Stock Code:6515

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

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Six Months Ended June 30, 2024 and 2023

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

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

Table of contents

Contents	Page

安侯建業聯合會計師事務所
KPMG
高雄市前金區801301中正四路211號12樓之6
12th Fl., - 6, No. 211, Chung Cheng 4th Road,
Kaohsiung, 801301, Taiwan (R.O.C.)
電 話 Tel + 886 7 213 0888
傳 真 Fax + 886 7 271 3721
網 址 Web kpmg.com/tw

Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of WINWAY TECHNOLOGY Co., Ltd. ("the Company") and its subsidiaries ("the Group") as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2024 and 2023, as well as the changes in equity and cash flows for the six months ended June 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months ended June 30, 2024 and 2023, as well as its consolidated cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
July 31, 2024

Notes to Readers

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

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

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

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2024, December 31, 2023, and June 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets	June 30, 2024 Amount	%	December 31, 2023 Amount	%	June 30, 2023 Amount	%
Current assets:						
Cash and cash equivalents (note 6(a))	$ 1,439,666	22	639,467	13	1,124,261	22
Current financial assets at fair value through profit or loss (note 6(b))	-	-	80,187	2	-	-
Financial assets measured at amortized cost (note 6(c))	643,700	10	179,700	4	29,700	1
Notes receivable, net (notes 6(d)(v))	979	-	1,496	-	-	-
Accounts receivable, net (notes 6(d)(v))	1,373,040	20	866,346	18	1,210,915	24
Other receivables (note 6(e))	1,970	-	580	-	459	-
Current tax assets	1,365	-	1,343	-	6,819	-
Inventories, net (note 6(f))	684,421	10	577,903	12	598,721	12
Other current assets (note 6(k))	31,713	-	29,501	1	26,970	-
Total current assets	4,176,854	62	2,376,523	50	2,997,845	59
Non-current assets:						
Non-current financial assets at fair value through profit or loss (notes 6(b)(m))	3,600	-	-	-	-	-
Property, plant and equipment (notes 6(g) and 8)	2,229,424	33	2,108,761	43	1,673,900	33
Right-of-use assets (note 6(h))	124,365	2	109,989	2	100,938	2
Intangible assets (note 6(i))	40,024	1	47,490	1	31,421	1
Deferred tax assets	68,085	1	72,305	1	62,948	1
Refundable deposits	5,145	-	5,257	-	5,192	-
Other non-current financial assets (notes 6(j) and 8)	1,527	-	51,752	1	51,747	1
Other non-current assets (note 6(k))	49,979	1	103,436	2	173,200	3
Total non-current assets	2,522,149	38	2,498,990	50	2,099,346	41
Total assets	$ 6,699,003	100	4,875,513	100	5,097,191	100

Liabilities and Equity	June 30, 2024 Amount	%	December 31, 2023 Amount	%	June 30, 2023 Amount	%
Current liabilities:						
Notes payable	$ 2	-	-	-	-	-
Current contract liabilities (note 6(v))	113,129	2	96,553	2	76,206	2
Accounts payable	679,557	10	429,878	9	477,760	9
Other payables (note 6(q))	782,849	12	281,387	6	1,162,509	23
Current provisions (note 6(n))	15,757	-	6,850	-	9,145	-
Current lease liabilities (note 6(o))	14,134	-	9,699	-	8,304	-
Current tax liabilities	92,480	1	95,353	2	61,992	1
Current deferred revenue (notes 6(l)(p))	695	-	1,850	-	-	-
Long-term liabilities, current portion (notes 6(l) and 8)	-	-	57,730	1	-	-
Total current liabilities	1,698,603	25	979,300	20	1,795,916	35
Non-Current liabilities:						
Bonds payable (note 6(m))	942,836	14	-	-	-	-
Long-term borrowings (notes 6(l) and 8)	146,625	3	337,437	7	-	-
Deferred tax liabilities	5,176	-	-	-	2,452	-
Non-current lease liabilities (note 6(o))	71,793	1	61,239	1	52,708	1
Long-term deferred revenue (notes 6(l)(p))	7,589	-	8,103	-	5,332	-
Other non-current liabilities, others	150	-	-	-	200	-
Total non-current liabilities	1,174,169	18	406,779	8	60,692	1
Total liabilities	2,872,772	43	1,386,079	28	1,856,608	36
Equity attributable to owners of parent (notes 6(s)(t)(u)):						
Capital stock	347,691	5	347,726	7	345,340	7
Capital surplus	2,207,375	33	1,989,414	41	1,792,913	35
Retained earnings	1,390,610	21	1,344,738	28	1,159,891	23
Other equity	(119,445)	(2)	(192,444)	(4)	(57,561)	(1)
Total equity	3,826,231	57	3,489,434	72	3,240,583	64
Total liabilities and equity	$ 6,699,003	100	4,875,513	100	5,097,191	100

See accompanying notes to financial statements.

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

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the three and six months ended June 30, 2024 and 2023

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

	For the three months ended June 30,				For the six months ended June 30,			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue (notes 6(v) and 14)	$ 1,255,666	100	1,016,608	100	2,328,744	100	2,024,812	100
Operating costs (notes 6(f)(i)(n)(o)(q)(t)(w) and 12)	716,214	57	663,079	65	1,324,099	57	1,290,888	64
Gross profit	539,452	43	353,529	35	1,004,645	43	733,924	36
Operating expenses (notes 6(d)(i)(o)(q)(t)(w), 7 and 12):								
Selling expenses	109,065	9	81,545	8	208,262	9	172,532	9
General and administrative expenses	82,855	7	49,892	5	160,864	7	101,267	5
Research and development expenses	83,849	7	57,671	6	162,363	7	121,421	6
Expected credit impairment gain and losses	808	-	(1,874)	-	(11,951)	(1)	(10,831)	(1)
Total operating expenses	276,577	23	187,234	19	519,538	22	384,389	19
Net operating income	262,875	20	166,295	16	485,107	21	349,535	17
Non-operating income and expenses (notes 6(b)(c)(l)(m)(p)(x)):								
Interest income	5,002	-	5,724	1	8,109	-	9,490	-
Other gains and losses	7,021	1	(10,039)	(1)	33,030	1	(10,236)	(1)
Finance costs (note 6(o))	(2,771)	-	(179)	-	(4,973)	-	(347)	-
Total non-operating income and expenses	9,252	1	(4,494)	-	36,166	1	(1,093)	(1)
Profit before income tax	272,127	21	161,801	16	521,273	22	348,442	16
Income tax expenses (note 6(r))	48,005	4	26,107	3	97,423	4	69,251	3
Profit	224,122	17	135,694	13	423,850	18	279,191	13
Other comprehensive income (note 6(r)):								
Components of other comprehensive income that will be reclassified to profit or loss								
Exchange differences on translation of foreign financial statements	2,742	-	(8,789)	(1)	8,363	-	(7,500)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(r))	-	-	-	-	-	-	-	-
Other comprehensive income	2,742	-	(8,789)	(1)	8,363	-	(7,500)	-
Comprehensive income	**$ 226,864**	**17**	**126,905**	**12**	**432,213**	**18**	**271,691**	**13**
Earnings per share (note 6(u)):								
Basic earnings per share (in New Taiwan Dollars)	**$ 6.52**		**3.96**		**12.33**		**8.14**	
Diluted earnings per share (in New Taiwan Dollars)	**$ 6.43**		**3.94**		**12.20**		**8.08**	

See accompanying notes to financial statements.

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

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
			Retained earnings				Total other equity interest		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unearned stock-based employee compensation	Total equity
Balance at January 1, 2023	**$ 345,380**	**1,794,485**	**221,962**	**10,315**	**1,402,891**	**1,635,168**	**(5,059)**	**(74,432)**	**3,695,542**
Profit	-	-	-	-	279,191	279,191	-	-	279,191
Other comprehensive income	-	-	-	-	-	-	(7,500)	-	(7,500)
Total comprehensive income	-	-	-	-	279,191	279,191	(7,500)	-	271,691
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	110,023	-	(110,023)	-	-	-	-
Reversal of special reserve	-	-	-	(5,257)	5,257	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(754,468)	(754,468)	-	-	(754,468)
Restricted Stock Awards compensation write-down	(40)	40	-	-	-	-	-	-	-
Restricted Stock Awards compensation cost	-	(1,612)	-	-	-	-	-	29,430	27,818
Balance at June 30, 2023	**$ 345,340**	**1,792,913**	**331,985**	**5,058**	**822,848**	**1,159,891**	**(12,559)**	**(45,002)**	**3,240,583**
Balance at January 1,2024	**$ 347,726**	**1,989,414**	**331,985**	**5,058**	**1,007,695**	**1,344,738**	**(10,042)**	**(182,402)**	**3,489,434**
Profit	-	-	-	-	423,850	423,850	-	-	423,850
Other comprehensive income	-	-	-	-	-	-	8,363	-	8,363
Total comprehensive income	-	-	-	-	423,850	423,850	8,363	-	432,213
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	46,404	-	(46,404)	-	-	-	-
Special reserve appropriated	-	-	-	4,984	(4,984)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(377,978)	(377,978)	-	-	(377,978)
Restricted Stock Awards compensation write-down	(35)	35	-	-	-	-	-	-	-
Restricted Stock Awards compensation cost	-	(1,411)	-	-	-	-	-	64,636	63,225
Issuance of convertible bonds	-	219,337	-	-	-	-	-	-	219,337
Balance at June 30, 2024	**$ 347,691**	**2,207,375**	**378,389**	**10,042**	**1,002,179**	**1,390,610**	**(1,679)**	**(117,766)**	**3,826,231**

See accompanying notes to financial statements.

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

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the three and six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2024	2023
Cash flows from operating activities:		
Profit before income tax	$ 521,273	348,442
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	105,433	53,254
Amortization expenses	7,487	6,291
Expected credit impairment gains	(11,951)	(10,831)
Gains on financial assets at fair value through profit or loss	(1,950)	(243)
Interest expenses	4,973	347
Interest income	(8,109)	(9,490)
Share-based payment transactions	63,225	27,818
Gains on disposal of property, plant and equipment	(157)	(365)
Unrealized foreign exchange gain	(8,537)	9,963
Total adjustments to reconcile profit	150,414	76,744
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in notes receivable	554	7,028
(Increase) decrease in accounts receivable	(485,188)	394,228
(Increase) decrease in other receivables	(169)	38
(Increase) decrease in inventories	(104,023)	168,703
(Increase) decrease in other current assets	(2,024)	17,307
Changes in operating liabilities:		
Increase in notes payable	2	-
Increase (decrease) in accounts payable	249,189	(548,310)
Increase (decrease) in other payables	136,258	(88,071)
Increase (decrease) in current provisions	8,907	(6,108)
Increase in current contract liabilities	16,576	21,507
Decrease in long-term deferred revenue	(211)	(213)
Total adjustments	(29,715)	42,853
Cash inflow generated from operations	491,558	391,295
Interest received	6,888	9,640
Interest paid	(3,528)	(347)
Income taxes paid	(90,899)	(303,575)
Net cash flows from operating activities	404,019	97,013
Cash flows from (used in) investing activities:		
Increase in financial assets at amortized cost	(464,000)	-
Acquisition of financial assets at fair value through profit or loss	(20,000)	(100,000)
Proceeds from disposal of financial assets at fair value through profit or loss	100,437	100,243
Acquisition of property, plant and equipment	(119,024)	(388,308)
Proceeds from disposal of property, plant and equipment	263	1,710
Decrease in refundable deposits	185	2,228
Acquisition of intangible assets	-	(4,588)
Decrease (increase) in other financial assets	50,225	(103)
Increase in prepayments for equipment	(56,965)	(79,801)
Net cash flows used in investing activities	(508,879)	(468,619)
Cash flows from (used in) financing activities:		
Proceeds from issuing bonds	1,158,689	-
Proceeds from long-term borrowings	150,000	-
Repayments of long-term borrowings	(400,000)	-
Increase in guarantee deposits	150	-
Payments of lease liabilities	(6,831)	(7,130)
Net cash flows from (used in) financing activities	902,008	(7,130)
Effect of exchange rate changes on cash and cash equivalents	3,051	(1,092)
Net increase (decrease) in cash and cash equivalents	800,199	(379,828)
Cash and cash equivalents at the beginning of period	639,467	1,504,089
Cash and cash equivalents at the end of period	**$ 1,439,666**	**1,124,261**

See accompanying notes to financial statements.

(1) Company history:

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

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

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

The consolidated financial statements were authorized for issuance by the Board of Directors on July 31, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(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, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

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

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

(Continued)

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

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other 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"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Accounting Standards—Volume 11

(4) Summary of material accounting policies:

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

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

Name of Investor	Name of Subsidiary	Business Activity	Percentage Ownership			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	WINWAY INTERNATIONAL CO., LTD.	Investment holding	100 %	100 %	100 %	Significant subsidiary
The Company	WINWAY TECHNOLOGY INTERNATIONAL INC.	Sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	100 %	100 %	100 %	Non-significant subsidiary.
WINWAY INTERNATIONAL CO., LTD.	WINWAY TECHNOLOGY (SUZHOU) LTD.	Process and sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	100 %	100 %	100 %	Significant subsidiary

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

(Continued)

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

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

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(d) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the frnancial liability is recognized in profit or loss. On conversion at tnaturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(e) Income taxes

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

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

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

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRS Accounting Standards (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with those described in note 5 of the consolidated financial statements for the year ended December 31, 2023.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and those described in note 6 of the consolidated financial statements for the year ended December 31, 2023.

(a) Cash and cash equivalents

		June 30, 2024	December 31, 2023	June 30, 2023
Cash and cash on hand	$	294	326	326
Demand deposits		609,570	558,519	461,655
Check deposits		2	-	-
Time deposits		764,900	30,705	662,280
Cash equivalents		64,900	49,917	-
Cash and cash equivalents in the consolidated statement of cash flows	**$**	**1,439,666**	**639,467**	**1,124,261**

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

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

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

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets mandatorily measured at fair value through profit or loss－current:			
Open-end mutual funds	$ -	80,187	-
Unsecured convertible bonds－redemption option	3,600	-	-
	$ 3,600	**80,187**	**-**
Current	$ -	80,187	-
Non-Current	3,600	-	-
	$ 3,600	**80,187**	**-**

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

The Group's financial assets at fair value through profit or loss were not restricted nor pledged as collateral.

(c) Financial assets measured at amortized cost

	June 30, 2024	December 31, 2023	June 30, 2023
Domestic time deposits	**$ 643,700**	**179,700**	**29,700**

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

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

(d) Notes and accounts receivable

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable from operating activities	$ 979	1,496	-
Accounts receivable—measured as amortized cost	1,386,704	891,782	1,220,371
Less: Loss allowance	(13,664)	(25,436)	(9,456)
	$ 1,374,019	**867,842**	**1,210,915**

(Continued)

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

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

	June 30, 2024		
	Gross carrying amount—notes receivable and accounts receivable from operating activities	**Weighted-average loss rate**	**Loss allowance**
Current	$ 1,104,106	0.15 %	1,665
1 to 30 days past due	254,019	1.85 %	4,688
31 to 60 days past due	14,832	3.30 %	490
61 to 90 days past due	2,949	8.92 %	263
91 to 180 days past due	4,887	17.58 %	859
181 to 365 days past due	1,920	37.97 %	729
More than 365 days past due	4,970	100.00 %	4,970
	$ 1,387,683		13,664

	December 31, 2023		
	Gross carrying amount—notes receivable and accounts receivable from operating activities	**Weighted-average loss rate**	**Loss allowance**
Current	$ 605,906	0.18 %	1,070
1 to 30 days past due	94,603	1.76 %	1,664
31 to 60 days past due	91,687	6.75 %	6,191
61 to 90 days past due	67,781	13.31 %	9,025
91 to 180 days past due	16,281	18.93 %	3,082
181 to 365 days past due	16,405	23.10 %	3,789
More than 365 days past due	615	100.00 %	615
	$ 893,278		25,436

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

	June 30, 2023		
	Gross carrying amount—notes receivable and accounts receivable from operating activities	Weighted-average loss rate	Loss allowance
Current	$ 1,050,641	0.15 %	1,590
1 to 30 days past due	107,571	1.60 %	1,721
31 to 60 days past due	18,186	6.63 %	1,206
61 to 90 days past due	17,733	4.47 %	792
91 to 180 days past due	16,848	7.76 %	1,308
181 to 365 days past due	9,088	27.89 %	2,535
More than 365 days past due	304	100.00 %	304
	$ 1,220,371		**9,456**

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

	Six months ended June 30,	
	2024	2023
Balance at January 1	$ 25,436	20,415
Impairment losses reversed	(11,951)	(10,831)
Effects of changes in foreign exchange rates	179	(128)
Balance at June 30	**$ 13,664**	**9,456**

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

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

(e) Other receivables

	June 30, 2024	December 31, 2023	June 30, 2023
Other receivables	$ 1,970	580	4,068
Less: Loss allowance	-	-	(3,609)
	$ 1,970	**580**	**459**

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

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

(f) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials and supplies	$ 340,020	297,922	370,748
Work in progress	232,847	192,433	181,799
Finished goods	111,554	87,548	46,174
	$ **684,421**	**577,903**	**598,721**

The details of the cost of sales were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Recognized as operating costs and expenses	$ 687,186	627,781	1,323,737	1,215,141
Write-down (reversal of write-downs) of inventories	5,915	25,397	(46,914)	44,796
Income from sale of scrap and wastes	-	(46)	-	(191)
Loss on scrap	2,771	-	4,468	-
Others	20,342	9,947	42,808	31,142
	$ **716,214**	**663,079**	**1,324,099**	**1,290,888**

As of June 30, 2024, and December 31, and June 30, 2023, the Group did not provide any inventories as collateral or restricted.

(g) Property, plant and equipment

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

	Buildings	Machinery and equipment	Other equipment	Construction in progress	Total
Cost or deemed cost:					
Balance at January 1, 2024	$ 1,041,013	749,873	318,733	579,741	2,689,360
Additions	14,789	42,775	15,668	32,367	105,599
Disposal	(2,701)	(1,136)	(9,504)	-	(13,341)
Reclassifications (note)	312,959	106,150	3,876	(312,544)	110,441
Effect of movements in exchange rates	36	3,683	1,578	-	5,297
Balance at June 30, 2024	$ **1,366,096**	**901,345**	**330,351**	**299,564**	**2,897,356**
Balance at January 1, 2023	$ 218,029	586,072	302,196	797,660	1,903,957
Additions	2,150	15,585	8,717	315,445	341,897
Disposal	(450)	(5,451)	(30,694)	-	(36,595)
Reclassification (note)	-	9,013	2,072	-	11,085
Effect of movements in exchange rates	9	(3,646)	(1,384)	-	(5,021)
Balance at June 30, 2023	$ **219,738**	**601,573**	**280,907**	**1,113,105**	**2,215,323**

(Continued)

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

		Buildings	Machinery and equipment	Other equipment	Construction in progress	Total
Accumulated depreciation:						
Balance at January 1, 2024	$	86,616	304,624	189,359	-	580,599
Depreciation		39,456	36,655	21,880	-	97,991
Disposal		(2,701)	(1,136)	(9,398)	-	(13,235)
Reclassification		415	2,224	(2,639)	-	-
Effect of movements in exchange rates		36	1,379	1,162	-	2,577
Balance at June 30, 2024	$	**123,822**	**343,746**	**200,364**	**-**	**667,932**
Balance at January 1, 2023	$	87,084	259,951	185,972	-	533,007
Depreciation		2,563	25,385	17,619	-	45,567
Disposal		(450)	(4,397)	(30,403)	-	(35,250)
Effect of movements in exchange rates		8	(1,061)	(848)	-	(1,901)
Balance at June 30, 2023	$	**89,205**	**279,878**	**172,340**	**-**	**541,423**
Carrying amounts:						
Balance at January 1, 2024	$	**954,397**	**445,249**	**129,374**	**579,741**	**2,108,761**
Balance at June 30, 2024	$	**1,242,274**	**557,599**	**129,987**	**299,564**	**2,229,424**
Balance at January 1, 2023	$	**130,945**	**326,121**	**116,224**	**797,660**	**1,370,950**
Balance at June 30, 2023	$	**130,533**	**321,695**	**108,567**	**1,113,105**	**1,673,900**

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

As of June 30, 2024, and December 31, and June 30, 2023, the property, plant and equipment of the Group has been pledged as collateral for long-term borrowings and credit line, please refer to note 8.

(h) Right-of-use assets

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

		Land	Buildings	Total
Cost：				
Balance at January 1, 2024	$	92,818	96,889	189,707
Additions		-	26,865	26,865
Write-off		(1,849)	(3,526)	(5,375)
Effect of movements in exchange rates		-	1,138	1,138
Balance at June 30, 2024	$	**90,969**	**121,366**	**212,335**
Balance at January 1, 2023	$	92,818	73,549	166,367
Additions		-	7,371	7,371
Effect of movements in exchange rates		-	(1,008)	(1,008)
Balance at June 30, 2023	$	**92,818**	**79,912**	**172,730**
Accumulated depreciation：				
Balance at January 1, 2024	$	6,889	72,829	79,718
Depreciation		904	6,538	7,442
Effect of movements in exchange rates		-	810	810
Balance at June 30, 2024	$	**7,793**	**80,177**	**87,970**

(Continued)

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

		Land	Buildings	Total
Balance at January 1, 2023	$	4,979	59,867	64,846
Depreciation		955	6,732	7,687
Effect of movements in exchange rates		-	(741)	(741)
Balance at June 30, 2023	$	**5,934**	**65,858**	**71,792**
Carrying amounts：				
Balance at January 1, 2024	$	**85,929**	**24,060**	**109,989**
Balance at June 30, 2024	$	**83,176**	**41,189**	**124,365**
Balance at January 1, 2023	$	**87,839**	**13,682**	**101,521**
Balance at June 30, 2023	$	**86,884**	**14,054**	**100,938**

(i) Intangible assets

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

		Software	Patent	Trademark	Other	Total
Cost:						
Balance at January 1, 2024	$	129,012	140,970	67,666	3,400	341,048
Effect of movements in exchange rates		71	-	-	-	71
Balance at June 30, 2024	$	**129,083**	**140,970**	**67,666**	**3,400**	**341,119**
Balance at January 1, 2023	$	102,022	140,970	67,666	3,400	314,058
Additions		4,588	-	-	-	4,588
Reclassification (note)		38	-	-	-	38
Effect of movements in exchange rates		(55)	-	-	-	(55)
Balance at June 30, 2023	$	**106,593**	**140,970**	**67,666**	**3,400**	**318,629**
Accumulated amortization and Impairment losses:						
Balance at January 1, 2024	$	85,426	140,970	67,162	-	293,558
Amortization for the period		7,185	-	302	-	7,487
Effect of movements in exchange rates		50	-	-	-	50
Balance at June 30, 2024	$	**92,661**	**140,970**	**67,464**	**-**	**301,095**
Balance at January 1, 2023	$	73,440	140,970	66,557	-	280,967
Amortization for the period		5,988	-	303	-	6,291
Effect of movements in exchange rates		(50)	-	-	-	(50)
Balance at June 30, 2023	$	**79,378**	**140,970**	**66,860**	**-**	**287,208**
Carrying value:						
Balance at January 1, 2024	$	**43,586**	**-**	**504**	**3,400**	**47,490**
Balance at June 30, 2024	$	**36,422**	**-**	**202**	**3,400**	**40,024**
Balance at January 1, 2023	$	**28,582**	**-**	**1,109**	**3,400**	**33,091**
Balance at June 30, 2023	$	**27,215**	**-**	**806**	**3,400**	**31,421**

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

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

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Costs of sales	$ 923	970	1,877	2,002
Operating expenses	2,815	2,140	5,610	4,289
Total	**$ 3,738**	**3,110**	**7,487**	**6,291**

As of June 30, 2024, and December 31, and June 30, 2023, the Group did not provide any intangible assets as collateral or restricted.

(j) Other financial assets

	June 30, 2024	December 31, 2023	June 30, 2023
Restricted deposits－non-current	**$ 1,527**	**51,752**	**51,747**

Please refer to note 8 for details of collateral.

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

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

	June 30, 2024	December 31, 2023	June 30, 2023
Prepaid expenses	$ 12,193	11,007	11,447
Prepayments	1,152	1,135	561
Offset against business tax payable	14,473	15,593	10,801
Prepayments for equipment	49,979	103,436	173,200
Refund of overpaid tax	3,895	1,766	4,161
	$ 81,692	**132,937**	**200,170**

	June 30, 2024	December 31, 2023	June 30, 2023
Current	$ 31,713	29,501	26,970
Non-current	49,979	103,436	173,200
	$ 81,692	**132,937**	**200,170**

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

(l) Long-term borrowings

The details for long-term borrowings were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank loans	$ 146,625	395,167	-
Less: current portion	-	(57,730)	-
Total	**$ 146,625**	**452,897**	**-**
Unused long-term credit lines	**$ 2,457,727**	**1,960,000**	**2,360,000**
Range of interest rates	**1.8%**	**1.8%**	**-**

A. Issuance and repayments

for the six months ended June 30, 2024 the Group had the additional long-term borrowings amounting to $150,000. The repayments amounted to $400,000.

B. Collateral

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

C. Government low-interest loan

In 2023, the Group acquired low-interest loan from "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" which host by Executive Yuan, R.O.C. (Taiwan). As of June 30, 2024 and December 31, 2023, the loan amount is $150,000 and $400,000; the loan is recognized and measured at market interest rates, the difference between the actual repayment preferential interest rate shall be handled according to government subsidy, please refer to Note 4(o).

As of June 30, 2024 and December 31, 2023, the balance of deferred assistance profits was $3,375 and $4,833, recognized as other current liabilities－other $695 and $1,850; long-term deferred revenue $2,680 and $2,983, respectively.

(m) Bonds payable

The details of unsecured convertible bonds were as follows:

	June 30, 2024
Total convertible corporate bonds issued	$ 1,000,000
Less: Unamortized discounted bonds payable	(57,164)
Issued bonds payable balance at year-end	**$ 942,836**
Embedded derivative – call rights, included in non-current financial assets at fair value through profit or loss	**$ 3,600**
Equity component – conversion options, included in capital surplus– stock options	**$ 219,337**

(Continued)

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

The original recognized effective interest rate of the aforementioned convertible bonds payable component is 2.02%. Please refer to Note 6(x) for the amount of recognized gains on embedded derivatives-redemption rights (included in gains on financial assets at fair value through profit or loss and interest expenses).

The Company issued the first domestic unsecured convertible bonds on May 31, 2024, with a total amount of $1,000,000 thousands. The main terms are as follows:

1. Total issuance: $1,000,000 thousand NTD
2. Issued price: issued at 116.37% of par value
3. Issue period: 3 years, expired date will be May 31, 2027
4. Interest rate: 0%
5. Conversion subject: common stock of the Company
6. Conversion price and its adjustment:

   The conversion price at the time of issuance is set at $886 per share. However, after the issuance, if one of the following conditions is met, the conversion price shall be adjusted according to the formula stipulated in the issuance terms:

   a. When an increase in the Company's issued or private offering shares of common stock. Except for various securities issued or private offering by the company that have conversion rights or options for exchange or new issued shares for employees' compensation.
   b. When the Company pays cash dividends of ordinary shares.
   c. When the Company re-issues or private offering various value securities with common stock conversion rights or stock options at a conversion or subscription price lower than the current price per share.
   d. When the reduction of the ordinary shares is not caused by capital reduction that is due to decrease in treasury stock.

   The conversion price on June 30, 2024 was $886 per share.

7. Conversion period:

   Started from the next day since the convertible bonds have issued for three months until the maturity date, except for following condition: (1) suspension period of the transfer of ordinary shares which according to law; (2) the period of before 15 business days of the date of the transfer suspension of stock dividend, cash dividends and cash capital increase subscription till interest distribute reference date.;(3) started from capital reduction reference date until the day before the share exchange trade date;(4) The period from the start date of the suspension of conversion/subscription of the stock change nominal value to the day before the trading day before the start of the exchange of new shares, may request the Company's stock agency to convert the convertible bonds into ordinary shares of the Company in accordance with these measures at any time.

8. The Company's redemption option:

(1) The conversion of the bonds from the next day of three months from the issuance day to 40 days before the expiry of the issue period, if the closing price of the Company's ordinary shares in 30 consecutive business days exceeds the current conversion price by 30% (inclusive) or more. In the case, the Company may redeem the circulating convertible bonds in cash at the bond nominal value.

(2) From the next day of three months from the issuance day to 40 days before the expiry of the issue period, when the circulating bonds is less than 10% of the original issuance total, the Company may recover the convertible bonds in cash with the nominal value of the bonds.

(n) Provisions

	Provisions for warrant
Balance at January 1, 2024	$ 6,850
Provisions made during the period	15,757
Provision used and reversed during the period	(6,850)
Balance at June 30, 2024	**$ 15,757**
Balance at January 1, 2023	$ 15,253
Provisions made during the period	9,145
Provision used and reversed during the period	(15,253)
Balance at June 30, 2023	**$ 9,145**

(o) Lease liabilities

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

	June 30, 2024	December 31, 2023	June 30, 2023
Current	**$ 14,134**	**9,699**	**8,304**
Non-current	**$ 71,793**	**61,239**	**52,708**

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

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

The amounts recognized in profit or loss were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Interests on lease liabilities	$ **300**	**179**	**504**	**347**
Expenses relating to short-term leases	$ **2,064**	**1,810**	**4,996**	**4,812**

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

	Six months ended June 30,	
	2024	**2023**
Total cash outflow for leases	$ **12,260**	**13,029**

(i) Land and buildings leases

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

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

(ii) Other leases

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

(p) Long-term deferred revenue

	June 30, 2024	**December 31, 2023**	**June 30, 2023**
Current	$ 695	1,850	-
Non-current	7,589	8,103	5,332
	$ **8,284**	**9,953**	**5,332**

In 2022, the Group received a subsidy of $5,968 for the construction of solar equipment, which was recognized as long-term deferred revenue and was amortized over the useful life of the equipment. The amounts of revenue recognized as of June 30, 2024, and December 31, and June 30, 2023, due to amortization of deferred revenue were $211, $425 and $213, respectively.

(Continued)

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

In 2023, the Group acquired low-interest loan from “ Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” which host by Executive Yuan, R.O.C. (Taiwan). The Group recognized as long-term deferred revenue. The amounts of revenue recognized as of June 30, 2024 and December 31, 2023, due to amortization of deferred revenue were $893 and $833, please refer to Note 4(x).

(q) Employee benefits

(i) Defined benefit plans

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

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Administration expenses	**$ 7**	**-**	**33**	**-**

(ii) Defined contribution plans

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

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

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

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Operating cost	$ 2,841	3,260	5,851	6,544
Selling expenses	1,746	1,598	3,290	3,378
Administration expenses	1,024	929	2,017	1,821
Research and development expenses	1,393	1,387	2,804	2,806
Total	**$ 7,004**	**7,174**	**13,962**	**14,549**

(iii) Short-term benefit obligation

As of June 30, 2024, and December 31, and June 30, 2023, the Group’s short-term benefit liabilities for paid leave were $22,029, $21,633 and $15,572, respectively, which were recognized as other payables in the consolidated balance sheets.

(Continued)

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

(r) Income taxes

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

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Current tax expense				
Current period	$ 45,861	33,702	90,997	62,928
Adjustment for prior periods	(2,970)	(1,335)	(2,970)	(1,199)
	42,891	32,367	88,027	61,729
Deferred tax benefit				
Origination and reversal of temporary differences	5,114	(6,260)	9,396	7,522
Income tax expense	**$ 48,005**	**26,107**	**97,423**	**69,251**
income tax recognized in other comprehensive income	$ -	-	-	-
ncome tax recognized in equity	$ -	-	-	-

The Company's tax returns for the years through 2022 were examined and approved by the ROC tax authorities.

(s) Capital and other equities

Except for the following disclosure there was no significant change in capital and other equity for the periods from January 1 to June 30, 2024 and 2023. For the related information, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2023.

(i) Ordianry shares

As of June 30, 2024, and December 31, and June 30, 2023, the authorized share capital of the Company was $1,000,000, $500,000 and $500,000, with a par value of $10 per share, included 34,769 thousand shares, 34,773 thousand shares and 34,534 thousand shares as of June 30, 2024, and December 31, and June 30, 2023, respectively. All issued shares were paid up upon issuance.

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

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

(ii) Cancellation of ordinary share

The Company's Board of Directors resolved the cancellation of restricted stocks issued to employees, totaling 6 thousand shares on February 22, 2023, 4 thousand shares on July 21, 2023, 4 thousand shares on November 8, 2023 and 7 thousand shares on March 6, 2024, respectively. The base dates for the capital decrease, as resolved by the Company's Board of Directors, were February 22, 2023, July 22, 2023, November 8, 2023 and March 6, 2024, respectively, and the registration procedures have been completed.

(iii) Capital surplus

The balances of capital surplus were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Additional paid-in capital	$ 1,700,604	1,700,604	1,674,029
Employee stock options	21,517	21,517	21,517
Employee stock options-expired	3,047	3,047	3,047
Restricted stock	262,610	263,986	94,320
Donation from shareholders	260	260	-
conversion option of convertible bonds	219,337	-	-
	$ 2,207,375	**1,989,414**	**1,792,913**

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

(iv) Retained Earning

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

1) pay income tax;

2) make up accumulated deficit;

3) retain 10% as legal reserve until the accumulated legal reserve equals the issued common stock;

4) appropriate of reverse a certain amount as special reverse according to the securities exchange act;

5) after 1~4 above, the remainder shall be distributed at the discretion of the board of directors and approved at the stockholders' meeting.

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

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

1) Legal reserve

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

2) Special reserve

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

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall

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

be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of June 30, 2024, and December 31, and June 30, 2023, the balance of special reserve amounted to $10,042, $5,058 and $5,058, respectively.

3) Earnings distribution

The following are the appropriations of earnings in 2023 and 2022 which were approved in the Board of Directors' meeting held on March 6, 2024 and February 22, 2023. These earnings were appropriated as follows:

	2023		2022	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 11.00	377,978	22.00	754,468

(v) Other equity interest

	Exchange differenses on foreign operations	Unearned stock-based Employee compensation	Total
Balance at January 1, 2024	$ (10,042)	(182,402)	(192,444)
Exchange differences on foreign operations	8,363	-	8,363
Unearned Stock-Based Employee compensation	-	64,636	64,636
Balance at June 30, 2024	**$ (1,679)**	**(117,766)**	**(119,445)**

	Exchange differenses on foreign operations	Unearned stock-based Employee compensation	Total
Balance at January 1, 2023	$ (5,059)	(74,432)	(79,491)
Exchange differences on foreign operations	(7,500)	-	(7,500)
Unearned Stock-Based Employee compensation		29,430	29,430
Balance at June 30, 2023	**$ (12,559)**	**(45,002)**	**(57,561)**

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

(t) Share-based payment

(i) Employee restricted stock awards

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

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

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

	Six months ended June 30, 2024	Six months ended June 30, 2023
	Number of restricted stock (in thousands)	**Number of restricted stock (in thousands)**
Outstanding at January 1	411	244
Exercised during the period	(4)	(4)
Outstanding at June 30	**407**	**240**

For the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, the Company incurred expenses were $31,716, $13,748, $63,225 and $27,818 for each of the restricted stock, respectively, which were recognized as operating costs and operating expenses.

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

(u) Earnings per share

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

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Basic earnings per share (expressed in New Taiwan dollars)				
Profit attributable to ordinary shareholders of the Company	$ **224,122**	**135,694**	**423,850**	**279,191**
Weighted average number of ordinary shares outstanding (shares in thousands)	**34,362**	**34,294**	**34,362**	**34,294**
Basic earnings per share	$ **6.52**	**3.96**	**12.33**	**8.14**
Diluted earnings per share (expressed in New Taiwan dollars)				
Profit attributable to ordinary shareholders of the Company (basic)	$ 224,122	135,694	423,850	279,191
Interest expense on convertible bonds, net of tax	1,268	-	1,268	-
Profit attributable to ordinary shareholders of the Company (diluted)	$ **225,390**	**135,694**	**425,118**	**279,191**
Weighted average number of ordinary shares outstanding (shares in thousands)	34,362	34,294	34,362	34,294
Effect of dilutive potential ordinary shares (shares in thousands)				
Effect of employee stock bonus	55	50	94	123
Effect of conversion of convertible bonds	385	-	192	-
Effect of employee restricted stock	225	156	212	145
Weighted average number of ordinary shares (diluted) (shares in thousands)	**35,027**	**34,500**	**34,860**	**34,562**
Diluted earnings per share	$ **6.43**	**3.94**	**12.20**	**8.08**

(Continued)

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

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Primary geographical markets:				
Taiwan	$ 267,822	297,662	533,027	464,015
America	467,607	274,579	875,216	427,546
China	432,179	272,880	696,551	699,315
Europe	6,031	4,479	6,996	10,332
Canada	7,613	974	12,336	3,172
Asia	74,414	166,034	204,618	420,432
	$ 1,255,666	**1,016,608**	**2,328,744**	**2,024,812**
Major products/services lines:				
Test Socket	$ 1,018,730	712,736	1,885,252	1,558,661
Contact Element	111,438	113,608	256,424	215,856
Probe Card	60,333	133,550	64,039	156,573
Other	65,165	56,714	123,029	93,722
	$ 1,255,666	**1,016,608**	**2,328,744**	**2,024,812**

(ii) Contract balances

	June 30, 2024	**December 31, 2023**	**June 30, 2023**
Notes receivable	$ 979	1,496	-
Accounts receivable	1,386,704	891,782	1,220,371
Less: loss allowance	(13,664)	(25,436)	(9,456)
	$ 1,374,019	**867,842**	**1,210,915**

	June 30, 2024	**December 31, 2023**	**June 30, 2023**
Contract liabilities-advance collections	$ 193	360	9,229
Contract liabilities-customer loyalty program	112,936	96,193	66,977
	$ 113,129	**96,553**	**76,206**

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

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

The amounts of revenue recognized for the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, that were included in the contract liability balance at the beginning of the each period were $44,718, $0, $53,190 and $3,621, respectively.

(w) Remunerations to employees and directors

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

For the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, the Company estimated its employee remuneration amounting to $30,188, $18,942, $58,026 and $39,103, and directors' remuneration amounting to $1,509, $(61), $2,901 and $1,955, respectively. The employee compensation and directors' remuneration were estimated as the income before tax, excluding the amount of employee compensation and directors' remuneration, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses. If there are any subsequent adjustments to the actual remuneration amounts, the adjustments will be accounted for as changes in accounting and will be reflected in profit or loss in the following year.

For the year ended December 31, 2023 and 2022, the remuneration to employees amounted to $30,376 and $141,512, and the remuneration to directors amounted to $3,038 and $6,000, respectively. The aforementioned approved amounts were the same as the amounts charged against the earnings in 2023 and 2022. Related information would be available at the Market Observation Post System website.

(x) Non-operating income and expenses

(i) Interest income

Details of interest income of the Group were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Interest income				
Bank deposits	$ 4,996	5,697	8,094	9,455
Others	6	27	15	35
	$ 5,002	**5,724**	**8,109**	**9,490**

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

(ii) Other gains and losses

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

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Foreign exchange gains (losses)	$ 2,569	(10,718)	22,681	(12,292)
Gains on financial assets at fair value through profit or loss	1,700	207	1,950	243
Gains on disposals of property, plant and equipment	-	181	157	365
Government grants	1,399	8	5,129	803
Others	1,353	283	3,113	645
	$ 7,021	**(10,039)**	**33,030**	**(10,236)**

(iii) Finance costs

Details of finance costs of the Group were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Interest expenses				
Bank loans	$ 887	-	2,885	-
Lease liabilities	300	179	504	347
Amortization of discount on bonds payable	1,584	-	1,584	-
	$ 2,771	**179**	**4,973**	**347**

(y) Financial Instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2023.

(i) Credit risk

1) Credit risk exposure

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

2) Concentration to credit risk

The customers of the Group has a significant concentration on electronics industry. To reduce the credit risk, the Group regularly evaluates the collectability of accounts receivable and notes receivable. As of June 30, 2024, and December 31, and June 30, 2023, the Group does not have a significant concentration of credit risk.

3) Credit risk of receivables and debt instruments

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

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

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

	June 30, 2024		
	At amortized cost		
	12-month ECL	**Lifetime ECL-not credit-impaired**	**Lifetime ECL-credit-impaired**
Other receivables	$ 1,970	-	-
Refundable deposits	5,145	-	-
Other financial assets	1,527	-	-
Loss allowance	-	-	-
Amortized cost	**$ 8,642**	**-**	**-**
Carrying amount	**$ 8,642**	**-**	**-**

	December 31, 2023		
	At amortized cost		
	12-month ECL	**Lifetime ECL-not credit-impaired**	**Lifetime ECL-credit-impaired**
Other receivables	$ 580	-	-
Refundable deposits	5,257	-	-
Other financial assets	51,752	-	-
Loss allowance	-	-	-
Amortized cost	**$ 57,589**	**-**	**-**
Carrying amount	**$ 57,589**	**-**	**-**

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

	June 30, 2023		
	At amortized cost		
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired
Other receivables	$ 459	-	3,609
Refundable deposits	5,192	-	-
Other financial assets	51,747	-	-
Loss allowance	-	-	(3,609)
Amortized cost	$ 57,398	-	-
Carrying amount	$ 57,398	-	-

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

	For the six months ended June 30, 2023			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
Balance at January 1, 2023 (equal to balance at June 30, 2023)	$ -	-	3,609	3,609

(ii) Liquidity Risk

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

	Carrying amount	Contracted cash flows	Due within 6 months	Due in 6-12 months	Due in 1~2 years	Due in 2~5 years	Over 5 years
June 30, 2024							
Non-derivative financial liabilities							
Notes and accounts payable (non-interest-bearing)	$ 679,559	679,559	679,559	-	-	-	-
Other payables (non-interest-bearing)	782,849	782,849	782,849	-	-	-	-
Bonds payable (fix interest rate)	942,836	1,000,000	-	-	1,000,000	-	-
Long-term borrowings (including due within one year) (floating rate)	146,625	159,181	975	975	1,950	92,070	63,211
Lease liabilities (included due within one year) (fix interest rate)	85,927	97,970	7,490	7,710	14,832	21,287	46,651
Guarantee deposits(non-interest-bearing)	150	150	150	-	-	-	-
	$ 2,637,946	2,719,709	1,471,023	8,685	1,016,782	113,357	109,862
December 31, 2023							
Non-derivative financial liabilities							
Notes and accounts payable (non-interest-bearing)	$ 429,878	429,878	429,878	-	-	-	-
Other payables (non-interest-bearing)	281,387	281,387	281,387	-	-	-	-
Long-term borrowings (including due within one year) (floating rate)	395,167	412,924	14,838	47,888	102,332	247,866	-
Lease liabilities (included due within one year) (fix interest rate)	70,938	84,045	5,642	4,865	9,771	10,273	53,494
	$ 1,177,370	1,208,234	731,745	52,753	112,103	258,139	53,494

(Continued)

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

June 30, 2023		Carrying amount	Contracted cash flows	Due within 6 months	Due in 6-12 months	Due in 1~2 years	Due in 2~5 years	Over 5 years
Non-derivative financial liabilities								
Notes and accounts payable (non-interest-bearing)	$	477,760	477,760	477,760	-	-	-	-
Other payables (non-interest-bearing)		1,162,509	1,162,509	1,162,509	-	-	-	-
Lease liabilities (included due within one year) (fix interest rate)		61,012	74,142	6,173	2,797	4,164	6,819	54,189
Guarantee deposits(non-interest-bearing)		200	200	200	-	-	-	-
	$	1,701,481	1,714,611	1,646,642	2,797	4,164	6,819	54,189

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

(iii) Market risk

1) Currency risk

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

		June 30, 2024			December 31, 2023			June 30, 2023		
		Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets										
Monetary items										
USD	$	39,177	32.450	1,271,285	25,817	30.705	792,717	30,819	31.140	959,709
JPY		267,384	0.2017	53,931	185,176	0.2172	40,220	700,059	0.2150	150,513
Financial liabilities										
Monetary items										
USD		26,535	32.450	861,065	16,682	30.705	512,217	18,790	31.140	585,118
JPY		228,956	0.2017	46,180	260,131	0.2172	56,501	79,938	0.2150	17,187

The foreign currency risk mainly arose from the translation of cash and cash equivalents, accounts receivable other receivables, accounts payable, and other payables. As of June 30, 2024 and 2023, if the exchange rate of TWD versus USD and JPY had increased or decreased by 1%, given no changes in other factors, profit after tax would have increased or decreased by $3,344 and $4,063, for the six months ended June 30, 2024 and 2023, respectively. The method of analysis remains the same as 2023.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to $2,569, $(10,718), $22,681 and $(12,292), respectively.

(iv) Interest rate analysis

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

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

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

If the interest rate had increased or decreased by 0.1%, the net profit after tax would have increased or decreased by $59, for the six months ended June 30, 2024 which would be mainly resulted from the borrowings with variable interest rates.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy are stated below; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilites, disclosure of fair value information is not required:

	June 30, 2024				
	Book	Fair Value			
	Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Call right of convertible bond	$ 3,600	-	3,600	-	3,600
Financial assets measured at amortized cost					
Cash and cash equivalents	1,439,666	-	-	-	-
Domestic-time deposits	643,700	-	-	-	-
Notes and accounts receivables	1,374,019	-	-	-	-
Other receivables	1,970	-	-	-	-
Other financial assets	1,527	-	-	-	-
Refundable deposits	5,145	-	-	-	-
subtotal	3,466,027	-	-	-	-
Total	**$ 3,469,627**				
Financial liabilities measured at amortized cost					
Borrowings from bank	$ 146,625	-	-	-	-
Notes and accounts payables	679,559	-	-	-	-
Other payables	782,849	-	-	-	-
Lease liabilities	85,927	-	-	-	-
Bonds payable	942,836	-	945,100	-	945,100
Guarantee deposits	150	-	-	-	-
Total	**$ 2,637,946**				

(Continued)

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

	December 31, 2023				
	Book Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Open fund	$ 80,187	80,187	-	-	80,187
Financial assets measured at amortized cost					
Cash and cash equivalents	639,467	-	-	-	-
Domestic-time deposits	179,700	-	-	-	-
Notes and accounts receivables	867,842	-	-	-	-
Other receivables	580	-	-	-	-
Other financial assets	51,752	-	-	-	-
Refundable deposits	5,257	-	-	-	-
subtotal	1,744,598	-	-	-	-
Total	**$ 1,824,785**				
Financial liabilities measured at amortized cost					
Borrowings from bank	$ 395,167	-	-	-	-
Accounts payables	429,878	-	-	-	-
Other payables	281,387	-	-	-	-
Lease liabilities	70,938	-	-	-	-
Total	**$ 1,177,370**				

	June 30, 2023				
	Book Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 1,124,261	-	-	-	-
Domestic-time deposits	29,700	-	-	-	-
Notes and accounts receivables	1,210,915	-	-	-	-
Other receivables	459	-	-	-	-
Other financial assets	51,747	-	-	-	-
Refundable deposits	5,192	-	-	-	-
Total	**$ 2,422,274**				
Financial liabilities measured at amortized cost					
Accounts payables	$ 477,760	-	-	-	-
Other payables	1,162,509	-	-	-	-
Lease liabilities	61,012	-	-	-	-
Guarantee deposits	200	-	-	-	-
Total	**$ 1,701,481**				

(Continued)

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

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

a) Financial assets measured at amortized cost

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

b) Financial assets and financial liabilities measured at amortized cost

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

2) Valuation techniques of financial instruments measured at fair value

Non-derivative financial instruments

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

If a quoted price of a financial instrument can be obtained readily and regularly from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities, and such price can reflect those actual trading and regularly occurring in the market. Then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

(z) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(y) of the consolidated financial statements for the year ended December 31, 2023.

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

(aa) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2023. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to note 6(z) of the consolidated financial statements for the year ended December 31, 2023 for further details.

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

Reconciliation of liabilities arising from financing activities was as follows:

			Non-Cash changes						
	January 1, 2024	Cash flows	Foreign exchange movement	Changes in lease payments	Changes in defferred revenue	Increase in right-of-use assets	Amortization of discount on bonds payable	Others	June 30, 2024
Long-term borrowings (including due within one year)	$ 395,167	(250,000)	-	-	1,458	-	-	-	146,625
Lease liabilities	70,938	(6,831)	330	(5,375)	-	26,865	-	-	85,927
Bonds payable	-	1,158,689	-	-	-	-	1,584	(217,437)	942,836
Total liabilies from financing activities	**$ 466,105**	**901,858**	**330**	**(5,375)**	**1,458**	**26,865**	**1,584**	**(217,437)**	**1,175,388**

			Non-Cash changes			
	January 1, 2023	**Cash flows**	**Foreign exchange movement**	**Changes in lease payments**	**Others**	**June 30, 2023**
Lease liabilities	$ 61,041	(7,130)	(270)	7,371	-	61,012
Total liabilies from financing activities	**$ 61,041**	**(7,130)**	**(270)**	**7,371**	**-**	**61,012**

(7) Related-party transactions:

(a) Names and relationship with related parties

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

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

(b) Significant related party transactions

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

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

(c) Key management personnel compensation

Key management personnel compensation comprised:

	Three months ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Short-term employee benefits	$ 14,929	10,203	38,472	28,028
Post-employment benefits	81	54	162	108
	$ 15,010	**10,257**	**38,634**	**28,136**

(8) Assets pledged as security:

The carrying amounts of assets pledged as security were follows:

Assets pledged as security	Liabilities secured by pledge	June 30, 2024	December 31, 2023	June 30, 2023
Other financial assets-non-current–demand deposits	Guarantee for customs duty	$ 1,527	1,522	1,517
Other financial assets-non-current–time deposits	Construction of plant	-	50,230	50,230
Property, plant, and equipment	Bank borrowings	128,428	129,750	130,533
		$ 129,955	**181,502**	**182,280**

(9) Significant commitments and contingencies:

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

In addition, MPI filed an additional lawsuit and a petition to stop the trial in December 2020, and raised the claim amount to $158,910. The Group agreed to stop the trial from March 2022 to November 21, 2022. As of July 31, 2024, after the renewal of MPI's petition for continuation of the above-mentioned lawsuit, and it is not yet possible to determine the probable final outcome of the above-mentioned lawsuit.

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

(b) As of June 30, 2024, and December 31, and June 30, 2023, significant outstanding purchase commitments for construction in progress, property, plant and equipment the amounts of $35,757, $113,135 and $438,406.

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

(10) Losses Due to Major Disasters: none

(11) Significant Subsequent Events: none

(12) Other:

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

	Three months ended June 30,					
By function	**2024**			**2023**		
By item	**Cost of sales**	**Operating expenses**	**Total**	**Cost of sales**	**Operating expenses**	**Total**
Employee benefits						
Salary	129,091	171,742	300,833	92,187	108,939	201,126
Labor and health insurance	9,618	9,947	19,565	10,198	9,636	19,834
Pension	2,841	4,170	7,011	3,260	3,914	7,174
Remuneration of directors	-	1,549	1,549	-	(37)	(37)
Others	6,291	5,329	11,620	5,885	4,383	10,268
Depreciation	40,010	14,553	54,563	20,446	6,188	26,634
Amortization	923	2,815	3,738	969	2,141	3,110

	Six months ended June 30,					
By function	**2024**			**2023**		
By item	**Cost of sales**	**Operating expenses**	**Total**	**Cost of sales**	**Operating expenses**	**Total**
Employee benefits						
Salary	254,414	329,474	583,888	188,806	232,556	421,362
Labor and health insurance	19,155	19,148	38,303	21,061	18,716	39,777
Pension	5,851	8,144	13,995	6,544	8,005	14,549
Remuneration of directors	-	2,973	2,973	-	2,027	2,027
Others	12,214	10,042	22,256	11,424	8,963	20,387
Depreciation	76,864	28,569	105,433	41,123	12,131	53,254
Amortization	1,877	5,610	7,487	2,001	4,290	6,291

(b) Seasonality of operations

The Group’s operations were not affected by seasonality or cyclicality factors.

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

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the six months ended June 30, 2024.

(i) Lending to other parties:

Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 2)	Note
												Item	Value			
The Company	WINWAY TECHNOLOGY INTERNATIONAL INC.	Other receivables-related parties	Yes	16,225	16,225	-	2.867 %	(Note 1)	-	Operating requirements	-	-	-	765,246	1,530,492	(Note 3)

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

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

Note 3: It was eliminated in the consolidation.

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of June 30, 2024 (excluding investment in subsidiaries, associates and joint ventures): None

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

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount	Note
The Company	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss	-	-	5,751,289.15	80,187	1,431,116.78	20,000	7,182,405.93	100,437	100,000	437	-	-	-

(Continued)

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Hsinchu Tai-Yuan presold offices	January 27, 2021	279,113	279,113	WEN SHENG DEVELOPMENT CO., LTD.	Non-related party	-	-	-	-	Bidding	Plant expansion	

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	WINWAY TECHNOLOGY (SUZHOU) LTD.	Subsidiary	Sale	537,239	24.20 %	150 Days	(Note 1)	The main customers are 60 to 120 days	468,219	33.67 %	(Note)
WINWAY TECHNOLOGY (SUZHOU) LTD.	The Company	Parent Company	Purchase	537,239	92.70 %	150 Days	(Note 1)	The main suppliers are 60 to 120 days	468,219	95.98 %	(Note)

Note : It was eliminated in the consolidation.

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

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

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

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	Note
					Amount	Action taken			
The Company	WINWAY TECHNOLOGY (SUZHOU) LTD.	Subsidiary	Accounts receivable $468,219	289.43 %	-	-	Accounts receivable $62,607	-	(Note)

Note : It was eliminated in the consolidation.

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship (Note)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	WINWAY TECHNOLOGY INTERNATIONAL INC.	1	Other payable	9,788	Commissions are not comparable with similar transactions.	0.15 %
				Sales expenses	51,836		2.23 %
				Accounts payable	8		0.00 %
0	The Company	WINWAY TECHNOLOGY (SUZHOU) LTD.	1	Accounts receivable	468,219	Selling price offered could not be compared to those offered to third-party customers; the collection terms are 150 days; the payment terms are 60 days; were not significantly different from those with third-party customers.	6.99 %
				Accounts payable	6,735		0.10 %
				Other payables	482		0.01 %
				Sales revenue	537,239		23.07 %
				Cost of goods sold	6,641		0.29 %
				Sales expenses	1,058		0.05 %

Note : No. 1 represents transactions from parent company to subsidiaries.
No. 2 represents transactions from subsidiaries to parent company.
No. 3 represents transactions between subsidiaries.

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

(b) Information on investments:

The following is the information on investees for the six months ended June 30, 2024 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
The Company	WINWAY INTERNATIONAL CO., LTD.	SAMOA	Investment holding	204,599	204,599	6,580,000	100 %	223,949	6,956	6,956	Subsidiary (Note)
The Company	WINWAY TECHNOLOGY INTERNATIONAL INC.	America	Sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	73,785	73,785	241,934	100 %	33,744	18,067	18,067	Subsidiary (Note)

Note : It was eliminated in the consolidation.

(c) Information on investment in mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated remittance from Taiwan as of January 1, 2024	Investment flows		Accumulated remittance from Taiwan as of June 30, 2024	Net income (Losses) of investee (Note2)	Indirect investment holding percentage	Share of profit/losses of investee	Book value (Note)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
WINWAY TECHNOLOGY (SUZHOU) LTD.	Process and sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	204,599	Indirect investment in Mainland China through an existing company registered in the third country.	204,599	-	-	204,599	6,956	100%	6,956	277,140	-

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

(ii) Limitation on investment in Mainland China:

Accumulated remittance from Taiwan to China as of June 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on investment in Mainland China set by Investment Commission, Ministry of Economic Affairs
204,599 (USD6,580,000)	213,521 (USD6,580,000)	2,295,739

Note : It was eliminated in the consolidation.

Note 1: The amounts denominated in foreign currencies were translated using the rate of exchange at June 30, 2024.

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

(iii) Significant transactions:

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

(d) Major shareholders:

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

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

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

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

(14) Segment information:

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