

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

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

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue

(i) Revenue from contracts with customers

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

1) Sale of goods

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

No element of financing is deemed present as the sales of goods are made, with a credit term of 30~150 days, which is consistent with the market practice.

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

Contract liability is primarily generated from advanced receipts of commodity sales contract. The Group will recognize revenue when deliver commodity to customers.

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2) Customer loyalty program

The Group operates a customer loyalty program for its customers, which provides material rights to customers in future purchases. The transaction price is allocated to the product and the program on a relative stand-alone selling price basis. The transaction price allocated to the products is recognized as revenue when control of the products has been transferred, the remaining received price is recognized as contract liabilities.

3) Financing components

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

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(o) Government grants

The Group recognizes an unconditional government grant as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iii) Short-term employee benefits

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

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

(r) Income taxes

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

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable the future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

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- 1) the same taxable entity; or
- 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee remuneration, employee stock options or restricted stock awards.

(t) Operating segments

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

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

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

Valuation of inventories

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

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

(a) Cash and cash equivalents

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Cash and cash on hand	\$ 380	381
Demand deposits	955,869	905,269
Time deposits	<u>547,840</u>	<u>590,000</u>
Cash and cash equivalents in the consolidated statement of cash flows	<b><u>\$ 1,504,089</u></b>	<b><u>1,495,650</u></b>

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

(b) Financial assets measured at amortized cost

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Domestic time deposits	<b><u>\$ 29,700</u></b>	<b><u>149,000</u></b>

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

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

(c) Notes and accounts receivable

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Notes receivable from operating activities	\$ 7,029	5,828
Accounts receivable—measured as amortized cost	1,626,174	870,512
Less: Loss allowance	<u>(20,415)</u>	<u>(3,325)</u>
	<b><u>\$ 1,612,788</u></b>	<b><u>873,015</u></b>

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:

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<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	3,693	100.00 %	3,693
	<b>\$ 1,633,203</b>		<b>20,415</b>
<b>December 31, 2021</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	\$ 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
	<b>\$ 876,340</b>		<b>3,325</b>

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

	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 3,325	3,045
Impairment losses recognized	17,167	285
Amounts written off	(51)	-
Effects of changes in foreign exchange rates	(26)	(5)
Balance at December 31	<b>\$ 20,415</b>	<b>3,325</b>

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).

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## (d) Other receivables

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Other receivables	\$ 4,256	4,562
Less: Loss allowance	<u>(3,609)</u>	<u>(3,609)</u>
	<b><u>\$ 647</u></b>	<b><u>953</u></b>

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

## (e) Inventories

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Raw materials and supplies	\$ 403,472	185,814
Work in progress	191,756	82,364
Finished goods	<u>174,613</u>	<u>82,180</u>
	<b><u>\$ 769,841</u></b>	<b><u>350,358</u></b>

The details of the cost of sales were as follows:

	<b>2022</b>	<b>2021</b>
Recognized as operating costs and expenses	\$ 2,781,431	1,585,460
Write-down of inventories (Reversal of write-downs)	(5,699)	34,941
Loss on scrap	15,171	14,880
Income from sale of scrap and wastes	(11,250)	(3,800)
Others	<u>20,487</u>	<u>46,734</u>
	<b><u>\$ 2,800,140</u></b>	<b><u>1,678,215</u></b>

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

## (f) Property, plant and equipment

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

	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Other equipment</b>	<b>Construction in progress</b>	<b>Total</b>
Cost or deemed cost:					
Balance at January 1, 2022	\$ 212,546	558,102	247,864	239,629	1,258,141
Additions	5,422	9,239	38,273	558,031	610,965
Disposal	-	(63,243)	(6,099)	-	(69,342)
Reclassifications (note)	-	79,880	21,093	-	100,973
Effect of movements in exchange rates	61	2,094	1,065	-	3,220
Balance at December 31, 2022	<b><u>\$ 218,029</u></b>	<b><u>586,072</u></b>	<b><u>302,196</u></b>	<b><u>797,660</u></b>	<b><u>1,903,957</u></b>
Balance at January 1, 2021	\$ 209,958	508,075	204,934	1,700	924,667
Additions	2,604	16,151	25,369	237,929	282,053
Disposal	-	(428)	(1,344)	-	(1,772)
Reclassification (note)	-	35,304	19,284	-	54,588
Effect of movements in exchange rates	(16)	(1,000)	(379)	-	(1,395)
Balance at December 31, 2021	<b><u>\$ 212,546</u></b>	<b><u>558,102</u></b>	<b><u>247,864</u></b>	<b><u>239,629</u></b>	<b><u>1,258,141</u></b>

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Accumulated depreciation:					
Balance at January 1, 2022	\$ 79,550	260,099	153,256	-	492,905
Depreciation	7,471	48,952	34,048	-	90,471
Disposal	-	(49,343)	(2,207)	-	(51,550)
Reclassifications	-	(303)	303	-	-
Effect of movements in exchange rates	63	546	572	-	1,181
Balance at December 31, 2022	<u>\$ 87,084</u>	<u>259,951</u>	<u>185,972</u>	<u>-</u>	<u>533,007</u>
Balance at January 1, 2021	\$ 72,213	205,254	125,078	-	402,545
Depreciation	7,353	55,242	29,554	-	92,149
Disposal	-	(250)	(1,209)	-	(1,459)
Effect of movements in exchange rates	(16)	(147)	(167)	-	(330)
Balance at December 31, 2021	<u>\$ 79,550</u>	<u>260,099</u>	<u>153,256</u>	<u>-</u>	<u>492,905</u>
Carrying amounts:					
Balance at December 31, 2022	<u>\$ 130,945</u>	<u>326,121</u>	<u>116,224</u>	<u>797,660</u>	<u>1,370,950</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 December 31, 2021	<u>\$ 132,996</u>	<u>298,003</u>	<u>94,608</u>	<u>239,629</u>	<u>765,236</u>

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

As of December 31, 2022 and 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.

(g) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost :			
Balance at January 1, 2022	\$ 94,423	61,155	155,578
Additions	-	12,205	12,205
Write-off	(1,605)	(223)	(1,828)
Effect of movements in exchange rates	-	412	412
Balance at December 31, 2022	<u>\$ 92,818</u>	<u>73,549</u>	<u>166,367</u>
Balance at January 1, 2021	\$ 96,766	61,367	158,133
Write-off	(2,343)	-	(2,343)
Effect of movements in exchange rates	-	(212)	(212)
Balance at December 31, 2021	<u>\$ 94,423</u>	<u>61,155</u>	<u>155,578</u>
Accumulated depreciation :			
Balance at January 1, 2022	\$ 3,116	41,220	44,336
Depreciation	1,863	18,441	20,304
Effect of movements in exchange rates	-	206	206
Balance at December 31, 2022	<u>\$ 4,979</u>	<u>59,867</u>	<u>64,846</u>
Balance at January 1, 2021	\$ 1,029	21,999	23,028
Depreciation	2,087	19,243	21,330
Effect of movements in exchange rates	-	(22)	(22)
Balance at December 31, 2021	<u>\$ 3,116</u>	<u>41,220</u>	<u>44,336</u>
Carrying amounts :			
Balance at December 31, 2022	<u>\$ 87,839</u>	<u>13,682</u>	<u>101,521</u>
Balance at January 1, 2021	<u>\$ 95,737</u>	<u>39,368</u>	<u>135,105</u>
Balance at December 31, 2021	<u>\$ 91,307</u>	<u>19,935</u>	<u>111,242</u>

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## (h) 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	10,407	-	-	-	10,407
Reclassification (note)	2,708	-	-	-	2,708
Effect of movements in exchange rates	28	-	-	-	28
Balance at December 31, 2022	<u>\$ 102,022</u>	<u>140,970</u>	<u>67,666</u>	<u>3,400</u>	<u>314,058</u>
Balance at January 1, 2021	\$ 82,509	140,970	67,666	3,400	294,545
Additions	4,627	-	-	-	4,627
Reclassification (note)	1,757	-	-	-	1,757
Effect of movements in exchange rates	(14)	-	-	-	(14)
Balance at December 31, 2021	<u>\$ 88,879</u>	<u>140,970</u>	<u>67,666</u>	<u>3,400</u>	<u>300,915</u>
Accumulated amortization and Impairment losses :					
Balance at January 1, 2022	\$ 62,558	140,970	65,952	-	269,480
Amortization for the period	10,867	-	605	-	11,472
Effect of movements in exchange rates	15	-	-	-	15
Balance at December 31, 2022	<u>\$ 73,440</u>	<u>140,970</u>	<u>66,557</u>	<u>-</u>	<u>280,967</u>
Balance at January 1, 2021	\$ 51,744	140,970	65,348	-	258,062
Amortization for the period	10,819	-	604	-	11,423
Effect of movements in exchange rates	(5)	-	-	-	(5)
Balance at December 31, 2021	<u>\$ 62,558</u>	<u>140,970</u>	<u>65,952</u>	<u>-</u>	<u>269,480</u>
Carrying value :					
Balance at December 31, 2022	<u>\$ 28,582</u>	<u>-</u>	<u>1,109</u>	<u>3,400</u>	<u>33,091</u>
Balance at January 1, 2021	<u>\$ 30,765</u>	<u>-</u>	<u>2,318</u>	<u>3,400</u>	<u>36,483</u>
Balance at December 31, 2021	<u>\$ 26,321</u>	<u>-</u>	<u>1,714</u>	<u>3,400</u>	<u>31,435</u>

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

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

	<u>2022</u>	<u>2021</u>
Costs of sales	\$ 3,892	3,363
Operating expenses	7,580	8,060
Total	<u>\$ 11,472</u>	<u>11,423</u>

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

## (i) Other non-current financial assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Restricted deposits	<u>\$ 51,644</u>	<u>51,511</u>

Please refer to note 8 for details of collateral.

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

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Prepaid expenses	\$ 13,756	8,193
Prepayments	4,672	128
Offset against business tax payable	25,016	9,602
Prepayments for equipment	104,524	36,284
Other	1,013	2,720
	<b><u>\$ 148,981</u></b>	<b><u>56,927</u></b>
	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current	\$ 44,457	20,643
Non-current	104,524	36,284
	<b><u>\$ 148,981</u></b>	<b><u>56,927</u></b>

(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 fees.

(k) Provisions

	<b>Provisions for warrant</b>
Balance at January 1, 2022	\$ 8,468
Provisions made during the period	15,253
Provision used and reversed during the period	(8,468)
Balance at December 31, 2022	<b><u>\$ 15,253</u></b>
Balance at January 1, 2021	\$ 5,405
Provisions made during the period	8,468
Provision used and reversed during the period	(5,405)
Balance at December 31, 2021	<b><u>\$ 8,468</u></b>

The provision for warranties relates mainly to goods sold during the years ended December 31, 2022 and 2021. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability over the next year.

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(l) Lease liabilities

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current	<u>\$ 11,222</u>	<u>48,568</u>
Non-current	<u>\$ 49,819</u>	<u>53,135</u>

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

The amounts recognized in profit or loss were as follows:

	<b>2022</b>	<b>2021</b>
Interests on lease liabilities	<u>\$ 963</u>	<u>1,301</u>
Expenses relating to short-term leases	<u>\$ 6,686</u>	<u>6,423</u>

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

	<b>2022</b>	<b>2021</b>
Total cash outflow for leases	<u>\$ 58,110</u>	<u>27,568</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.

(m) Long-term deferred revenue

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current	\$ -	-
Non-current	<u>5,545</u>	-
	<u>\$ 5,545</u>	<u>-</u>

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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.

(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 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.

For the years ended December 31, 2022 and 2021, the Group recognized the pension costs under the defined contributed method amounting to \$24,703 and \$26,939, respectively; and the payments that have yet to be made to the Bureau of Labor Insurance at year-end amounted to \$5,697 and \$5,849, respectively, which were recognized as other payables in the consolidated balance sheets.

(ii) Short-term benefit obligation

As of December 31, 2022 and 2021, the Group's short-term benefit liabilities for paid leave were \$14,769 and \$13,590, respectively, which were recognized as other payables in the consolidated balance sheets.

(o) Income taxes

(i) The components of income tax in the years 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Current tax expense		
Current period	\$ 302,846	115,217
Adjustment for prior periods	<u>(1,543)</u>	<u>(290)</u>
	<u>301,303</u>	<u>114,927</u>
Deferred tax benefit		
Origination and reversal of temporary differences	<u>(23,948)</u>	<u>(5,167)</u>
Income tax expense	<u>\$ 277,355</u>	<u>109,760</u>
Income tax recognized in other comprehensive income	<u>\$ -</u>	<u>-</u>
Income tax recognized in equity	<u>\$ -</u>	<u>-</u>

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Reconciliation of income tax and profit before tax for 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Profit before income tax	\$ <u>1,377,587</u>	<u>596,389</u>
Income tax using the Company's domestic tax rate	\$ 275,517	119,278
Effect of tax rates in foreign jurisdiction	(1,626)	1,773
Adjustment for prior period	(1,543)	(290)
Change in unrecognized temporary differences	9,160	(3,021)
Tax incentives	(5,416)	(7,669)
Others	<u>1,263</u>	<u>(311)</u>
	<u>\$ 277,355</u>	<u>109,760</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
The carryforward of unused tax losses	\$ 26,565	7,007
Aggregate amount of temporary differences related to investments in subsidiaries	<u>-</u>	<u>225</u>
	<u>\$ 26,565</u>	<u>7,232</u>
Tax of unrecognized deferred tax assets	<u>\$ 6,641</u>	<u>1,797</u>

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

As of December 31, 2022, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

	<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Expiry date</u>
WINWAY TECHNOLOGY (SUZHOU) LTD.	2022	\$ <u>26,565</u>	2027

As of December 31, 2022 and 2021, the Group considered the recoverability of these temporary differences to be unpredictable and therefore did not recognize the tax effect as deferred tax assets.

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

	<u>Inventory valuation loss</u>	<u>Provision for doubtful accounts</u>	<u>Impairment loss</u>	<u>Unrealized sales profit</u>	<u>Others</u>	<u>Total</u>
<b>Deferred tax assets:</b>						
<b>Balance at January 1, 2022</b>	\$ 29,531	722	3,834	2,959	8,336	45,382
(Debit) credit profit or loss	<u>(2,746)</u>	<u>-</u>	<u>(1,232)</u>	<u>17,652</u>	<u>9,081</u>	<u>22,755</u>
<b>Balance at December 31, 2022</b>	<u>\$ 26,785</u>	<u>722</u>	<u>2,602</u>	<u>20,611</u>	<u>17,417</u>	<u>68,137</u>
<b>Balance at January 1, 2021</b>	\$ 22,485	1,067	8,080	4,186	3,273	39,091
(Debit) credit profit or loss	<u>7,046</u>	<u>(345)</u>	<u>(4,246)</u>	<u>(1,227)</u>	<u>5,063</u>	<u>6,291</u>
<b>Balance at December 31, 2021</b>	<u>\$ 29,531</u>	<u>722</u>	<u>3,834</u>	<u>2,959</u>	<u>8,336</u>	<u>45,382</u>
					<u>Unrealized foreign exchange gain</u>	
<b>Deferred tax liabilities:</b>						
<b>Balance at January 1, 2022</b>					\$ 1,193	
Credit profit or loss					<u>(1,193)</u>	
<b>Balance at December 31, 2022</b>					<u>\$ -</u>	
<b>Balance at January 1, 2021</b>					\$ 69	
Debit profit or loss					<u>1,124</u>	
<b>Balance at December 31, 2021</b>					<u>\$ 1,193</u>	

(iii) Assessments of tax

The Company's tax returns for the years through 2020 were assessed by the ROC tax authorities.

(p) Capital and other equities

The Company's total authorized shares of common stock of 50,000 thousand shares, with a par value of \$10 per share, included 34,548 thousand shares and 33,891 thousand shares as of December 31, 2022 and 2021, respectively. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2022 and 2021 was as follows:

	<u>Ordinary Shares</u>	
	<u>2022</u>	<u>2021</u>
(in thousands of shares)		
Balance on January 1	\$ 33,891	30,571
Issued for cash	-	3,046
Exercise of share options	403	274
Issued restricted stock	250	-
Cancelled restricted stock	<u>(6)</u>	<u>-</u>
<b>Balance on December 31</b>	<u>\$ 34,538</u>	<u>33,891</u>

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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(i) Ordinary shares

A resolution was passed during the board meeting held on November 12, 2020 for the issuance of 3,046 thousand shares for cash, with par value of \$10 per share, amounting to \$30,460, and the date of capital increases was January 18, 2021. The relevant statutory registration procedures have since been completed.

For the years ended December 31, 2022 and 2021, the Company had issued 376 thousand shares and 301 thousand shares at par value, amounting to \$12,495 and \$10,474, respectively, for its employee stock options; of which, the relevant statutory registration procedures of 376 thousand shares and 274 thousand shares, respectively, 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.

(ii) Cancellation of ordinary share

In December 2022, the Company has recalled 6 thousand new shares of restricted stocks issued for employee. As of December 31, 2022, registration procedures have not yet been completed, and the amount recorded under shares to be cancelled is \$60.

(iii) Capital surplus

The balances of capital surplus were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Additional paid-in capital	\$ 1,674,029	1,660,965
Employee stock options	21,517	26,253
Employee stock options-expired	3,047	2,640
Restricted stock	<u>95,892</u>	<u>-</u>
	<b><u>\$ 1,794,485</u></b>	<b><u>1,689,858</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.

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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(iv) Retained Earning

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

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

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

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

1) Legal reserve

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

2) Special reserve

The Company initially adopted the IFRSs to apply for exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards approved by the FSC, wherein its undistributed prior-period earnings shall be reclassified as unappropriated retained earnings at the adoption date, which will result in an increase in retained earnings amounting to \$13. In accordance with Ruling No.1010012865 issued by the 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'

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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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 December 31, 2022 and 2021, the balance of special reserve amounted to \$10,315 and \$7,994, respectively.

3) Earnings distribution

The following are the appropriations 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:

	<u>2021</u>		<u>2020</u>	
	<u>Amount per share</u>	<u>Total amount</u>	<u>Amount per share</u>	<u>Total amount</u>
Dividends distributed to ordinary shareholders:				
Cash	\$ 11.00	<u>376,200</u>	13.00	<u>439,907</u>

The amounts of cash dividends on the appropriations of earnings for 2022 had been approved during the board meeting on February 22, 2023 as follows:

	<u>2022</u>	
	<u>Amount per share</u>	<u>Total amount</u>
Dividends distributed to ordinary shareholders:		
Cash	\$ 22.0	<u>754,468</u>

(v) Other equity interest

	<u>Exchange differences on foreign operations</u>	<u>Unearned stock-based Employee compensation</u>	<u>Total</u>
Balance at January 1, 2022	\$ (10,316)	-	(10,316)
Exchange differences on foreign operations	5,257	-	5,257
Unearned Stock-Based Employee compensation	<u>-</u>	<u>(74,432)</u>	<u>(74,432)</u>
Balance at December 31, 2022	<u>\$ (5,059)</u>	<u>(74,432)</u>	<u>(79,491)</u>
Balance at January 1, 2021	\$ (7,994)	-	(7,994)
Exchange differences on foreign operations	<u>(2,322)</u>	<u>-</u>	<u>(2,322)</u>
Balance at December 31, 2021	<u>\$ (10,316)</u>	<u>-</u>	<u>(10,316)</u>

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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(q) 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.

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

	<b>2022</b>
	<b>Number of restricted stock (in thousands)</b>
Outstanding at January 1	-
Granted during the period	250
Forfeited during the period	(6)
Outstanding at December 31	<b>244</b>

For the year ended December 31, 2022, the Company incurred expenses of \$23,900 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.

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

	<u>2022</u>		<u>2021</u>	
	<u>Weighted average exercise price (price NTD)</u>	<u>Number of options (Units)</u>	<u>Weighted average exercise price (price NTD)</u>	<u>Number of options (Units)</u>
Outstanding at January 1	\$ 33.3	376,000	35	689,000
Forfeited during the year	33.23	-	34.94	12,000
Exercised during the year	<u>33.23</u>	<u>376,000</u>	<u>34.94</u>	<u>301,000</u>
Outstanding at December 31	<u>32.40</u>	<u>-</u>	<u>33.3</u>	<u>376,000</u>
Exercisable at December 31	<u>\$ 32.40</u>	<u>-</u>	<u>33.3</u>	<u>3,200</u>

3) For the year ended December 31, 2021 the compensation cost resulting from granted employee share options was \$3,910.

(r) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
<b>Basic earnings per share (expressed in New Taiwan dollars)</b>		
Profit attributable to ordinary shareholders of the Company	<u>\$ 1,100,232</u>	<u>486,629</u>
Weighted average number of ordinary shares outstanding (shares in thousands)	<u>34,145</u>	<u>33,660</u>
<b>Basic earnings per share</b>	<u>\$ 32.22</u>	<u>14.46</u>
<b>Diluted earnings per share (expressed in New Taiwan dollars)</b>		
Profit attributable to ordinary shareholders of the Company	<u>\$ 1,100,232</u>	<u>486,629</u>

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	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares outstanding (shares in thousands)	34,145	33,660
Effect of dilutive potential ordinary shares		
Effect of employee stock options (shares in thousands)	160	444
Effect of employee stock bonus (shares in thousands)	351	113
Effect of employee restricted stock	<u>15</u>	<u>-</u>
Weighted average number of ordinary shares (diluted) (shares in thousands)	<u>34,671</u>	<u>34,217</u>
<b>Diluted earnings per share</b>	<b>\$ <u>31.73</u></b>	<b><u>14.22</u></b>

## (s) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<u>2022</u>	<u>2021</u>
Primary geographical markets:		
Taiwan	\$ 1,233,013	1,061,068
America	1,495,654	510,247
China	1,482,553	827,299
Europe	17,422	17,608
Canada	27,884	16,169
Asia	<u>865,647</u>	<u>454,905</u>
	<b>\$ <u>5,122,173</u></b>	<b><u>2,887,296</u></b>
Major products/services lines:		
Test Socket	\$ 3,205,968	1,925,445
Contact Element	619,145	532,821
Probe Card	996,778	235,385
Other	<u>300,282</u>	<u>193,645</u>
	<b>\$ <u>5,122,173</u></b>	<b><u>2,887,296</u></b>

## (ii) Contract balances

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Notes receivable	\$ 7,029	5,828	11,327
Accounts receivable	1,626,174	870,512	533,048
Less: loss allowance	<u>(20,415)</u>	<u>(3,325)</u>	<u>(3,045)</u>
	<b>\$ <u>1,612,788</u></b>	<b><u>873,015</u></b>	<b><u>541,330</u></b>

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	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities-advance collections	\$ 286	5,930	2,623
Contract liabilities-customer loyalty program	<u>54,651</u>	<u>19,429</u>	<u>-</u>
	<u>\$ 54,937</u>	<u>25,359</u>	<u>2,623</u>

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

The amounts of revenue recognized for the years ended December 31, 2022 and 2021, that were included in the contract liability balance at the beginning of the each period were \$15,140 and \$2,583, 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 years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to \$141,512 and \$31,546, and directors' remuneration amounting to \$6,000 and \$4,198, 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 during 2022 and 2021. The amount, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2022 and 2021.

(u) Non-operating income and expenses

(i) Interest income

Details of interest income of the Group were as follows:

	<u>2022</u>	<u>2021</u>
Interest income		
Bank deposits	\$ 7,834	2,760
Others	<u>31</u>	<u>19</u>
	<u>\$ 7,865</u>	<u>2,779</u>

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(ii) Other gains and losses

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

	<u>2022</u>	<u>2021</u>
Foreign exchange gains (losses)	\$ 19,977	(2,635)
Gains on financial assets at fair value through profit or loss	-	834
Gains (losses) on disposals of property, plant and equipment	1,770	(135)
Government grants	5,206	1,550
Others	<u>1,404</u>	<u>3,409</u>
	<u>\$ 28,357</u>	<u>3,023</u>

(iii) Finance costs

Details of finance costs of the Group were as follows:

	<u>2022</u>	<u>2021</u>
Interest expenses		
Bank loans	\$ -	41
Lease liabilities	<u>963</u>	<u>1,301</u>
	<u>\$ 963</u>	<u>1,342</u>

(v) Financial Instruments

(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 December 31, 2022 and 2021, 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.

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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>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>December 31, 2021</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	\$ 953	-	3,609
Refundable deposits	6,724	-	-
Other financial assets	51,511	-	-
Loss allowance	-	-	(3,609)
Amortized cost	<u>\$ 59,188</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>\$ 59,188</u>	<u>-</u>	<u>-</u>

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

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

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	For the year ended December 31, 2021			Total
	12-month ECL	Lifetime ECL- not credit- impaired	Lifetime ECL- credit- impaired	
Balance at January 1, 2021(equal to balance at December 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
<b>December 31, 2022</b>							
Non-derivative financial liabilities							
Notes and accounts payable (non-interest-bearing)	\$ 1,026,645	1,026,645	1,026,645	-	-	-	-
Other payables (non-interest-bearing)	542,881	542,881	542,881	-	-	-	-
Lease liabilities (included due within one year) (fix interest rate)	61,041	74,343	6,566	5,278	2,384	5,187	54,928
Guarantee deposits(non-interest-bearing)	200	200	-	200	-	-	-
	<u>\$ 1,630,767</u>	<u>1,644,069</u>	<u>1,576,092</u>	<u>5,478</u>	<u>2,384</u>	<u>5,187</u>	<u>54,928</u>
<b>December 31, 2021</b>							
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 (included due within one year) (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>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary</u>						
<u>items</u>						
USD	\$ 71,023	30.710	2,181,128	21,141	27.680	585,193
JPY	594,639	0.2324	138,194	189,351	0.2405	45,539
<u>Financial</u>						
<u>liabilities</u>						
<u>Monetary</u>						
<u>items</u>						
USD	45,772	30.710	1,405,669	10,057	27.680	278,376
JPY	181,616	0.2324	42,207	93,901	0.2405	22,583

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

2) Sensitivity analysis

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 December 31, 2022 and 2021, 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 \$6,972 and \$2,638, for the years ended December 31, 2022 and 2021, respectively. The method of analysis remains the same as 2021.

3) Foreign exchange gains and losses of monetary items

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 years 2022 and 2021, foreign exchange gains (loss) (including realized and unrealized portions) amounted to \$19,977 and \$(2,635), respectively.

(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:

	Book Value	December 31, 2022			
		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>				

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

	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at amortized cost</b>					
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	-	-	-	-
<b>Total</b>	<b>\$ 2,576,853</b>				
<b>Financial liabilities measured at amortized cost</b>					
Notes and accounts payables	\$ 488,672	-	-	-	-
Other payables	269,357	-	-	-	-
Lease liabilities	101,703	-	-	-	-
<b>Total</b>	<b>\$ 859,732</b>				

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.

(Continued)

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

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.

(w) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group's finance management department provides business services. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures.

The risk management policies were set to identify and analyze the risks that the Group is exposed to, evaluate influences of financial risks, and implement related policies to avoid financial risks. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Group's activities.

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

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and bank deposits.

1) Accounts receivable and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

According to the credit policy, the Group has to evaluate the credit of each new customer before setting the payment and delivery terms. The evaluations include external credit ratings, if available, and bank references. The Group reviewed credit limits periodically and required customers to pay in advance when the customers' credit ratings did not meet the benchmark.

2) Investment

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policies are to provide financial guarantees only to wholly owned subsidiaries. Please refer to note 13 for the financial assurance as of December 31, 2022 and 2021.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As of December 31, 2022 and 2021, the Group's unused credit line were amounted to \$2,809,974 and \$2,762,830, respectively.

(v) Market risk

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

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

1) Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan dollar (NTD) and Chinese Yuan (CNY). The currencies used in these transactions are the US dollar (USD), and Japanese Yen (JPY).

2) Interest rate risk

To Group adopts a policy to ensure the exposure of changes in interest rates on borrowings is evaluated based on the trend in market interest rates. The Group can manage its interest risk through maintaining an appropriate portfolio of floating interest rate and fixed interest rate.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity instruments and mutual funds that contain uncertainty of future prices risk. Therefore, the Group monitors and manages the equity investments by holding different investment portfolio and regularly updating the information of equity instruments and mutual funds investment.

(x) Capital management

The Group must maintain sufficient capital to establish and expand production capacity and equipment. In consideration of the characteristic of the industry business cycle, the capital management of the Group is to ensure that it has sufficient and necessary financial resources to support its working capital requirements, capital expenditures, research and development activities, dividend payment, debt repayment and other business needs in the next 12 months.

(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		December 31, 2022
			Foreign exchange movement	Changes in lease payments	
Lease liabilities	\$ 101,703	(50,939)	212	10,065	61,041
Total liabilities from financing activities	<u>\$ 101,703</u>	<u>(50,939)</u>	<u>212</u>	<u>10,065</u>	<u>61,041</u>
	January 1, 2021	Cash flows	Non-Cash changes		December 31, 2021
			Foreign exchange movement	Changes in lease payments	
Long-term borrowings	\$ 40,000	(40,000)	-	-	-
Lease liabilities	123,697	(19,498)	(153)	(2,343)	101,703
Total liabilities from financing activities	<u>\$ 163,697</u>	<u>(59,498)</u>	<u>(153)</u>	<u>(2,343)</u>	<u>101,703</u>

(Continued)

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

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

- (a) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	52,792	33,788
Post-employment benefits	216	304
	<u><u>53,008</u></u>	<u><u>34,092</u></u>

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

The carrying amounts of assets pledged as security were follows:

<u>Assets pledged as security</u>	<u>Liabilities secured by pledge</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Other financial assets-non-current-demand deposits	Guarantee for customs duty	\$ 1,513	1,511
Other financial assets-non-current-time deposits	Construction of plant	50,131	50,000
Property, plant, and equipment	Bank borrowings	<u>130,946</u>	<u>132,995</u>
		<u><u>\$ 182,590</u></u>	<u><u>184,506</u></u>

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

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

In addition, MPI filed an additional lawsuit and a petition to stop the trial in December 2020, and raised the claim amount to \$158,910. The Group agreed to stop the trial from March 2022 to November 21, 2022. As of February 22, 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) 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 December 31, 2022 and 2021, significant outstanding purchase commitments for construction in progress, property, plant and equipment the amounts of \$633,397 and \$856,574.

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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: none**

**(12) Other:**

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

By function	2022			2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
<b>By item</b>						
Employee benefits						
Salary	428,669	675,515	1,104,184	270,970	367,542	638,512
Labor and health insurance	31,611	29,751	61,362	27,464	23,589	51,053
Pension	10,530	14,173	24,703	10,636	16,303	26,939
Remuneration of directors	-	6,105	6,105	-	4,309	4,309
Others	21,341	21,493	42,834	17,315	13,628	30,943
Depreciation	85,814	24,961	110,775	90,250	23,229	113,479
Amortization	3,892	7,580	11,472	3,363	8,060	11,423

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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 years ended December 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	369,554 (Note 1)	27,639 (USD 900,000) (Note 3)	-	-	-	-	739,108 (Note 2)	Y	N	Y
0	The Company	WINTEST ENTERPRISES LTD.	Subsidiary	369,554 (Note 1)	64,491 (USD 2,100,000) (Note 3)	-	-	-	-	739,108 (Note 2)	Y	N	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 December 31, 2022.

Note 4: WINTEST ENTERPRISES LTD. was merged with WINWAY TECHNOLOGY (SUZHOU) LTD. at October 1, 2022, and WINWAY TECHNOLOGY (SUZHOU) LTD. was the surviving company.

(iii) Securities held as of December 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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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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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	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	347,300	HSIN HSIUNG CONSTRUCTION CO., LTD.	Non-related party	-	-	-	-	Bidding	Plant expansion	
The Company	Nanzih Technology Industrial Park-plant construction	August 26, 2021	204,000	161,670	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	98,323	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	WINTEST ENTERPRISES LTD.	Subsidiary	Sale	711,717	14.18 %	90 Days	(Note 1)	The main customers are 60 to 120 days	-	- %	(Note)
WINTEST ENTERPRISES LTD.	The Company	Parent company	Purchase	711,717	81.68 %	90 Days	(Note 1)	The main suppliers are 60 to 120 days	-	- %	(Note)
The Company	WINWAY TECHNOLOGY (SUZHOU) LTD.	Subsidiary	Sale	553,744	11.03 %	90 Days	(Note 1)	The main customers are 60 to 120 days	743,586	42.28 %	(Note)
WINWAY TECHNOLOGY (SUZHOU) LTD.	The Company	Parent Company	Purchase	553,744	93.23 %	90 Days	(Note 1)	The main suppliers are 60 to 120 days	(743,586)	95.72 %	(Note)

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

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)	
WINWAY TECHNOLOGY (SUZHOU) LTD.	WINTEST ENTERPRISES LTD.	Affiliated company	Sales	143,657	21.05 %	60 Days	(Note 1)	The main customers are 60 to 90 days	-	- %	(Note)
WINTEST ENTERPRISES LTD. (Note 2)	WINWAY TECHNOLOGY (SUZHOU) LTD. (Note 2)	Affiliated company	Purchase	143,657	16.49 %	60 Days	(Note 1)	The main suppliers are 60 to 90 days	-	- %	(Note)

Note : It was eliminated in the consolidation.

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

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

(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 \$743,586	257.96 %	71,667	The overdue payment has been received after the balance sheet date	Accounts receivable \$234,210	-	(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			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	WINWAY TECHNOLOGY INTERNATIONAL INC.	1	Other payable Sales expenses	15,166 61,457	Commissions are not comparable with similar transactions.	0.27 % 1.20 %
0	The Company	WINTEST ENTERPRISES LTD. (Note 1)	1	Sales revenue Sales expenses	711,717 5,310	Selling price offered could not be compared to those offered to third-party customers; the collection terms are 90 days; were not significantly different from those with third-party customers. Commissions are not comparable with similar transactions.	13.89 % 0.10 %

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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No.	Name of company	Name of counter-party	Nature of relationship (Note)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	WINWAY TECHNOLOGY (SUZHOU) LTD.	1	Accounts receivable	743,586	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.	13.05 %
				Accounts payable	380		0.01 %
				Other payable	1,515		0.03 %
				Sales revenue	553,744		10.81 %
				Cost of goods sold	8,314		0.16 %
1	WINTEST ENTERPRISES LTD. (Note 1)	WINWAY TECHNOLOGY (SUZHOU) LTD.	3	Sales revenue	1,375	No other trading terms for comparison.	0.03 %
				Cost of goods sold	143,856		2.81 %

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.

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

(b) Information on investments:

The following is the information on investees for the years ended December 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 December 31, 2022			Highest percentage of ownership during the year	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 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 %	174,972	100 %	9,371	12,676	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 %	12,353	100 %	(2,254)	(2,254)	Subsidiary (Note)

Note : It was eliminated in the consolidation.

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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(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 December 31, 2022	Net income (Losses) of investee	Indirect investment holding percentage	Highest percentage of ownership during the year	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	9,371	100%	100 %	9,371	278,122	-

Note : It was eliminated in the consolidation.

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**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
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(ii) Limitation on investment in Mainland China:

Accumulated remittance from Taiwan to China as of December 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)	202,072 (USD6,580,000)	2,217,325

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

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

Note 3: WINTEST ENTERPRISES LTD. was merged with WINWAY TECHNOLOGY (SUZHOU) LTD. at October 1, 2022, and WINWAY TECHNOLOGY (SUZHOU) LTD. was the surviving 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	10.13 %

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.

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**(14) Segment information:**

(a) General 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. For segments' information on profit or loss, as well as assets and liabilities of the Group, which are same as those in the financial statements, please refer to the balance sheet and statement of comprehensive income.

(b) Product and service information

Revenue from the external customers of the Group was as follows:

<u>Product and services</u>	<u>2022</u>	<u>2021</u>
Test Socket	\$ 3,205,968	1,925,445
Contact Element	619,145	532,821
Probe Card	996,778	235,385
Others	<u>300,282</u>	<u>193,645</u>
Total	<u>\$ 5,122,173</u>	<u>2,887,296</u>

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

<u>Geographical information</u>	<u>2022</u>	<u>2021</u>
Revenue from external customers:		
Taiwan	\$ 1,233,013	1,061,068
America	1,495,654	510,247
China	1,482,553	827,299
Europe	17,422	17,608
Canada	27,884	16,169
Asia	<u>865,647</u>	<u>454,905</u>
Total	<u>\$ 5,122,173</u>	<u>2,887,296</u>

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

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Non-current assets:		
Taiwan	\$ 1,499,478	810,083
America	1,299	1,677
China	<u>116,786</u>	<u>139,161</u>
Total	<u>\$ 1,617,563</u>	<u>950,921</u>

Non-current assets include property, plant and equipment, right-of use assets, intangible assets and other assets, but not include financial instruments and deferred tax assets.

(d) Major customers

<u>Customer</u>	<u>2022</u>	<u>2021</u>
A	\$ 308,291	194,789
B	632,916	243,011
C	226,571	234,752
D	512,808	192,832
E	262,802	190,241
F	-	105,404
G	<u>837,994</u>	<u>70,831</u>
Total	<u>\$ 2,781,382</u>	<u>1,231,860</u>