Stock Code:6699

KIWI TECHNOLOGY INC.
AND SUBSIDIARIES

Consolidated Financial Statements

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

Table of contents

Representation Letter

The entities that are required to be included in the combined financial statements of KIWI Technology Inc. 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, KIWI Technology Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

KIWI Technology Inc.
Lee, Hsin-Hsin
Chairman
March 15, 2023

Independent Auditors' Report

To the Board of Directors
KIWI Technology Inc.:

Opinion

We have audited the consolidated financial statements of KIWI Technology Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive loss, 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"), and 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 the 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

1. Valuation of inventories

   Please refer to Note 4(h) for the accounting policies on inventory valuation, Note 5 for estimation uncertainty of inventory valuation, and Note 6(e) for the details of related disclosures.

Description of key audit matter:

The Group' s inventories are measured at the lower of cost and net realizable value. Due to the rapid transformation of products in the industry and highly customized requirements, the Group' s stocks for products may exceed or cannot meet customers' demands thus becoming obsolete. These factors expose the Group to significant level of uncertainty particularly in the area of estimating net realizable value, which is subject to management's judgement. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, evaluating whether valuation of inventories was accounted for in accordance with the Group' s accounting policies; obtaining the inventory aging report, analyzing the fluctuation of inventory aging and verifying the accuracy of inventory aging classification; and selecting samples to test the net realizable value of inventories and evaluating the reasonableness of inventory provisions.

Other Matter

KIWI Technology Inc. has additionally 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 audit 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 the IFRSs, IASs, IFRIC, 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 members of 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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.

From the matters communicated with those charged with governance, we determined those matters that were of most significant 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 Huei-Chen Chang and Tzu-Chieh Tang.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 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' audit 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' audit report and consolidated financial statements, the Chinese version shall prevail.

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

KIWI TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 51,001	27	37,854	23
1170	Accounts receivable, net (notes 6(d) and (q))	14,370	7	5,014	3
1300	Inventories (note 6(e))	44,873	24	65,120	40
1410	Prepayments and other current assets	1,839	1	2,828	2
1476	Other financial assets－current (note 6(a))	-	-	9,000	5
	Total current assets	112,083	59	119,816	73
	Non-current assets:				
1510	Financial assets at fair value through profit or loss－non-current (note 6(b))	42,100	22	-	-
1600	Property, plant and equipment (note 6(g))	4,143	2	6,613	4
1755	Right-of-use assets (note 6(h))	14,595	8	21,891	13
1780	Intangible assets (note 6(i))	1,113	1	441	-
1920	Refundable deposits	14,996	8	15,331	9
1990	Other non-current assets	643	-	985	1
	Total non-current assets	77,590	41	45,261	27
	Total assets	**$ 189,673**	**100**	**165,077**	**100**

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(j))	$ -	-	20,000	12
2170	Accounts payable	1,625	1	3,530	2
2200	Other payables	7,362	4	9,238	6
2250	Provisions－current	390	-	381	-
2280	Lease liabilities—current (note 6(k))	7,486	4	7,227	4
2130	Contract liabilities－current (note 6(q))	723	1	790	1
2300	Other current liabilities	356	-	2,680	2
	Total current liabilities	17,942	10	43,846	27
	Non-current liabilities:				
2580	Lease liabilities—non-current (note 6(k))	8,840	5	16,340	10
2645	Guarantee deposits received	924	-	924	-
	Total non-current liabilities	9,764	5	17,264	10
	Total liabilities	27,706	15	61,110	37
	Equity attributable to shareholders of the Parent (notes 6(c), (n) and (o)):				
3110	Common stock	304,779	161	277,079	168
3200	Capital surplus	58,170	31	-	-
3310	Legal reserve	581	-	581	-
3350	Accumulated deficit	(199,808)	(106)	(172,143)	(104)
3400	Other equity	(1,755)	(1)	(1,550)	(1)
	Total equity	161,967	85	103,967	63
	Total liabilities and equity	**$ 189,673**	**100**	**165,077**	**100**

See accompanying notes to consolidated financial statements.

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

KIWI TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Loss

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	**Revenue (notes 6(q) and 14)**	$ 85,820	100	83,969	100
5000	**Cost of revenue (note 6(e))**	(53,464)	(62)	(40,298)	(48)
	Gross profit	32,356	38	43,671	52
	Operating expenses (notes 6(g), (h), (i), (l), 7 and 12):				
6100	Selling expenses	(21,610)	(25)	(18,129)	(22)
6200	Administrative expenses	(28,858)	(34)	(27,600)	(33)
6300	Research and development expenses	(32,534)	(38)	(42,941)	(51)
	Total operating expenses	(83,002)	(97)	(88,670)	(106)
	Operating loss	(50,646)	(59)	(44,999)	(54)
	Non-operating income and loss (notes 6(f), (k), (s) and 7):				
7100	Interest income	169	-	132	-
7010	Other income	22,294	26	12,178	15
7020	Other gains and losses, net	975	1	(9,087)	(11)
7050	Finance costs	(457)	-	(690)	(1)
	Total non-operating income and loss	22,981	27	2,533	3
	Loss before income tax	(27,665)	(32)	(42,466)	(51)
7950	Income tax expense (note 6(m))	-	-	(8,580)	(10)
	Net loss	(27,665)	(32)	(51,046)	(61)
	Other comprehensive loss:				
8310	**Items that will not be reclassified subsequently to profit or loss (notes 6(n) and (t))**				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	-	-	(986)	(1)
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	-	-	(986)	(1)
8360	**Items that may be reclassified subsequently to profit or loss (note 6(n))**				
8361	Exchange differences on translation of foreign operations	(205)	-	(1,134)	(1)
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(205)	-	(1,134)	(1)
	Other comprehensive loss for the year, net of income tax	(205)	-	(2,120)	(2)
	Total comprehensive loss for the year	**$ (27,870)**	**(32)**	**(53,166)**	**(63)**
	Loss per share (in New Taiwan dollars) (note 6(p)) :				
9750	Basic loss per share	**$ (0.92)**		**(1.84)**	
9850	Diluted loss per share	**$ (0.92)**		**(1.84)**	

See accompanying notes to consolidated financial statements.

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

KIWI TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to shareholders of the Parent								
			Accumulated deficit			Other equity			
	Common stock	Capital Surplus	Legal reserve	Accumulated deficit	Total	Foreign currency translation differences	Unrealized losses on financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance at January 1, 2021	$ 277,079	-	581	(111,264)	(110,683)	(1,728)	(8,847)	(10,575)	155,821
Net loss in 2021	-	-	-	(51,046)	(51,046)	-	-	-	(51,046)
Other comprehensive loss in 2021	-	-	-	-	-	(1,134)	(986)	(2,120)	(2,120)
Total comprehensive loss in 2021	-	-	-	(51,046)	(51,046)	(1,134)	(986)	(2,120)	(53,166)
Disposal of investments in joint ventures accounted for using equity method	-	-	-	-	-	1,312	-	1,312	1,312
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	(9,833)	(9,833)	-	9,833	9,833	-
Balance at December 31, 2021	277,079	-	581	(172,143)	(171,562)	(1,550)	-	(1,550)	103,967
Net loss in 2022	-	-	-	(27,665)	(27,665)	-	-	-	(27,665)
Other comprehensive loss in 2022	-	-	-	-	-	(205)	-	(205)	(205)
Total comprehensive loss in 2022	-	-	-	(27,665)	(27,665)	(205)	-	(205)	(27,870)
Capital increase by cash	27,700	58,170	-	-	-	-	-	-	85,870
Balance at December 31, 2022	**$ 304,779**	**58,170**	**581**	**(199,808)**	**(199,227)**	**(1,755)**	**-**	**(1,755)**	**161,967**

See accompanying notes to consolidated financial statements.

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

KIWI TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Loss before income tax	$ (27,665)	(42,466)
Adjustments for:		
Depreciation	11,795	12,838
Amortization	588	424
Net loss on financial assets at fair value through profit or loss	717	-
Interest expense	457	690
Interest income	(169)	(132)
Loss on disposal of investments accounted for using equity method	-	6,862
Gain on lease modification	-	(22)
Total profit and loss	13,388	20,660
Changes in operating assets and liabilities:		
Contract assets	-	3,868
Accounts receivable	(9,356)	5,810
Inventories	20,247	(29,521)
Prepayments and other current assets	997	536
Accounts payable	(1,905)	(1,402)
Other payables	(1,876)	63
Provisions	9	(249)
Contract liabilities	(67)	(965)
Other current liabilities	(2,324)	2,193
Net changes in operating assets and liabilities	5,725	(19,667)
Cash used in operations	(8,552)	(41,473)
Interest received	169	132
Interest paid	(457)	(690)
Income taxes received (paid)	(8)	4
Net cash used in operating activities	(8,848)	(42,027)
Cash flows from investing activities:		
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	-	3,278
Proceeds from disposal of financial assets at amortized cost	-	16,886
Acquisition of financial assets designated at fair value through profit or loss	(42,817)	-
Additions to property, plant and equipment	(1,842)	(1,591)
Additions to intangible assets	(1,260)	(160)
Decrease (increase) in refundable deposits	335	(12,538)
Decrease in other financial assets－current	9,000	9,000
Increase in other non-current assets	-	(22)
Net cash provided by (used in) investing activities	(36,584)	14,853
Cash flows from financing activities:		
Increase in short-term borrowings	20,000	60,000
Decrease in short-term borrowings	(40,000)	(60,000)
Payment of lease liabilities	(7,241)	(7,599)
Capital increase by cash	85,870	-
Net cash provided by (used in) financing activities	58,629	(7,599)
Effect of foreign exchange rate changes	(50)	(946)
Net increase (decrease) in cash and cash equivalents	13,147	(35,719)
Cash and cash equivalents at beginning of year	37,854	73,573
Cash and cash equivalents at end of year	**$ 51,001**	**37,854**

See accompanying notes to consolidated financial statements.

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

KIWI TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

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

1. Organization and business

KIWI Technology Inc. (formerly Taifa Technology Inc.) (the "Company") was incorporated on May 14, 2002, and registered with the Ministry of Economic Affairs, R.O.C. as a company limited by shares under the laws of the Republic of China ("R.O.C."), and was renamed on January 5, 2017. The address of the Company's registered office is 27F-5, No.118, Ciyun Rd., East Dist., Hsinchu City, Taiwan. The Company and its subsidiaries (collectively the "Group") are mainly engaged in the IC design and sale of audio and communication chips and providing Internet of Things (IoT) solutions using LoRA technologies.

2. Authorization of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on March 15, 2023.

3. Application of new and revised accounting standards and interpretations:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") 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 endorsed 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"

(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" and "Non-current Liabilities with Covenants"
- IFRS16 "Requirements for Sale and Leaseback Transactions"

4. Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows. The following accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Group's accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations") and the IFRSs, IASs, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC (collectively as "Taiwan-IFRSs").

(b) Basis of preparation

(i) Basis of measurement

The accompanying consolidated financial statements have been prepared on a historical cost basis except for the following items:

(i) Financial assets measured at fair value through profit or loss; and

(ii) Financial assets measured at fair value through other comprehensive income.

(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 Group's consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. Except when otherwise indicated, all financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The accompanying consolidated financial statements incorporate the financial statements of the Company and its controlled entities (the subsidiaries) in which the Company is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company transactions, balances and resulting unrealized income and loss are eliminated on consolidation. Total comprehensive income (loss) of a subsidiary is attributed to the shareholders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, financial statements of subsidiaries are adjusted to align the accounting policies with those adopted by the Company.

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. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the Company.

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

The subsidiaries included in the consolidated financial statements at the end of the reporting period were as follows:

			Percentage of Ownership	
Name of Investor	**Name of Investee**	**Main Business and Products**	**December 31, 2022**	**December 31, 2021**
The Company	Kiwi Technology Inc.	Sales of LoRA IoT products	100.00 %	100.00 %

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rates at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at 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 an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(Continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the presentation currency of the Group’ s consolidated financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency of the Group’ s consolidated financial statements at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the accumulated exchange differences related to that foreign operation is reclassified to profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary, the proportionate share of the accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Group’ s ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

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

An asset is classified as current when one of following criteria is met; all other assets are classified as non-current assets:

(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;

(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 when one of following criteria is met; all other liabilities are classified as non-current liabilities:

(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 issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash consists of cash on hand and demand deposits. Cash equivalents consist of short-term and 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 that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

(Continued)

(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 issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost and fair value through other comprehensive income (FVOCI). All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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.

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 financial 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.

Subsequent to initial recognition, these assets are measured at amortized cost, using the effective interest method less impairment loss. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets measured at fair value through other comprehensive income

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

(Continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

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

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity is reclassified to retained earnings and is never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive the dividends is established (usually the ex-dividend date).

3) Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortized cost or at 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 dividend and interest income, are recognized in profit or loss.

4) 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, accounts receivable, other financial assets and refundable deposits).

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

- 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.

The Group measures loss allowances for accounts receivable at an amount equal to lifetime ECL.

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

(Continued)

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. The information includes both quantitative and qualitative information and analysis based on the Group' s historical experience and credit assessment, as well as forward-looking information.

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. 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). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The recognition or reversal of the loss allowance is recognized in profit or loss.

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. 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.

5) 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.

The Group enters into transactions whereby it transfers assets recognized in its 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 and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received, less, the direct issuing cost.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost and 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.

3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. 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.

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

4) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to the location and condition ready for sale.

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

(i) Property, plant and equipment

(i) Recognition and measurement

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 property, plant and equipment is recognized in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values 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.

The estimated useful lives of property, plant and equipment are as follows: Leasehold equipment: 3 years; Molding equipment: 3 years; Machinery and equipment: 3 years; Other equipment: 3 to 5 years.

Depreciation methods, useful lives, and residual values are reviewed at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

(j) Leases

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 evaluated and 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:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

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

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change of the Group's assessment on whether it will exercise a extension an option to purchase the underlying asset; or

— there is a change in the lease term resulting from a change of the Group's assessment on whether it will exercise an extension or termination option; or

— there is any lease modification in lease subject, scope of the lease or other terms.

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 has elected not to recognize right-of-use assets and lease liabilities for leases 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.

(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 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.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

For operating lease, the Group recognizes rental income on a straight-line basis over the lease term.

(Continued)

(k) Intangible assets

The Group’s computer software are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss using the straight-line method over the estimated useful lives (2 to 3 years).

The residual value, amortization period, and amortization method are reviewed at least at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

(l) Impairment of non-financial assets

The Group assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets (other than inventories, contract assets, and deferred tax assets) may be impaired. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually.

For the purpose of 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 from other assets or groups of assets. Goodwill arising from a business combination is allocated to cash-generating units (“CGUs”) or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or CGU is the higher 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.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset’s carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(m) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for warranties is recognized when the underlying products or services are sold. This provision reflects the historical warranty claim rate and the weighting of all possible outcomes against their associated probabilities.

(Continued)

KIWI TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Revenue recognition

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.

(i) Sale of goods

The Group recognizes revenue when control of the products has been transferred, being when the products have been 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 contracts, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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.

(ii) Revenue from services rendered

The Group provides the customers with a right to access the Group' s software license, to which the revenue is recognized over the license period. The Group also provides system implementation or integration services to enterprise customers. Revenue from providing services is recognized in the accounting periods in which the services are rendered. For performance obligations that are satisfied over time, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the portion of the work performed, the time passed by, or the milestone reached.

Estimates of revenues, costs, or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the accumulated revenue recognized by the Group exceeds the payments, a contract asset is recognized. If the payments exceed the accumulated revenue recognized, a contract liability is recognized.

(iii) 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 exceed one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(o) Government grant

A government grant is recognized in profit or loss only when there is reasonable assurance that the Group will comply with the conditions associated with the grant and that the grant will be received.

A government grant is recognized in profit or loss in the period in which it becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group without future related costs.

Government grant is recorded in other income.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, 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, and 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.

The grant date of options for employees to subscribe new shares for a cash injection is the date when the Group confirms the shares to which employees can subscribe.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

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.

(Continued)

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

(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 from initial recognition of goodwill.

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

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:

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 (“EPS”)

The basic and diluted EPS attributable to shareholders of the Company are disclosed in the consolidated financial statements. Basic EPS is calculated by dividing net income attributable to shareholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to shareholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Group’s dilutive potential common shares include profit sharing for employees to be settled in the form of common stock.

(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, who decides on the allocation of resources to the segment and assesses its performance for which discrete financial information is available.

5. Critical accounting judgments and key sources of estimation and assumption uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and Taiwan-IFRSs requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

Inventories are measured at the lower of cost or net realizable value. The Group estimates the net realizable value of inventory, taking into account obsolescence and unmarketable items at the reporting date, 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 of future demand within a specific time horizon, which could result in significant adjustments due to rapid industry change or product competition.

Please refer to note 6(e) for further description of the valuation of inventories.

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 20	20
Bank deposits	50,981	33,682
Time deposits	-	4,152
	$ 51,001	**37,854**

As of December 31, 2022 and 2021, the time deposits with original maturities of more than three months amounted to $0 and $9,000, respectively, which were classified as other financial assets－current.

(b) Financial assets at fair value through profit or loss－non-current

	December 31, 2022	December 31, 2021
Stock listed in overseas market	**$ 42,100**	**-**

Please refer to note 6(s) for the amounts recognized in profit or loss arising from remeasurement at fair value.

(Continued)

KIWI TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Financial assets measured at fair value through other comprehensive income－non-current

In May 2021, the Company sold the equity investments measured at fair value through other comprehensive income for $3,278. The realized loss accumulated in other comprehensive income of $9,833 has been reclassified from other equity to retained earnings.

(d) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 14,370	5,014
Less: loss allowance	-	-
	$ 14,370	**5,014**

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. Forward-looking information is taken into consideration as well. Analysis of expected credit losses on accounts receivable was as follows:

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 13,173	0.00 %	-
Past due 1-30 days	57	0.00 %	-
Past due 61-90 days	46	0.00 %	-
Past due over 91 days	1,094	0.00 %	-
	$ 14,370		**-**

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 3,799	0.00 %	-
Past due 1-30 days	1,215	0.00 %	-
	$ 5,014		**-**

Movements of the allowance for accounts receivable were as follows:

	2022	2021
Balance at January 1（Also the balance at December 31)	**$ -**	**-**

KIWI TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Inventories

	December 31, 2022	December 31, 2021
Merchandise	$ -	24
Raw materials	24,775	37,884
Work in process	9,918	12,073
Finished goods	10,180	15,139
	$ 44,873	**65,120**

For the years ended December 31, 2022 and 2021, the amounts of inventories recognized as cost of revenue were $53,464 and $40,298, respectively, of which $14,663 and $3,595, respectively, was the write-down of inventories to net realizable value. The write-downs arose from the write-downs of inventories to net realizable value.

(f) Investments accounted for using equity method

In June 2021, the Group disposed all of its shares in PT Wahana Solusi Pintar with a consideration of $16,886 and recognized a loss on disposal of $6,862, which was included in other gains and losses.

(g) Property, plant and equipment

The movements of cost and accumulated depreciation of property, plant and equipment for the years ended December 31, 2022 and 2021 were detailed as follows:

	Leasehold equipment	Molding equipment	Machinery and equipment	Other equipment	Total
Cost:					
Balance at January 1, 2022	$ 6,528	10,743	1,769	2,787	21,827
Additions	-	1,347	-	495	1,842
Disposals	-	(2,444)	-	-	(2,444)
Reclassification	-	342	-	-	342
Balance at December 31, 2022	**$ 6,528**	**9,988**	**1,769**	**3,282**	**21,567**
Balance at January 1, 2021	$ 6,928	9,152	1,769	2,787	20,636
Additions	-	1,591	-	-	1,591
Disposals	(400)	-	-	-	(400)
Balance at December 31, 2021	**$ 6,528**	**10,743**	**1,769**	**2,787**	**21,827**
Accumulated depreciation:					
Balance at January 1, 2022	$ 4,600	7,309	671	2,634	15,214
Depreciation	1,286	2,516	590	262	4,654
Disposals	-	(2,444)	-	-	(2,444)
Balance at December 31, 2022	**$ 5,886**	**7,381**	**1,261**	**2,896**	**17,424**
Balance at January 1, 2021	$ 3,262	4,450	81	2,358	10,151
Depreciation	1,738	2,859	590	276	5,463
Disposals	(400)	-	-	-	(400)
Balance at December 31, 2021	**$ 4,600**	**7,309**	**671**	**2,634**	**15,214**
Carrying amount:					
Balance at December 31, 2022	**$ 642**	**2,607**	**508**	**386**	**4,143**
Balance at December 31, 2021	**$ 1,928**	**3,434**	**1,098**	**153**	**6,613**

(Continued)

KIWI TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Right-of-use assets

	Buildings	Transportation Equipment	Total
Cost:			
Balance at January 1, 2022	$ 25,397	3,344	28,741
Reclassification	(51)	-	(51)
Balance at December 31, 2022	**$ 25,346**	**3,344**	**28,690**
Balance at January 1, 2021	$ 25,905	2,293	28,198
Additions	11,661	3,344	15,005
Disposals	(11,942)	(2,293)	(14,235)
Effect of exchange rates changes	(227)	-	(227)
Balance at December 31, 2021	**$ 25,397**	**3,344**	**28,741**
Accumulated depreciation:			
Balance at January 1, 2022	$ 5,735	1,115	6,850
Depreciation	6,026	1,115	7,141
Effect of exchange rates changes	104	-	104
Balance at December 31, 2022	**$ 11,865**	**2,230**	**14,095**
Balance at January 1, 2021	$ 9,243	1,465	10,708
Depreciation	6,260	1,115	7,375
Disposals	(9,729)	(1,465)	(11,194)
Effect of exchange rates changes	(39)	-	(39)
Balance at December 31, 2021	**$ 5,735**	**1,115**	**6,850**
Carrying amount:			
Balance at December 31, 2022	**$ 13,481**	**1,114**	**14,595**
Balance at December 31, 2021	**$ 19,662**	**2,229**	**21,891**

(i) Intangible assets

	Computer software
Cost:	
Balance at January 1, 2022	$ 2,905
Additions	1,260
Balance at December 31, 2022	**$ 4,165**
Balance at January 1, 2021	$ 2,745
Additions	160
Balance at December 31, 2021	**$ 2,905**

(Continued)

KIWI TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		Computer software
Accumulated amortization:		
Balance at January 1, 2022	$	2,464
Amortization		588
Balance at December 31, 2022	$	**3,052**
Balance at January 1, 2021	$	2,040
Amortization		424
Balance at December 31, 2021	$	**2,464**
Carrying amount:		
Balance at December 31, 2022	$	**1,113**
Balance at December 31, 2021	$	**441**

(j) Short-term borrowings

The information of short-term borrowings was as follows:

	December 31, 2022	December 31, 2021
Unsecured bank loans	$ -	20,000
Unused credit facilities	$ -	-
Interest rate	-	1.5%

(k) Lease liabilities

The carrying amount of lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	$ 7,486	7,227
Non-current	$ 8,840	16,340

The amounts recognized in profit or loss were as follows:

	December 31, 2022	December 31, 2021
Interest expense on lease liabilities	$ 371	416
Expenses relating to leases of low-value assets	$ 846	956
Income from sub-leasing right-of-use assets	$ 2,232	1,092

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

	December 31, 2022	December 31, 2021
Total cash outflow for leases	$ 8,458	8,971

(Continued)

KIWI TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Real estate leases

The Group leases buildings for its office premises. The leases typically run for a period of three to five years.

The Group sub-leases some of its right-of-use assets under operating leases.

(ii) Other leases

The Group leases office equipment and transportation equipment with lease terms of one to three years. In addition, the Group leases some office equipment which are low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these low-value assets.

(l) Employee benefits

The Company contributes monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Foreign subsidiaries make contributions in compliance with their respective local regulations. Under this defined contribution plan, the Group has no legal or constructive obligation to pay additional amounts after contributing a fixed amount.

For the years ended December 31, 2022 and 2021, the Group recognized pension expenses of $1,815 and $2,177, respectively, in relation to the defined contribution plans.

(m) Income taxes

(i) The components of income tax expense were as follows:

	2022	2021
Current income tax expense	$ -	$ -
Deferred income tax expense		
Origination and reversal of temporary differences	(298)	6,734
Changes in unrecognized deductible temporary	298	1,846
Income tax expense	**$ -**	**8,580**

Reconciliation between the income tax expense and loss before taxes was as follows:

	2022	2021
Loss before taxes	**$ (27,665)**	**(42,466)**
Income tax using the Company's statutory tax rate	$ (5,533)	(8,493)
Effect of different tax rates in foreign jurisdictions	(10)	(275)
Current-year losses for which no deferred tax asset was recognized	5,279	16,443
Changes in unrecognized deductible temporary difference	298	1,846
Others	(34)	(941)
	$ -	**8,580**

(Continued)

KIWI TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets and liabilities

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 8,595	8,297
Operating losses carryforwards	40,340	40,310
	$ 48,935	**48,607**

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, can be carried forward for 10 years to offset future taxable profit. Deferred tax assets have not been fully recognized in respect of these items as the management believed that it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2022, the unrecognized tax losses and their respective expiry years were as follows:

Income tax effect of unrecognized tax losses	Year of expiry
$ 2,818	2023
819	2024
255	2026
5,476	2028
11,124	2029
6,028	2030
8,541	2031
5,279	2032
$ 40,340	

2) Recognized deferred income tax assets

Change in the amount of deferred income tax assets was as follows:

	Unused tax losses
Balance at January 1, 2021	$ 8,580
Recognized in profit or loss	(8,580)
Balance at December 31, 2021	**$ -**

(iii) The Company's income tax returns for the years through 2020 were examined and approved by the R.O.C. income tax authorities.

(Continued)

(n) Capital and other equity

(i) Common stock

As of December 31, 2022 and 2021, the Company' s authorized shares of common stock amounted to $1,000,000, with par value of $10 (Dollar) per share, of which 30,478 thousand and 27,708 thousand shares were issued, respectively. All issued shares were paid up upon issuance.

The Board of Directors meeting held on December 1, 2021, resolved to issue additional 2,770 thousand of common shares for cash, at a par value of $10 (Dollar) per share, with the issuance price of $31 (Dollar) per share. The paid-in capital after the share issuance amounted to $304,779 and the share issuance was approved by FSC. The effective date of capital increase was set on March 11, 2022 and the related registration procedures have been completed.

The movements in outstanding shares of common stock in 2022 and 2021, were as follows (in thousands of shares):

	2022	**2021**
Balance at January 1	27,708	27,708
Capital increase by cash	2,770	2,770
Balance at January 1	**30,478**	**30,478**

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2022	**December 31, 2021**
Paid-in capital in excess of par value	**$ 58,170**	**-**

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends based on the original shareholding ratio or distributed as cash dividends based on a resolution approved by the stockholders. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations from stockholders received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(iii) Retained earnings and dividend policy

The Company's Articles of Incorporation stipulate that at least 10% of annual net income, after deducting accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, together with the unappropriated earnings from the previous years, can be distributed as dividends to shareholders, pursuant to a resolution approved by the shareholders.

KIWI TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

According to the Company Act, if a company has no accumulated deficit, it may, pursuant to a resolution approved by the shareholders, distribute its legal reserve by issuing new shares or distributing cash for the portion of legal reserve which exceeds 25% of the paid-in capital.

As the Company is in its growth phase, in consideration of the Company's capital needs and long-term financial position, earnings can be distributed after the earnings distribution plan proposed by the Board of Directors has been approved during the shareholders' meeting. The Company has adopted a dividend policy under which the earning is distributed in consideration of the future development plan, as well as the capital requirement. The total amount of earnings distributed, in cash or in shares, should not be less than 10% of the earnings available for distribution in the current year. For cash dividend, the appropriation should be at least 10% of the total dividend. The kind (cash or stock dividend) and ratio of earning distribution would be proposed by the Company's Board of Directors, in consideration of the profit and financial position in the current year, during the shareholders' meeting for approval.

(iv) Other equity items (net after tax)

1) Foreign currency translation differences

	2022	2021
Balance at January 1	$ (1,550)	(1,728)
Foreign exchange differences arising from translation of foreign operations	(205)	(1,134)
Disposal of investments in joint ventures accounted for using equity method	-	1,312
Balance at December 31	**$ (1,755)**	**(1,550)**

2) Unrealized gains (losses) on financial assets at fair value through other comprehensive income:

	2022	2021
Balance at January 1	$ -	(8,847)
Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	-	(986)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	9,833
Balance at December 31	**$ -**	**-**

KIWI TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Share-based payment

(i) For the year ended December 31, 2022, the share-based payment arrangement was as follows:

	Issuance of new shares reserved for employee subscriptions
Grant date	2022/02/15
Number of shares granted (in thousands)	277
Contract term	2022/02/15~2022/03/03
Vesting conditions	2022/02/15~2022/03/03
Recipients	Employees of the Group

The Group used the Black-Scholes Model in measuring the fair value of its employee stock option. The main inputs to the valuation model were as follows:

	Issuance of new shares reserved for employee subscriptions
Fair value of stock options at grant date (NT$/per share)	-
Fair value of common stock at grant date (NT$/per share)	22.98
Exercise price (NT$/per share)	31
Expected life (years)	0.0356
Expected volatility (%)	44.42 %
Risk-free interest rate (%)	0.2719 %

Expected volatility was determined based on the vesting period and historical volatility of the comparable companies. The risk-free interest rate was determined based on government bonds.

The related information on the employee stock option granted by the Group was as follows:

	Issuance of new shares reserved for employee subscriptions	
	Number of options (in thousands)	Weighted-average exercise price (in NTD)
Outstanding at January 1	$ -	-
Granted during the year	277	31
Exercised during the year	(119)	31
Expired during the year	(158)	-
Outstanding at December 31	-	-
Exercisable at December 31	-	-

For the year ended December 31, 2022, there was no compensation cost recognized for the issuance of new shares reserved for employee subscriptions.

(Continued)

KIWI TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Loss per share

(i) Basic loss per share

		2022	2021
Net loss attributable to the shareholders of the Company	$	(27,665)	(51,046)
Weighted-average number of ordinary shares outstanding (in thousands)		29,954	27,708
Basic loss per share (in New Taiwan dollars)	$	(0.92)	(1.84)

(ii) Diluted loss per share

The Company did not calculate the effect of dilutive potential common stock as it incurred a net loss in 2022 and 2021.

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

		2022	2021
(1) Primary geographical markets:			
Taiwan	$	8,138	3,812
Hong Kong and Mainland China		33,698	35,836
Japan		43,517	42,760
Others		467	1,561
	$	85,820	83,969
(2) Major products:			
Audio and communication IC products	$	40,036	38,463
LoRA IoT products		39,022	37,876
Services and others		6,762	7,630
	$	171,640	167,938

(ii) Contract balances

		December 31, 2022	December 31, 2021	January 1, 2022
Accounts receivable	$	14,370	5,014	10,824
Less: loss allowance		-	-	-
	$	14,370	5,014	10,824

		December 31, 2022	December 31, 2021	December 31, 2021
Contract assets	$	-	-	3,868
Contract liabilities	$	723	790	1,755

For details on accounts receivable and its loss allowance, please refer to note 6(d).

KIWI TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The major changes in the balance of contract liabilities were due to the timing difference between the satisfaction of performance obligation and the receipt of customer's payment.

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that were included in the contract liability balance at January 1, 2022 and 2021, was $67 and $1,276, respectively.

(r) Remuneration to employees, and directors and supervisors

The Company's Articles of Incorporation require that 5% to 10% of earnings should be distributed as employee remuneration and a maximum of 2% of earnings will be allocated as directors and supervisors' remuneration. The earnings are determined based on the Company's pre-tax income before the deduction of the amount of remuneration to employees and directors and supervisors. Employees who are entitled to receive the abovementioned employee remuneration, include the employees of subsidiaries of the Company who meet certain specific requirements.

The Company did not accrue any remuneration to employees and directors and supervisors for the years ended December 31, 2022 and 2021 as it incurred a net loss in 2022 and 2021.

(s) Non-operating income and loss

(i) Interest income

		2022	2021
Interest income from bank deposits	$	153	116
Other interest income		16	16
	$	**169**	**132**

(ii) Other income

		2022	2021
Rental income (notes 6(k) and 7(b))	$	2,232	1,092
Government grants		19,764	11,051
Other income		298	35
	$	**22,294**	**12,178**

(iii) Other gains and losses

		2022	2021
Loss on disposal of investments (note 6(f))	$	-	(6,862)
Net loss on financial assets at fair value through profit or loss		(717)	-
Foreign currency exchange gain (loss)		1,692	(2,247)
Gain on lease modification		-	22
	$	**975**	**(9,087)**

(iv) Financial costs

		2022	2021
Interest expense from bank loans	$	86	274
Interest expense on lease liabilities (note 6(k))		371	416
	$	**457**	**690**

(Continued)

KIWI TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:	$ 42,100	-
Financial assets measured at amortized cost:		
Cash and cash equivalents	51,001	37,854
Accounts receivable	14,370	5,014
Other financial assets－current	-	9,000
Refundable deposits	14,996	15,331
	$ 122,467	**67,199**

2) Financial liabilities

	December 31, 2022	December 31, 2021
Financial liabilities measured at amortized cost:		
Short-term borrowings	$ -	20,000
Accounts payable	1,625	3,530
Other payables	7,362	9,238
Lease liabilities (including current and non-current)	16,326	23,567
Guarantee deposits received	924	924
	$ 26,237	**57,259**

(ii) Fair value information－Financial instruments not measured at fair value

The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

(iii) Fair value information－Financial instruments measured at fair value

1) Fair value hierarchy

The financial assets measured at fair value through other comprehensive income and the financial assets measured at fair value through profit or loss are measured at fair value on a recurring basis. The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

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

(Continued)

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 liabilities that are not based on observable market data (unobservable inputs).

	December 31, 2022				
		Fair Value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	**$ 42,100**	**42,100**	**-**	**-**	**42,100**

There were no transfers among fair value hierarchies for the years ended December 31, 2022 and 2021.

2) Valuation techniques and inputs used for financial instruments measured at fair value

The fair value of financial instruments traded in active markets is determined with reference to quoted market prices (e.g., listed stocks).

The fair value of privately held stock is estimated by using the market approach and is determined by reference to recent financing activities, valuations of similar companies, market conditions, and other economic indicators. The significant unobservable input is the liquidity discount. No quantitative information is disclosed because the possible changes in liquidity discount would not cause significant potential financial impact.

3) Movement in financial assets included in Level 3 fair value hierarchy－financial assets measured at fair value through other comprehensive income

	2022	**2021**
Balance at January 1	$ -	4,264
Total gains or losses:		
Recognized in other comprehensive income	-	(986)
Disposals	-	(3,278)
Balance at December 31	**$ -**	**-**

The abovementioned total gains or losses were included in " unrealized loss from financial assets measured at fair value through other comprehensive income".

(u) Financial risk management

The Group is exposed to credit risk, liquidity risk, and market risk (including currency risk and other market price risk). The Group has disclosed the information on exposure to the aforementioned risks and the Group's policies and procedures to measure and manage those risks as well as the quantitative information below.

The Board of Directors is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's operations.

The Group's management monitors and reviews financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, receivables from customers, and other financial assets. The maximum exposure to credit risk is equal to the carrying amount of the Group's financial assets.

The Group maintains cash with reputable financial institutions; therefore, the exposure related to the potential default by those counter-parties is not considered significant.

Due to IC Chips industrial characteristics, the customers of IC Chips product of the Group were concentrated on few customers. As of December 31, 2022, and 2021, 98% and 92% of accounts receivable were concentrated on five major customers, respectively, thus, the credit risk was significantly centralized. The Group has established a credit policy under which each customer is analyzed individually for creditworthiness for purposes of setting the credit limit. Additionally, the Group continuously evaluates the credit quality of customers to minimize the credit risk.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Group manages and maintains adequate cash and cash equivalents to support operations and mitigate the impact of cash flow fluctuation.

(Continued)

KIWI TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, included estimated interest.

		Contractual cash flows	Within 1 year	1-2 years	2-5 years
December 31, 2022					
Non-derivative financial liabilities:					
Accounts payable	$	1,625	1,625	-	-
Other payables		7,362	7,362	-	-
Lease liabilities		16,722	7,728	8,994	-
Guarantee deposits received		924	-	-	924
	$	**26,633**	**16,715**	**8,994**	**924**
December 31, 2021					
Non-derivative financial liabilities:			-	-	-
Short-term borrowings	$	20,048	20,048		
Accounts payable		3,530	3,530	-	-
Other payables		9,238	9,238	-	-
Lease liabilities		24,335	7,601	13,139	3,595
Guarantee deposits received		924	-	-	924
	$	**58,075**	**40,417**	**13,139**	**4,519**

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

(iii) 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 financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The foreign currencies used in these transactions are mainly the US dollar (USD) and Japanese yen (JPY). The Group's management continuously control the net foreign currency exposure to be maintained at an acceptable level.

KIWI TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

a) Exposure to foreign currency risk and sensitivity analysis

At the reporting date, the carrying amounts of the Group's monetary assets and liabilities denominated in a currency other than the respective functional currencies of Group entities were as follows:

	December 31, 2022				
	Foreign currency (in thousands)	Exchange rate	NTD (in thousands)	Change in magnitude	Pre-tax effect on profit or loss (in thousands)
Financial assets					
USD	$ 757	30.710	23,247	1 %	232
JPY	76,818	0.2324	17,853	1 %	179
Financial liabilities					
USD	99	30.710	3,040	1 %	30

	December 31, 2021				
	Foreign currency (in thousands)	Exchange rate	NTD (in thousands)	Change in magnitude	Pre-tax effect on profit or loss (in thousands)
Financial assets					
USD	$ 541	27.680	14,975	1 %	150
JPY	18,724	0.2405	4,503	1 %	45
Financial liabilities					
USD	82	27.680	2,270	1 %	23

b) The foreign exchange gain and loss on monetary items

The foreign exchange gain and loss (including realized and unrealized) on monetary items is summarized as below.

	2022		2021	
	Foreign exchange gain (loss)	Exchange rate	Foreign exchange gain (loss)	Exchange rate
Financial assets				
USD/TWD	$ 2,454	30.710	(1,032)	27.680
JPY/TWD	(502)	0.2324	(1,599)	0.2405
Financial liabilities				
USD/TWD	(387)	30.710	384	27.680
JPY/TWD	127	0.2324	-	-

2) Interest rate risk

The Group's short-term borrowings carry floating interest rates. To manage the interest rate risk, the Group periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Group also strengthens the management of working capital to reduce the dependence on bank loans as well as the risk arising from fluctuation of interest rates.

The following sensitivity analysis is based on the risk exposure to floating-interest-rate on the reporting date. The sensitivity analysis assumes the liabilities recorded at the reporting date had been outstanding for the entire period. The change in interest rate reported to the key management in the Group is based on 100 basis points (1%), which is consistent with the assessment made by the key management in respect of the possible change in interest rate.

If the interest rate had been 100 basis points (1%) higher/lower with all other variables held constant, pre-tax loss for the years ended December 31, 2022 and 2021 would have been $0 and $200, respectively, higher/lower, which mainly resulted from the borrowings with floating interest rates.

3) Other market price risk

The Group is exposed to the risk of price fluctuation in the securities market due to the investment in foreign listed stock. The Group supervises the equity price risk actively and manages the risk based on fair value. Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments at each reporting date, profit or loss for the year ended December 31, 2022 would have increased or decreased by $2,105.

(v) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of debt and equity balance. The Group's overall strategy does not have significant changes.

The Group's management reviews the capital structure annually, including the consideration of costs and related risks of each type of capital. The Group may adjust and balance its capital structure by paying dividends or issuing new shares in accordance with the key management's advice.

(Continued)

(w) Investing and financing activities not affecting cash flows

(i) Please refer to note 6(h) for a description of acquisition of right-of-use assets through lease in 2022 and 2021.

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Short-term borrowings	$ 20,000	(20,000)	-	-
Lease liabilities	23,567	(7,241)	-	16,326
Guarantee deposits received	924	-	-	924
Total liabilities from financing activities	**$ 44,491**	**(27,241)**	**-**	**17,250**

	January 1, 2021	Cash flows	Non-cash changes	December 31, 2021
Short-term borrowings	$ 20,000	-	-	20,000
Lease liabilities	19,224	(7,599)	11,942	23,567
Guarantee deposits received	924	-	-	924
Total liabilities from financing activities	**$ 40,148**	**(7,599)**	**11,942**	**44,491**

7. Related-party transactions

(a) Name and relationship with related parties

Name of related parties	Relationship with the Company
SBI & Capital 22 JV Fund, L.P.	Other related party (The entity's chairman is the same as the Group's chairman)

(b) Significant related-party transactions

In 2022 and 2021, the Group leased rental office to SBI & Capital 22 JV Fund, L.P. The related rental income of $792 for both years were included in "other income".

(c) Compensation for key management personnel

	2022	2021
Short-term employee benefits	$ 5,740	5,740
Post-employment benefits	166	166
	$ 5,906	**5,906**

KIWI TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

8. **Pledged assets: None**

9. **Significant commitments and contingencies: None**

10. **Significant loss from disaster: None**

11. **Significant subsequent events: None**

12. **Others**

Employee benefits, depreciation and amortization expenses categorized by function are summarized as follows:

	2022			2021		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefits:						
Salaries	-	36,000	36,000	-	39,336	39,336
Insurance	-	2,903	2,903	-	3,382	3,382
Pension	-	1,815	1,815	-	2,177	2,177
Others	-	911	911	-	1,112	1,112
Depreciation	-	11,795	11,795	-	12,838	12,838
Amortization	-	588	588	-	424	424

13. **Additional disclosures**

(a) Information on significant transactions:

In accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Group discloses the following information on significant transactions:

(i) Financing provided to other parties: None

(ii) Guarantee and endorsement provided to other parties: None

(iii) Marketable securities held at the reporting date (excluding investments in subsidiaries and associates):

(In Thousands of Shares / Amounts in Thousands of New Taiwan Dollars)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2022				Maximum Percentage of Ownership during 2022		Note
				Shares	Carrying Value	Percentage of Ownership	Fair value	Shares	Percentage of Ownership	
The Company	Stock: sMedio, Inc.	-	Financial assets at fair value through profit or loss－current	306	42,100	13.03 %	42,100	306	13.03 %	-

(Continued)

KIWI TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Marketable securities for which the accumulated purchase or sale amounts for the year exceed $300 million or 20% of the paid-in capital: None

(v) Acquisition of real estate which exceeds $300 million or 20% of the paid-in capital: None

(vi) Disposal of real estate which exceeds $300 million or 20% of the paid-in capital: None

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital: None

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: None

(ix) Information about derivative instruments transactions: None

(x) Business relationships and significant intercompany transactions: None

(b) Information on investees:

(In Thousands of Shares / Amounts in Thousands of New Taiwan Dollars)

				Original Investment Amount		Balance as of December 31, 2022			Maximum Percentage of Ownership during 2022				
Investor	Investee	Location	Main Businesses and Products	December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership	Net Income (Loss) of the Investee	Share of Profits/ Losses of Investee	Note
The Company	Kiwi Technology Inc.	Japan	Sale of LoRA IoT products	22,671	22,671	1.6	100.00 %	4,041	1.6	100.00 %	(166)	(166)	-

Note: The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(c) Information on investment in Mainland China: None

14. Segment information

(a) General information

The Group is primarily engaged in the research, design, development, and sale of audio and communication IC chips and LoRA IoT products. The overall operating result is used by the Group’s chief operating decision maker as the measurement for performance evaluation. Therefore, the Group has only one operating segment. The financial information used by operating segment is consistent with that used in preparing the consolidated financial statements for the years ended December 31, 2022 and 2021.

KIWI TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Product information

Revenues from external customers are detailed below:

Products and services		2022	2021
Audio and communication IC products	$	40,036	38,463
LoRA IoT products		39,022	37,876
Services and others		6,762	7,630
	$	**85,820**	**83,969**

(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.

Region		2022	2021
Revenues from external customers are detailed below:			
Taiwan	$	8,138	3,812
Hong Kong and Mainland China		33,698	35,836
Japan		43,517	42,760
Others		467	1,561
	$	**85,820**	**83,969**

Region		December 31, 2022	December 31, 2021
Non-current assets are detailed below:			
Taiwan	$	20,126	29,042
Japan		368	888
Total	**$**	**20,494**	**29,930**

Non-current assets include property, plant and equipment and other assets, but do not include financial instruments and deferred income tax.

(d) Major customers information

Revenues from a single customer amount to more than 10% of the Group's total revenues are detailed below:

		2022
Customer A	$	26,512
Customer B		24,234
Customer C		9,463

		2021
Customer B	$	19,085
Customer C		16,751
Customer D		23,748