

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

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

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 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
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report Review	3
4. Consolidated Balance Sheets	4
5. Consolidated Statement of Comprehensive Income	5
6. Consolidated Statement of Changes in Equity	6
7. Consolidated Statement of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of material accounting policies	10~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11
(6) Explanation of significant accounts	12~37
(7) Related-party transactions	37
(8) Assets pledged as security	38
(9) Significant commitments and contingencies	38
(10) Losses Due to Major Disasters	38
(11) Significant Subsequent Events	38
(12) Other	39
(13) Other disclosures	
(a) Information on significant transactions	40~42
(b) Information on investments	43
(c) Information on investment in mainland China	43~44
(d) Major shareholders	44
(14) Segment information	45



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

3

## 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 March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 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 March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 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)  
May 8, 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****March 31, 2024, December 31, 2023, and March 31, 2023****(Expressed in Thousands of New Taiwan Dollars)**

Assets	March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Current assets:</b>							<b>Current liabilities:</b>						
Cash and cash equivalents (note 6(a))	\$ 564,153	11	639,467	13	1,478,210	28	Current contract liabilities (note 6(u))	\$ 138,329	3	96,553	2	55,593	1
Current financial assets at fair value through profit or loss (note 6(b))	-	-	80,187	2	100,036	2	Accounts payable	515,107	10	429,878	9	618,060	12
Financial assets measured at amortized cost (note 6(c))	609,700	11	179,700	4	29,700	-	Other payables (note 6(p))	707,069	13	281,387	6	1,160,892	22
Notes receivable, net (notes 6(d)(u))	1,843	-	1,496	-	426	-	Current provisions (note 6(m))	12,936	-	6,850	-	7,499	-
Accounts receivable, net (notes 6(d)(u))	1,050,621	19	866,346	18	989,482	19	Currenc lease liabilities (note 6(n))	8,508	-	9,699	-	10,782	-
Other receivables (note 6(e))	1,324	-	580	-	2,186	-	Current tax liabilities	138,135	3	95,353	2	318,001	6
Current tax assets	1,369	-	1,343	-	-	-	Current deferred revenue (note 6(l)(o))	1,929	-	1,850	-	-	-
Inventories, net (note 6(f))	606,796	11	577,903	12	698,107	13	Long-term borrowing, current portion (notes 6(l) and 8)	59,966	1	57,730	1	-	-
Other current assets (note 6(k))	32,101	1	29,501	1	39,114	1	<b>Total current liabilities</b>	1,581,979	30	979,300	20	2,170,827	41
Other current financial assets (notes 6(j) and 8)	50,813	1	-	-	-	-	<b>Non-Current liabilities:</b>						
<b>Total current assets</b>	2,918,720	54	2,376,523	50	3,337,261	63	Long-term borrowings (notes 6(l) and 8)	363,481	7	337,437	7	-	-
<b>Non-current assets:</b>							Deferred tax liabilities	4,708	-	-	-	1,293	-
Property, plant and equipment (notes 6(g) and 8)	2,118,392	40	2,108,761	43	1,577,094	29	Non-current lease liabilities (note 6(n))	53,767	1	61,239	1	53,478	1
Right-of-use assets (note 6(h))	101,279	2	109,989	2	104,692	2	Long-term deferred revenue (notes 6(l)(o))	9,639	-	8,103	-	5,438	-
Intangible assets (note 6(i))	43,755	1	47,490	1	34,412	1	Other non-current liabilities, others	-	-	-	-	200	-
Deferred tax assets (note 6(q))	70,633	1	72,305	1	55,648	1	<b>Total non-current liabilities</b>	431,595	8	406,779	8	60,409	1
Refundable deposits	5,297	-	5,257	-	7,548	-	<b>Total liabilities</b>	2,013,574	38	1,386,079	28	2,231,236	42
Other non-current financial assets (notes 6(j) and 8)	1,522	-	51,752	1	51,743	1	<b>Equity attributable to owners of parent (notes 6(r)(s)(t)):</b>						
Other non-current assets (note 6(k))	102,290	2	103,436	2	163,038	3	Capital stock	347,691	6	347,726	7	345,380	6
<b>Total non-current assets</b>	2,443,168	46	2,498,990	50	1,994,175	37	Capital surplus	1,988,038	37	1,989,414	41	1,794,485	34
							Retained earnings	1,166,488	22	1,344,738	28	1,024,197	19
							Other equity	(153,903)	(3)	(192,444)	(4)	(63,862)	(1)
							<b>Total equity</b>	3,348,314	62	3,489,434	72	3,100,200	58
<b>Total assets</b>	<b>\$ 5,361,888</b>	<b>100</b>	<b>4,875,513</b>	<b>100</b>	<b>5,331,436</b>	<b>100</b>	<b>Total liabilities and equity</b>	<b>\$ 5,361,888</b>	<b>100</b>	<b>4,875,513</b>	<b>100</b>	<b>5,331,436</b>	<b>100</b>

See accompanying notes to financial statements.

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

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES****Consolidated Statement of Comprehensive Income****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)**

	For the three months ended March 31,			
	2024		2023	
	Amount	%	Amount	%
<b>Operating revenue (notes 6(u) and 14)</b>	\$ 1,073,078	100	1,008,204	100
<b>Operating costs (notes 6(f)(i)(m)(n)(p)(s)(v) and 12)</b>	607,885	57	627,809	62
<b>Gross profit</b>	465,193	43	380,395	38
<b>Operating expenses (notes 6(d)(i)(n)(p)(s)(v), 7 and 12):</b>				
Selling expenses	99,197	9	90,987	9
General and administrative expenses	78,009	7	51,375	5
Research and development expenses	78,514	7	63,750	6
Expected credit impairment gain and losses	(12,759)	(1)	(8,957)	(1)
<b>Total operating expenses</b>	242,961	22	197,155	19
<b>Net operating income</b>	222,232	21	183,240	19
<b>Non-operating income and expenses (notes 6(b)(c)(l)(o)(w)):</b>				
Interest income	3,107	-	3,766	-
Other gains and losses	26,009	2	(197)	-
Finance costs (note 6(n))	(2,202)	-	(168)	-
<b>Total non-operating income and expenses</b>	26,914	2	3,401	-
<b>Profit before income tax</b>	249,146	23	186,641	19
<b>Income tax expenses (note 6(q))</b>	49,418	5	43,144	4
<b>Profit</b>	199,728	18	143,497	15
<b>Other comprehensive income (note 6(q)):</b>				
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
Exchange differences on translation of foreign financial statements	5,621	1	1,289	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(q))	-	-	-	-
<b>Other comprehensive income</b>	5,621	1	1,289	-
<b>Comprehensive income</b>	<u>\$ 205,349</u>	<u>19</u>	<u>144,786</u>	<u>15</u>
<b>Earnings per share (note 6(t)):</b>				
<b>Basic earnings per share (in New Taiwan Dollars)</b>	<u>\$ 5.81</u>		<u>4.18</u>	
<b>Diluted earnings per share (in New Taiwan Dollars)</b>	<u>\$ 5.77</u>		<u>4.14</u>	

See accompanying notes to financial statements.

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

**WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES****Consolidated Statement of Changes in Equity****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent						Total other equity interest		
	Retained earnings					Exchange differences	Unearned stock-		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	on translation of foreign financial statements	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	-	-	-	-	143,497	143,497	-	-	143,497
Other comprehensive income	-	-	-	-	-	-	1,289	-	1,289
Total comprehensive income	-	-	-	-	143,497	143,497	1,289	-	144,786
Appropriation and distribution of retained earnings:									
Cash dividends of ordinary share	-	-	-	-	(754,468)	(754,468)	-	-	(754,468)
Restricted Stock Awards compensation cost	-	-	-	-	-	-	-	14,340	14,340
Balance at March 31, 2023	\$ 345,380	1,794,485	221,962	10,315	791,920	1,024,197	(3,770)	(60,092)	3,100,200
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	-	-	-	-	199,728	199,728	-	-	199,728
Other comprehensive income	-	-	-	-	-	-	5,621	-	5,621
Total comprehensive income	-	-	-	-	199,728	199,728	5,621	-	205,349
Appropriation and distribution of retained earnings:									
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)	-	-	-	-	-	32,920	31,509
Balance at March 31, 2024	\$ 347,691	1,988,038	331,985	5,058	829,445	1,166,488	(4,421)	(149,482)	3,348,314

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 months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Profit before income tax	\$ 249,146	186,641
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expenses	50,870	26,620
Amortization expenses	3,749	3,181
Expected credit impairment gains	(12,759)	(8,957)
Gains on financial assets at fair value through profit or loss	(250)	(36)
Interest expenses	2,202	168
Interest income	(3,107)	(3,766)
Share-based payment transactions	31,509	14,340
Losses (gains) on disposal of property, plant and equipment	(157)	(184)
Unrealized foreign exchange gain	(5,466)	(4,806)
<b>Total adjustments to reconcile profit</b>	<b>66,591</b>	<b>26,560</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
(Increase) decrease in notes receivable	(316)	6,655
(Increase) decrease in accounts receivable	(166,678)	628,778
Increase in other receivables	(606)	(650)
(Increase) decrease in inventories	(26,788)	73,574
(Increase) decrease in other current assets	(2,422)	5,405
<b>Total changes in operating assets</b>	<b>(196,810)</b>	<b>713,762</b>
<b>Changes in operating liabilities:</b>		
Increase in contract liabilities	41,762	656
Increase (decrease) in accounts payable	84,871	(408,788)
Increase (decrease) in other payables	69,705	(147,423)
Increase (decrease) in current provisions	6,086	(7,754)
Decrease in long-term deferred revenue	(105)	(107)
<b>Total changes in operating liabilities</b>	<b>202,319</b>	<b>(563,416)</b>
<b>Total changes in operating assets and liabilities</b>	<b>5,509</b>	<b>150,346</b>
<b>Total adjustments</b>	<b>72,100</b>	<b>176,906</b>
Cash inflow generated from operations	321,246	363,547
Interest received	2,969	2,875
Interest paid	(2,207)	(168)
Income taxes paid	(257)	(8,224)
<b>Net cash flows from operating activities</b>	<b>321,751</b>	<b>358,030</b>
<b>Cash flows from (used in) investing activities:</b>		
Increase in financial assets at amortized cost	(430,000)	-
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	-
Acquisition of property, plant and equipment	(54,628)	(215,949)
Proceeds from disposal of property, plant and equipment	263	1,243
(Increase) decrease in refundable deposits	10	(63)
Acquisition of intangible assets	-	(4,500)
Increase in other financial assets	(583)	(99)
Increase in prepayments for equipment	(22,046)	(61,063)
<b>Net cash flows used in investing activities</b>	<b>(426,547)</b>	<b>(380,431)</b>
<b>Cash flows from (used in) financing activities:</b>		
Proceeds from long-term borrowings	150,000	-
Repayments of long-term borrowings	(120,000)	-
Payments of lease liabilities	(3,387)	(3,797)
<b>Net cash flows from (used in) financing activities</b>	<b>26,613</b>	<b>(3,797)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>2,869</b>	<b>319</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(75,314)</b>	<b>(25,879)</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>639,467</b>	<b>1,504,089</b>
<b>Cash and cash equivalents at the end of period</b>	<b>\$ 564,153</b>	<b>1,478,210</b>

See accompanying notes to financial statements.



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

## WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Unless otherwise specified)

#### (1) Company history:

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

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

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

The consolidated financial statements were authorized for issuance by the Board of Directors on May 8, 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 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.	January 1, 2027

(Continued)

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>	January 1, 2027

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”

(Continued)

## WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

#### (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
			March 31, 2024	December 31, 2023	March 31, 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.

##### (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;

(Continued)

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

- (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) **Income taxes**

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

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.

(Continued)

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

**(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**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Cash and cash on hand	\$ 291	326	326
Demand deposits	432,095	558,519	995,063
Check deposits	-	-	121
Time deposits	32,000	30,705	482,700
Cash equivalents	<u>99,767</u>	<u>49,917</u>	<u>-</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 564,153</u></u>	<u><u>639,467</u></u>	<u><u>1,478,210</u></u>

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

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Financial assets mandatorily measured at fair value through profit or loss—current:			
Open-end mutual funds	<u>\$ -</u>	<u>80,187</u>	<u>100,036</u>

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

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**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Domestic time deposits	<u>\$ 609,700</u>	<u>179,700</u>	<u>29,700</u>

(Continued)

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

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

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

(d) Notes and accounts receivable

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Notes receivable from operating activities	\$ 1,843	1,496	426
Accounts receivable—measured as amortized cost	1,063,446	891,782	1,000,989
Less: Loss allowance	(12,825)	(25,436)	(11,507)
	<b><u>\$ 1,052,464</u></b>	<b><u>867,842</u></b>	<b><u>989,908</u></b>

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

	<b>March 31, 2024</b>		
	<b>Gross carrying amount—notes receivable and accounts receivable from operating activities</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
Current	\$ 1,019,636	0.15 %	1,530
1 to 30 days past due	14,656	1.81 %	266
31 to 60 days past due	7,583	9.15 %	694
61 to 90 days past due	6,112	3.89 %	238
91 to 180 days past due	2,058	17.98 %	370
181 to 365 days past due	14,733	62.55 %	9,216
More than 365 days past due	511	100.00 %	511
	<b><u>\$ 1,065,289</u></b>		<b><u>12,825</u></b>

(Continued)

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

	<b>December 31, 2023</b>		
	<b>Gross carrying amount—notes receivable and accounts receivable from operating activities</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
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
	<b>\$ 893,278</b>		<b>25,436</b>
	<b>March 31, 2023</b>		
	<b>Gross carrying amount—notes receivable and accounts receivable from operating activities</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance</b>
Current	\$ 818,936	0.17 %	1,357
1 to 30 days past due	78,576	1.27 %	1,000
31 to 60 days past due	37,049	5.84 %	2,165
61 to 90 days past due	31,364	6.08 %	1,907
91 to 180 days past due	30,613	9.10 %	2,786
181 to 365 days past due	4,580	43.56 %	1,995
More than 365 days past due	297	100.00 %	297
	<b>\$ 1,001,415</b>		<b>11,507</b>

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

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 25,436	20,415
Impairment losses reversed	(12,759)	(8,957)
Effects of changes in foreign exchange rates	148	49
Balance at March 31	<b>\$ 12,825</b>	<b>11,507</b>

(Continued)



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

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

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

(e) Other receivables

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Other receivables	\$ 1,324	580	5,795
Less: Loss allowance	-	-	(3,609)
	<u><b>\$ 1,324</b></u>	<u><b>580</b></u>	<u><b>2,186</b></u>

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

(f) Inventories

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Raw materials and supplies	\$ 339,943	297,922	447,737
Work in progress	183,273	192,433	180,033
Finished goods	83,580	87,548	70,337
	<u><b>\$ 606,796</b></u>	<u><b>577,903</b></u>	<u><b>698,107</b></u>

The details of the cost of sales were as follows:

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Recognized as operating costs and expenses	\$ 636,551	587,360
(Reversal of write-downs) write-down of inventories	(52,829)	19,399
Loss on scrap	1,697	-
Income from sale of scrap and wastes	-	(145)
Others	22,466	21,195
	<u><b>\$ 607,885</b></u>	<u><b>627,809</b></u>

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

(Continued)

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

(g) Property, plant and equipment

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

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost or deemed cost:					
Balance at January 1, 2024	\$ 1,041,013	749,873	318,733	579,741	2,689,360
Additions	6,127	2,260	4,585	19,141	32,113
Disposal	(138)	-	(7,101)	-	(7,239)
Reclassifications (note)	312,544	14,348	8,845	(312,544)	23,193
Effect of movements in exchange rates	26	2,538	1,089	-	3,653
Balance at March 31, 2024	<u>\$ 1,359,572</u>	<u>769,019</u>	<u>326,151</u>	<u>286,338</u>	<u>2,741,080</u>
Balance at January 1, 2023	\$ 218,029	586,072	302,196	797,660	1,903,957
Additions	980	1,927	2,479	221,495	226,881
Disposal	-	(5,463)	-	-	(5,463)
Reclassification (note)	-	720	1,813	-	2,533
Effect of movements in exchange rates	(4)	624	214	-	834
Balance at March 31, 2023	<u>\$ 219,005</u>	<u>583,880</u>	<u>306,702</u>	<u>1,019,155</u>	<u>2,128,742</u>
Accumulated depreciation:					
Balance at January 1, 2024	\$ 86,616	304,624	189,359	-	580,599
Depreciation	19,436	17,069	10,934	-	47,439
Disposal	(138)	-	(6,995)	-	(7,133)
Effect of movements in exchange rates	26	952	805	-	1,783
Balance at March 31, 2024	<u>\$ 105,940</u>	<u>322,645</u>	<u>194,103</u>	<u>-</u>	<u>622,688</u>
Balance at January 1, 2023	\$ 87,084	259,951	185,972	-	533,007
Depreciation	1,273	12,673	8,832	-	22,778
Disposal	-	(4,404)	-	-	(4,404)
Effect of movements in exchange rates	(5)	166	106	-	267
Balance at March 31, 2023	<u>\$ 88,352</u>	<u>268,386</u>	<u>194,910</u>	<u>-</u>	<u>551,648</u>
Carrying amounts:					
Balance at January 1, 2024	<u>\$ 954,397</u>	<u>445,249</u>	<u>129,374</u>	<u>579,741</u>	<u>2,108,761</u>
Balance at March 31, 2024	<u>\$ 1,253,632</u>	<u>446,374</u>	<u>132,048</u>	<u>286,338</u>	<u>2,118,392</u>
Balance at January 1, 2023	<u>\$ 130,945</u>	<u>326,121</u>	<u>116,224</u>	<u>797,660</u>	<u>1,370,950</u>
Balance at March 31, 2023	<u>\$ 130,653</u>	<u>315,494</u>	<u>111,792</u>	<u>1,019,155</u>	<u>1,577,094</u>

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

As of March 31, 2024, and December 31, and March 31, 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.

(Continued)

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

(h) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost :			
Balance at January 1, 2024	\$ 92,818	96,889	189,707
Write-off	(1,849)	(3,526)	(5,375)
Effect of movements in exchange rates	-	648	648
Balance at March 31, 2024	<u>\$ 90,969</u>	<u>94,011</u>	<u>184,980</u>
Balance at January 1, 2023	\$ 92,818	73,549	166,367
Additions	-	6,995	6,995
Effect of movements in exchange rates	-	132	132
Balance at March 31, 2023	<u>\$ 92,818</u>	<u>80,676</u>	<u>173,494</u>
Accumulated depreciation :			
Balance at January 1, 2024	\$ 6,889	72,829	79,718
Depreciation	457	2,974	3,431
Effect of movements in exchange rates	-	552	552
Balance at March 31, 2024	<u>\$ 7,346</u>	<u>76,355</u>	<u>83,701</u>
Balance at January 1, 2023	\$ 4,979	59,867	64,846
Depreciation	477	3,365	3,842
Effect of movements in exchange rates	-	114	114
Balance at March 31, 2023	<u>\$ 5,456</u>	<u>63,346</u>	<u>68,802</u>
Carrying amounts :			
Balance at January 1, 2024	<u>\$ 85,929</u>	<u>24,060</u>	<u>109,989</u>
Balance at March 31, 2024	<u>\$ 83,623</u>	<u>17,656</u>	<u>101,279</u>
Balance at January 1, 2023	<u>\$ 87,839</u>	<u>13,682</u>	<u>101,521</u>
Balance at March 31, 2023	<u>\$ 87,362</u>	<u>17,330</u>	<u>104,692</u>

(i) Intangible assets

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

	<u>Software</u>	<u>Patent</u>	<u>Trademark</u>	<u>Other</u>	<u>Total</u>
Cost :					
Balance at January 1, 2024	\$ 129,012	140,970	67,666	3,400	341,048
Effect of movements in exchange rates	48	-	-	-	48
Balance at March 31, 2024	<u>\$ 129,060</u>	<u>140,970</u>	<u>67,666</u>	<u>3,400</u>	<u>341,096</u>
Balance at January 1, 2023	\$ 102,022	140,970	67,666	3,400	314,058
Additions	4,500	-	-	-	4,500
Effect of movements in exchange rates	10	-	-	-	10
Balance at March 31, 2023	<u>\$ 106,532</u>	<u>140,970</u>	<u>67,666</u>	<u>3,400</u>	<u>318,568</u>

(Continued)

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

	<u>Software</u>	<u>Patent</u>	<u>Trademark</u>	<u>Other</u>	<u>Total</u>
Accumulated amortization and Impairment losses :					
Balance at January 1, 2024	\$ 85,426	140,970	67,162	-	293,558
Amortization for the period	3,598	-	151	-	3,749
Effect of movements in exchange rates	34	-	-	-	34
Balance at March 31, 2024	<u>\$ 89,058</u>	<u>140,970</u>	<u>67,313</u>	<u>-</u>	<u>297,341</u>
Balance at January 1, 2023	\$ 73,440	140,970	66,557	-	280,967
Amortization for the period	3,030	-	151	-	3,181
Effect of movements in exchange rates	8	-	-	-	8
Balance at March 31, 2023	<u>\$ 76,478</u>	<u>140,970</u>	<u>66,708</u>	<u>-</u>	<u>284,156</u>
Carrying value :					
Balance at January 1, 2024	<u>\$ 43,586</u>	<u>-</u>	<u>504</u>	<u>3,400</u>	<u>47,490</u>
Balance at March 31, 2024	<u>\$ 40,002</u>	<u>-</u>	<u>353</u>	<u>3,400</u>	<u>43,755</u>
Balance at January 1, 2023	<u>\$ 28,582</u>	<u>-</u>	<u>1,109</u>	<u>3,400</u>	<u>33,091</u>
Balance at March 31, 2023	<u>\$ 30,054</u>	<u>-</u>	<u>958</u>	<u>3,400</u>	<u>34,412</u>

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

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

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Costs of sales	\$ 954	1,032
Operating expenses	2,795	2,149
Total	<u>\$ 3,749</u>	<u>3,181</u>

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

(j) Other financial assets

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Restricted deposits—current	\$ 50,813	-	-
Restricted deposits—non-current	1,522	51,752	51,743
	<u>\$ 52,335</u>	<u>51,752</u>	<u>51,743</u>

Please refer to note 8 for details of collateral.

(Continued)

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

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

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Prepaid expenses	\$ 7,927	11,007	8,724
Prepayments	4,549	1,135	809
Offset against business tax payable	9,712	15,593	16,985
Prepayments for equipment	102,290	103,436	163,038
Refund of overpaid tax	8,446	-	11,939
Other	1,467	1,766	657
	<b><u>\$ 134,391</u></b>	<b><u>132,937</u></b>	<b><u>202,152</u></b>
	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current	\$ 32,101	29,501	39,114
Non-current	102,290	103,436	163,038
	<b><u>\$ 134,391</u></b>	<b><u>132,937</u></b>	<b><u>202,152</u></b>

(l) Long-term borrowings

The details for long-term borrowings were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Unsecured bank loans	\$ 423,447	395,167	-
Less: current portion	59,966	57,730	-
Total	<b><u>\$ 363,481</u></b>	<b><u>337,437</u></b>	<b><u>-</u></b>
Unused long-term credit lines	<b><u>\$ 2,432,574</u></b>	<b><u>1,960,000</u></b>	<b><u>2,360,000</u></b>
Range of interest rates	<b><u>1.8%</u></b>	<b><u>1.8%</u></b>	<b><u>-</u></b>

A. Issuance and repayments

For the three months ended March 31, 2024 the Group had the additional long-term borrowings amounting to \$150,000. The repayments amounted to \$120,000.

(Continued)

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

**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 March 31, 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 March 31, 2024 and December 31, 2023, the balance of deferred assistance profits was \$6,553 and \$4,833, recognized as other current liabilities – other \$1,929 and \$1,850; long-term deferred revenue \$4,624 and \$2,983, respectively.

**(m) Provisions**

	<b>Provisions for warrant</b>
Balance at January 1, 2024	\$ 6,850
Provisions made during the period	12,936
Provision used and reversed during the period	(6,850)
Balance at March 31, 2024	<u><u>\$ 12,936</u></u>
Balance at January 1, 2023	\$ 15,253
Provisions made during the period	7,499
Provision used and reversed during the period	(15,253)
Balance at March 31, 2023	<u><u>\$ 7,499</u></u>

**(n) Lease liabilities**

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current	<u><u>\$ 8,508</u></u>	<u><u>9,699</u></u>	<u><u>10,782</u></u>
Non-current	<u><u>\$ 53,767</u></u>	<u><u>61,239</u></u>	<u><u>53,478</u></u>

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

(Continued)

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

The amounts recognized in profit or loss were as follows:

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Interests on lease liabilities	\$ <u>204</u>	<u>168</u>
Expenses relating to short-term leases	\$ <u>2,932</u>	<u>3,002</u>

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

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	\$ <u>5,271</u>	<u>7,914</u>

(i) Land and buildings leases

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

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

(ii) Other leases

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

(o) Long-term deferred revenue

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current	\$ 1,929	1,850	-
Non-current	9,639	8,103	5,438
	<u>\$ 11,568</u>	<u>9,953</u>	<u>5,438</u>

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 March 31, 2024, and December 31, and March 31, 2023, due to amortization of deferred revenue were \$105, \$425 and \$107, 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 March 31, 2024 and December 31, 2023, due to amortization of deferred revenue were \$608 and \$833, please refer to Note 4(w).

(p) Employee benefits

(i) Defined benefit plans

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

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Administration expenses	\$ <u>26</u>	<u>-</u>

(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:

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Operating cost	\$ 3,010	3,284
Selling expenses	1,544	1,780
Administration expenses	993	892
Research and development expenses	1,411	1,419
Total	\$ <u>6,958</u>	<u>7,375</u>

(iii) Short-term benefit obligation

As of March 31, 2024, and December 31, and March 31, 2023, the Group’s short-term benefit liabilities for paid leave were \$21,048, \$21,633 and \$15,452, 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**

(q) Income taxes

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

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Current tax expense		
Current period	\$ 45,136	29,226
Adjustment for prior periods	<u>-</u>	<u>136</u>
	<u>45,136</u>	<u>29,362</u>
Deferred tax benefit		
Origination and reversal of temporary differences	<u>4,282</u>	<u>13,782</u>
Income tax expense	<u><b>\$ 49,418</b></u>	<u><b>43,144</b></u>
Income tax recognized in other comprehensive income	<u>\$ -</u>	<u>-</u>
Income tax recognized in equity	<u><b>\$ -</b></u>	<u><b>-</b></u>

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

(r) Capital and other equities

Except for the following disclosure there was no significant change in capital and other equity for the periods from January 1 to March 31, 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) Ordinary shares

The Company's total authorized shares of common stock of 50,000 thousand shares, with a par value of \$10 per share, included 34,769 thousand shares, 34,773 thousand shares and 34,538 thousand shares as of March 31, 2024, and December 31, and March 31, 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.

(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.

(Continued)

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

In January 2024, the Company has recalled 4 thousand shares of restricted stocks issued for employees. As of March 31, 2024, due to the incomplete registration procedure, the balance of \$35 was recorded as share capital awaiting retirement.

(iii) Capital surplus

The balances of capital surplus were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
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	95,892
Donation from shareholders	260	260	-
	<b><u>\$ 1,988,038</u></b>	<b><u>1,989,414</u></b>	<b><u>1,794,485</u></b>

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

(iv) Retained Earning

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

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

(Continued)

## WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 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 March 31, 2024, and December 31, and March 31, 2023, the balance of special reserve amounted to \$5,058 , \$5,058 and \$10,315, respectively.

(Continued)

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

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:

	<b>2023</b>		<b>2022</b>	
	<b>Amount per share</b>	<b>Total amount</b>	<b>Amount per share</b>	<b>Total amount</b>
Dividends distributed to ordinary shareholders:				
Cash	\$ 11.00	<u><u>377,978</u></u>	22.00	<u><u>754,468</u></u>

(v) Other equity interest

	<b>Exchange differences on foreign operations</b>	<b>Unearned stock-based Employee compensation</b>	<b>Total</b>
Balance at January 1, 2024	\$ (10,042)	(182,402)	(192,444)
Exchange differences on foreign operations	5,621	-	5,621
Unearned Stock-Based Employee compensation	-	32,920	32,920
Balance at March 31, 2024	<u><u>\$ (4,421)</u></u>	<u><u>(149,482)</u></u>	<u><u>(153,903)</u></u>
	<b>Exchange differences on foreign operations</b>	<b>Unearned stock-based Employee compensation</b>	<b>Total</b>
Balance at January 1, 2023	\$ (5,059)	(74,432)	(79,491)
Exchange differences on foreign operations	1,289	-	1,289
Unearned Stock-Based Employee compensation	-	14,340	14,340
Balance at March 31, 2023	<u><u>\$ (3,770)</u></u>	<u><u>(60,092)</u></u>	<u><u>(63,862)</u></u>

(s) 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

(Continued)

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

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 :

	<u>Three months ended March 31, 2024</u>	<u>Three months ended March 31, 2023</u>
	<u>Number of restricted stock (in thousands)</u>	<u>Number of restricted stock (in thousands)</u>
Outstanding at January 1	411	244
Forfeited during the period	(4)	-
Outstanding at March 31	<u>407</u>	<u>244</u>

For the three months ended March 31, 2024 and 2023, the Company incurred expenses of \$31,509 and \$14,340 for each of the restricted stock, respectively, which were recognized as operating costs and operating expenses.

(t) Earnings per share

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

	<u>Three months ended March 31, 2024</u>	<u>2023</u>
<b>Basic earnings per share (expressed in New Taiwan dollars)</b>		
Profit attributable to ordinary shareholders of the Company	\$ <u>199,728</u>	<u>143,497</u>
Weighted average number of ordinary shares outstanding (shares in thousands)	<u>34,362</u>	<u>34,294</u>
<b>Basic earnings per share</b>	\$ <u>5.81</u>	<u>4.18</u>

(Continued)

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

	<u>2024</u>	<u>2023</u>
<b>Diluted earnings per share (expressed in New Taiwan dollars)</b>		
Profit attributable to ordinary shareholders of the Company	\$ <u><u>199,728</u></u>	<u><u>143,497</u></u>
Weighted average number of ordinary shares outstanding (shares in thousands)	34,362	34,294
Effect of dilutive potential ordinary shares (shares in thousands)		
Effect of employee stock bonus	77	277
Effect of employee restricted stock	<u>167</u>	<u>114</u>
Weighted average number of ordinary shares (diluted) (shares in thousands)	<u><u>34,606</u></u>	<u><u>34,685</u></u>
<b>Diluted earnings per share</b>	\$ <u><u>5.77</u></u>	<u><u>4.14</u></u>

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Primary geographical markets:		
Taiwan	\$ 265,205	166,353
America	407,609	152,967
China	264,372	426,435
Europe	965	5,853
Canada	4,723	2,198
Asia	<u>130,204</u>	<u>254,398</u>
	\$ <u><u>1,073,078</u></u>	<u><u>1,008,204</u></u>
Major products/services lines:		
Test Socket	\$ 866,522	845,925
Contact Element	144,986	102,248
Probe Card	3,706	23,023
Other	<u>57,864</u>	<u>37,008</u>
	\$ <u><u>1,073,078</u></u>	<u><u>1,008,204</u></u>

(ii) Contract balances

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Notes receivable	\$ 1,843	1,496	426
Accounts receivable	1,063,446	891,782	1,000,989
Less: loss allowance	<u>(12,825)</u>	<u>(25,436)</u>	<u>(11,507)</u>
	\$ <u><u>1,052,464</u></u>	<u><u>867,842</u></u>	<u><u>989,908</u></u>

(Continued)



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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Contract liabilities-advance collections	\$ 7,582	360	466
Contract liabilities-customer loyalty program	130,747	96,193	55,127
	<b>\$ 138,329</b>	<b>96,553</b>	<b>55,593</b>

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

The amounts of revenue recognized for the years ended March 31, 2023 and 2022, that were included in the contract liability balance at the beginning of the each period were \$8,472 and \$3,621, respectively.

(v) Remunerations to employees and directors

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

For the three months ended March 31, 2024 and 2023, the Company estimated its employee remuneration amounting to \$27,838 and \$20,161, and directors' remuneration amounting to \$1,392 and \$2,016, 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.

(w) Non-operating income and expenses

(i) Interest income

Details of interest income of the Group were as follows:

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest income		
Bank deposits	\$ 3,098	3,758
Others	9	8
	<b>\$ 3,107</b>	<b>3,766</b>

(Continued)

**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:

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Foreign exchange gains (losses)	\$ 20,112	(1,574)
Gains on financial assets at fair value through profit or loss	250	36
Gains on disposals of property, plant and equipment	157	184
Government grants	3,730	795
Others	1,760	362
	<b>\$ 26,009</b>	<b>(197)</b>

(iii) Finance costs

Details of finance costs of the Group were as follows:

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest expenses		
Bank loans	\$ 1,998	-
Lease liabilities	204	168
	<b>\$ 2,202</b>	<b>168</b>

(x) 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 March 31, 2024, and December 31, and March 31, 2023, the Group does not have a significant concentration of credit risk.

(Continued)

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

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:

		<b>March 31, 2024</b>		
		<b>At amortized cost</b>		
		<b>12-month ECL</b>	<b>Lifetime ECL-not credit-impaired</b>	<b>Lifetime ECL-credit-impaired</b>
Other receivables	\$	1,324	-	-
Refundable deposits		5,297	-	-
Other financial assets		52,335	-	-
Loss allowance		-	-	-
Amortized cost	\$	<b>58,956</b>	-	-
Carrying amount	\$	<b>58,956</b>	-	-
<b>December 31, 2023</b>				
		<b>At amortized cost</b>		
		<b>12-month ECL</b>	<b>Lifetime ECL-not credit-impaired</b>	<b>Lifetime ECL-credit-impaired</b>
Other receivables	\$	580	-	-
Refundable deposits		5,257	-	-
Other financial assets		51,752	-	-
Loss allowance		-	-	-
Amortized cost	\$	<b>57,589</b>	-	-
Carrying amount	\$	<b>57,589</b>	-	-
<b>March 31, 2023</b>				
		<b>At amortized cost</b>		
		<b>12-month ECL</b>	<b>Lifetime ECL-not credit-impaired</b>	<b>Lifetime ECL-credit-impaired</b>
Other receivables	\$	2,186	-	3,609
Refundable deposits		7,548	-	-
Other financial assets		51,743	-	-
Loss allowance		-	-	(3,609)
Amortized cost	\$	<b>61,477</b>	-	-
Carrying amount	\$	<b>61,477</b>	-	-

(Continued)

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

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

	<b>For the three months ended March 31, 2023</b>			<b>Total</b>
	<b>12-month ECL</b>	<b>Lifetime ECL- not credit- impaired</b>	<b>Lifetime ECL- credit- impaired</b>	
Balance at January 1, 2023 (equal to balance at March 31, 2023)	\$ <u>-</u>	<u>-</u>	<u>3,609</u>	<u>3,609</u>

(ii) Liquidity Risk

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

	<b>Carrying amount</b>	<b>Contracted cash flows</b>	<b>Due within 6 months</b>	<b>Due in 6-12 months</b>	<b>Due in 1-2 years</b>	<b>Due in 2-5 years</b>	<b>over 5 years</b>
<b>March 31, 2024</b>							
Non-derivative financial liabilities							
Notes and accounts payable (non-interest-bearing)	\$ 515,107	515,107	515,107	-	-	-	-
Other payables (non-interest-bearing)	707,069	707,069	707,069	-	-	-	-
Long-term borrowings (including due within one year) (floating rate)	423,447	447,691	28,296	36,949	73,227	236,410	72,809
Lease liabilities (included due within one year) (fix interest rate)	62,275	73,450	4,563	4,651	9,722	7,730	46,784
	<u>\$ 1,707,898</u>	<u>1,743,317</u>	<u>1,255,035</u>	<u>41,600</u>	<u>82,949</u>	<u>244,140</u>	<u>119,593</u>
<b>December 31, 2023</b>							
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
	<u>\$ 1,177,370</u>	<u>1,208,234</u>	<u>731,745</u>	<u>52,753</u>	<u>112,103</u>	<u>258,139</u>	<u>53,494</u>
<b>March 31, 2023</b>							
Non-derivative financial liabilities							
Notes and accounts payable (non-interest-bearing)	\$ 618,060	618,060	618,060	-	-	-	-
Other payables (non-interest-bearing)	1,160,892	1,160,892	1,160,892	-	-	-	-
Lease liabilities (included due within one year) (fix interest rate)	64,260	77,567	7,012	4,457	3,989	7,572	54,537
Guarantee deposits (non-interest-bearing)	200	200	-	200	-	-	-
	<u>\$ 1,843,412</u>	<u>1,856,719</u>	<u>1,785,964</u>	<u>4,657</u>	<u>3,989</u>	<u>7,572</u>	<u>54,537</u>

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

(Continued)

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

(iii) Market risk

1) Currency risk

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

	March 31, 2024			December 31, 2023			March 31, 2023			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	31,141	32.000	996,500	25,817	30.705	792,717	44,858	30.450	1,365,914
JPY		255,448	0.2115	54,027	185,176	0.2172	40,220	605,093	0.2288	138,445
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		19,976	32.000	639,230	16,682	30.705	512,217	26,011	30.450	792,039
JPY		203,797	0.2115	43,103	260,131	0.2172	56,501	163,427	0.2288	37,392

The foreign currency risk mainly arose from the translation of cash and cash equivalents, accounts receivable other receivables, accounts payable, and other payables. As of March 31, 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 \$13,863 and \$5,399, for the three months ended March 31, 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 March 31, 2024 and 2023, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$20,112 and \$(1,574), 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.

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 \$85, for the three months ended March 31, 2024 which would be mainly resulted from the borrowings with variable interest rates.

(Continued)

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

(v) Other market price risk

Prices of securities at the reporting date	Three months ended March 31,			
	2024		2023	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 3%	\$ -	-	-	2,401
Decreasing 3%	\$ -	-	-	2,401

(vi) Fair value of financial instruments

1) Fair value hierarchy

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

		March 31, 2024				
		Book	Fair Value			
		Value	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at amortized cost</b>						
Cash and cash equivalents	\$	564,153	-	-	-	-
Domestic-time deposits		609,700	-	-	-	-
Notes and accounts receivables		1,052,464	-	-	-	-
Other receivables		1,324	-	-	-	-
Other financial assets		52,335	-	-	-	-
Refundable deposits		5,297	-	-	-	-
<b>Total</b>	<b>\$</b>	<b><u>2,285,273</u></b>				
<b>Financial liabilities measured at amortized cost</b>						
Borrowings from bank	\$	423,447	-	-	-	-
Accounts payables		515,107	-	-	-	-
Other payables		707,069	-	-	-	-
Lease liabilities		62,275	-	-	-	-
<b>Total</b>	<b>\$</b>	<b><u>1,707,898</u></b>				

(Continued)

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

December 31, 2023					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Open-end fund	\$ 80,187	80,187	-	-	80,187
<b>Financial assets measured at amortized cost</b>					
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				
<b>Total</b>	<b>\$ 1,824,785</b>				
<b>Financial liabilities measured at amortized cost</b>					
Borrowings from bank	\$ 395,167	-	-	-	-
Accounts payables	429,878	-	-	-	-
Other payables	281,387	-	-	-	-
Lease liabilities	70,938	-	-	-	-
<b>Total</b>	<b>\$ 1,177,370</b>				

  

March 31, 2023					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Open fund	\$ 100,036	100,036	-	-	100,036
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	1,478,210	-	-	-	-
Domestic-time deposits	29,700	-	-	-	-
Notes and accounts receivables	989,908	-	-	-	-
Other receivables	2,186	-	-	-	-
Other financial assets	51,743	-	-	-	-
Refundable deposits	7,548	-	-	-	-
Subtotal	2,559,295				
<b>Total</b>	<b>\$ 2,659,331</b>				
<b>Financial liabilities measured at amortized cost</b>					
Notes and accounts payables	\$ 618,060	-	-	-	-
Other payables	1,160,892	-	-	-	-
Lease liabilities	64,260	-	-	-	-
Guarantee deposits	200	-	-	-	-
<b>Total</b>	<b>\$ 1,843,412</b>				

(Continued)



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

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.

(y) 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.

(z) 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.

(Continued)

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

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

Reconciliation of liabilities arising from financing activities was as follows:

	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Non-Cash changes</u>			<u>March 31, 2024</u>
			<u>Foreign exchange movement</u>	<u>Changes in lease payments</u>	<u>Changes in deferred revenue</u>	
Long-term borrowings (including due within one year)	\$ 395,167	30,000	-	-	(1,720)	423,447
Lease liabilities	70,938	(3,387)	99	(5,375)	-	62,275
Total liabilities from financing activities	<u>\$ 466,105</u>	<u>26,613</u>	<u>99</u>	<u>(5,375)</u>	<u>(1,720)</u>	<u>485,722</u>

  

	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Non-Cash changes</u>			<u>March 31, 2023</u>
			<u>Foreign exchange movement</u>	<u>Changes in lease payments</u>	<u>Others</u>	
Lease liabilities	\$ 61,041	(3,797)	21	-	6,995	64,260
Total liabilities from financing activities	<u>\$ 61,041</u>	<u>(3,797)</u>	<u>21</u>	<u>-</u>	<u>6,995</u>	<u>64,260</u>

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

(a) Names and relationship with related parties

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

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

(b) Significant related party transactions

For the three months ended March 31, 2023, the Group has donated \$1,000 which were recognized in operating expenses, to Kaohsiung City WinWay Charity Association.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>Three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 23,543	17,825
Post-employment benefits	81	54
	<u>\$ 23,624</u>	<u>17,879</u>

(Continued)

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

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

The carrying amounts of assets pledged as security were follows:

<u>Assets pledged as security</u>	<u>Liabilities secured by pledge</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Other financial assets-non-current-demand deposits	Guarantee for customs duty	\$ 1,522	1,522	1,513
Other financial assets-non-current-time deposits	Construction of plant	50,813	50,230	50,230
Property, plant, and equipment	Bank borrowings	143,207	129,750	130,653
		<u>\$ 195,542</u>	<u>181,502</u>	<u>182,396</u>

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

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

In addition, MPI filed an additional lawsuit and a petition to stop the trial in December 2020, and raised the claim amount to \$158,910. The Group agreed to stop the trial from March 2022 to November 21, 2022. As of May 8, 2024, after the renewal of MPI's petition for continuation of the above-mentioned lawsuit, no substantive proceedings have been conducted, and it is not yet possible to determine the probable final outcome of the above-mentioned lawsuit.

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

- (b) As of March 31, 2024, and December 31, and March 31, 2023, significant outstanding purchase commitments for construction in progress, property, plant and equipment the amounts of \$42,565, \$113,135 and \$526,457.

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

**(11) Significant Subsequent Events:**

On March 6, 2024, the Company's Board of Directors resolved on the first issuance of domestic unsecured convertible bonds, totalling 10,000 shares, with a par value of \$100 per share, amounting to \$1,000,000. The Company reported to the Financial Supervisory Commission, R.O.C. on April 19, 2024, and was approved and came into effect on May 8, 2024.

(Continued)

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

**(12) Other:**

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

	Three months ended March 31,					
By function	2024			2023		
By item	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	125,323	157,732	283,055	96,619	123,617	220,236
Labor and health insurance	9,537	9,201	18,738	10,863	9,080	19,943
Pension	3,010	3,974	6,984	3,284	4,091	7,375
Remuneration of directors	-	1,424	1,424	-	2,064	2,064
Others	5,923	4,713	10,636	5,539	4,580	10,119
Depreciation	36,854	14,016	50,870	20,677	5,943	26,620
Amortization	954	2,795	3,749	1,032	2,149	3,181

(Continued)

## WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (13) Other disclosures:

##### (a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 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	16,000	16,000	-	2.867 %	(Note 1)	-	Operating requirements	-	-	-	669,663	1,339,326	(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 March 31, 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	237,417	22.35 %	150 Days	(Note 1)	The main customers are 60 to 120 days	333,357	28.35 %	(Note)
WINWAY TECHNOLOGY (SUZHOU) LTD.	The Company	Parent Company	Purchase	237,417	90.75 %	150 Days	(Note 1)	The main suppliers are 60 to 120 days	333,357	94.08 %	(Note)

Note : It was eliminated in the consolidation.

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

(Continued)

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

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

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	Note
					Amount	Action taken			
The Company	WINWAY TECHNOLOGY (SUZHOU) LTD.	Subsidiary	Accounts receivable \$333,357	312.58 %	-	-	Accounts receivable \$36,568	-	(Note)

Note : It was eliminated in the consolidation.

(ix) Trading in derivative instruments:None

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship (Note)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	WINWAY TECHNOLOGY INTERNATIONAL INC.	1	Other payable	6,086	Commissions are not comparable with similar transactions.	0.11 %
				Sales expenses	23,475		2.19 %
0	The Company	WINWAY TECHNOLOGY (SUZHOU) LTD.	1	Accounts receivable	333,357	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.	6.22 %
				Accounts payable	136		0.00 %
				Other payables	670		0.01 %
				Sales revenue	237,417		22.12 %
				Cost of goods sold	131		0.01 %
				Sales expenses	612		0.06 %

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

No. 2 represents transactions from subsidiaries to parent company.

No. 3 represents transactions between subsidiaries.

(Continued)

WINWAY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investments:

The following is the information on investees for the three months ended March 31, 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 March 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 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 %	204,214	(5,078)	(5,078)	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 %	22,857	7,570	7,570	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 March 31, 2024	Net income (Losses) of investee	Indirect investment holding percentage	Share of profit/losses of investee	Book value (Note)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
WINWAY TECHNOLOGY (SUZHOU) LTD.	Process and sales of optoelectronic product test fixtures, integrated circuit test interfaces and fixtures	204,599	Indirect investment in Mainland China through an existing company registered in the third country.	204,599	-	-	204,599	(5,078)	100%	(5,078)	262,757	-



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

(ii) Limitation on investment in Mainland China:

<b>Accumulated remittance from Taiwan to China as of March 31, 2024</b>	<b>Investment Amounts Authorized by Investment Commission, MOEA (Note 1)</b>	<b>Upper Limit on investment in Mainland China set by Investment Commission, Ministry of Economic Affairs</b>
204,599 (USD6,580,000)	210,560 (USD6,580,000)	2,008,988

Note : It was eliminated in the consolidation.

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

<b>Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
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.

(Continued)

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

**(14) Segment information:**

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