

## **Ways Technical Corp., Ltd.**

# **Parent Company Only Financial Statements and Independent Auditors' Report**

**For the Years 2022 and 2021**

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. NOT AUDITED OR REVIEWED BY AUDITORS. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and the consolidated financial statements, the Chinese version shall prevail.

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## **Independent Auditor's Report**

To the Board of directors of Ways Technical Corp., Ltd.

### **Auditor's Opinion**

We have audited the statement of balance sheet as of December 31 2022 and 2021, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows from January 1 to December 31, 2022 and 2021, and the notes (including the summary of significant accounting policies) to the parent company only financial statements of Ways Technical Corp. Ltd.

In our opinion, the accompanying parent company only financial statements were prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, for a fair presentation of Ways Technical Corp. Ltd.'s financial position as of December 31, 2022 and 2021, and its financial performance and cash flows for the years ended on December 31, 2022 and 2021.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. Our responsibility under those standards are further described in the paragraph "Auditor's responsibilities for the audit of the parent company only financial statements". The personnel from our public accounting firm who are subject to the requirements for independence has maintained independence from Ways Technical Corp. Ltd. in accordance with the Code of Professional Ethics for Certified Public Accountants and have fulfilled other ethical responsibilities accordingly. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2022 parent company only financial statements of Ways Technical Corp. Ltd. These matters were addressed in our audit of the parent company only financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters. We determined that the following key audit matters should be communicated regarding this auditor's report:

I. Operating revenue - recognition of revenue from delivery of goods to external warehouse customers - investment under equity method

Regarding the accounting policy for investment using the equity method, please refer to Note 4(9), investment in subsidiaries, of the parent-company only financial report; regarding the description of investment using the equity method, please refer to Note 6(5), investment using the equity method, of the parent-company only financial report. Explanations of key audit matters

Some of the subsidiaries invested by Ways Technical Corp., Ltd. under the equity method have logistics warehouses overseas that are not owned and managed by the subsidiaries. Some of the terms of sale have to be recognized based on the delivery of goods to the external warehouse customers. Confirm whether the recognized amount and timing of purchases and sales are consistent through account reconciliation; there may be risks that the timing of revenue recognition may not be appropriate. Therefore, we list the item as one of the key audit matters to be evaluated when auditing Ways Technical Corp., Ltd.'s parent-company only financial report.

#### **Corresponding audit procedures**

Our main audit procedures for the above key audit matters include understanding and testing the design and implementation of internal control related to the sales and collection cycle of the subsidiaries, executing a detailed test of sales revenue, and executing confirmation on accounts receivable and assess whether the revenue recognition time point of the subsidiaries is processed in accordance with the relevant accounting standards.

### **Responsibilities of the management and the governing bodies for the parent company only financial statements**

The responsibilities of the management are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, management is also responsible for assessing UNIC Technology Corporation's ability to continue as a going concern, disclosure of relevant matters and adoption of the going concern basis of accounting unless management either intends to liquidate Ways Technical Corp. Ltd. or to cease operations or has no realistic alternative but to do so.

Those charged with Ways Technical Corp. Ltd.'s corporate governance (including Audit Committee) are responsible for overseeing the financial reporting process.

### **Auditor's responsibilities for the audit of the parent company only financial statements**

Our objectives are to obtain reasonable assurance on whether the parent company only financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If the misstated individual amount or the aggregate sum can be reasonably expected to influence the economic decision of the users of parent company only financial statements, it is deemed material.

As part of an audit in accordance with the generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the parent company only financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain a necessary understanding of internal control relevant to the audit in order to design audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ways Technical Corp. Ltd.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting, based on the audit evidence obtained, and whether a material uncertainty exists related to events or conditions that may cast significant doubt on Ways Technical Corp. Ltd.'s ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the parent company only financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Ways Technical Corp. Ltd. no longer able to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately present the relevant transactions and events.

6. Obtained sufficient and appropriate audit evidence concerning the financial information of investees using the equity method, to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit and the forming of the audit opinion on Ways Technical Corp. Ltd.

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

We also provide those charged with governance with a statement that the personnel from our accounting firm who are subject to the Professional Ethics for Certified Public Accountant for independence have complied with relevant ethical requirements regarding independence, and we communicate with those charged with governance all relationships and other matters (including relevant safeguards) that may reasonably be thought to bear on our independence.

From the matters communicated with those charged with governance, we determine the key audit matters for our audit of Ways Technical Corp. Ltd.'s 2022 parent company only financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Taiwan

Certified Public  
Accountants

GUAN-YING GUO  
YI-WUN WANG

Certification document : FSC Securities-Audit No.  
number from the : 1010004977  
securities regulator FSC Securities-Audit No.  
0990013761

March 22, 2023

Ways Technical Corp., Ltd.

Balance Sheet

For the Year Ended December 31, 2022 and 2021

Unit: NT\$ thousand

	2022.12.31		2021.12.31			
	Amount	%	Amount	%		
<b>Assets</b>						
<b>Current assets:</b>						
1100 Cash and cash equivalents (Note 6(1))	\$ 74,288	3	202,387	9		
1170 Accounts receivable, net (Notes 6(3) and 6(17))	32,142	2	28,074	1		
1180 Notes and accounts receivable - related parties, net (Notes 6(3), 6(17) and 7)	242	-	218	-	2130	
1310 Inventory (Note 6 (4))	13,265	1	18,027	1	2170	
1476 Other financial assets - current (Notes 6(5), 6(8) and 7)	138,992	6	87,620	4	2180	
1479 Other current assets — others (Note 6(8), 7 and 9(1))	196,353	9	195,785	8	2200	
	455,282	21	532,111	23	2280	
					2300	
<b>Non-current assets:</b>						
1510 Financial assets at fair value through profit or loss - non-current (Note 6(2))	84,458	4	131,380	6		
1550 Investment under the equity method (Notes 6 (5))	914,893	43	892,313	39	2570	
1600 Property, plant and equipment (Notes 6(6) and 8)	162,444	8	192,971	8	2580	
1755 Right-of-use assets (Note 6(7))	46,201	2	61,175	3	2670	
1780 Intangible assets	239	-	162	-		
1990 Other non-current assets (Note 6(8), 7 and 9(1))						
	470,544	22	467,217	21		
	1,678,779	79	1,745,218	77		
<b>Total assets</b>	<b>\$ 2,134,061</b>	<b>100</b>	<b>2,277,329</b>	<b>100</b>		
<b>Liabilities and equity</b>						
<b>Current liabilities:</b>						
					2022.12.31	
					Amount	
				%		
					2021.12.31	
				%		
					\$	
					842,791	
					519	
					64,060	
					52,984	
					10,975	
					2,193	
					973,522	
					46	
					978,420	
					43	
					17	
					36,636	
					222,047	
					258,700	
					1,232,222	
					58	
					1,195,500	
					52	
					1,021,417	
					2,048,074	
					(2,058,447)	
					(96)	
					(1,857,915)	
					(81)	
					(21,809)	
					(1)	
					(42,351)	
					(2)	
					(87,396)	
					(4)	
					901,839	
					42	
					1,081,829	
					48	
					\$ 2,134,061	
					100	
					2,277,329	
					100	

(Please refer to the Notes to the Parent Company-only Financial Statements)

Chairperson: Shih-Wen Liao

Managerial Officer: Shih-Wen Liao

Accounting Officer: Shih-Yi Kuo

**Ways Technical Corp., Ltd.**  
**Statement of Comprehensive Income**  
**For the Years Ended December 31, 2022 and 2021**

**Unit: NT\$ thousand**

		<b>2022</b>	<b>2021</b>		
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue</b> (Notes 6 (17) and 7)	\$ 87,183	100	185,714	100
5000	<b>Operating costs</b> (Note 6(4), 6(12), 6(15), 7 and 12)	111,954	128	177,543	96
5900	<b>Operating profit (loss)</b>	(24,771)	(28)	8,171	4
5910	Less: Unrealized gain and loss on sales	(3,045)	(3)	2,934	1
5950	<b>Operating profit (loss)</b>	(21,726)	(25)	5,237	3
6100	<b>Operating expenses</b> (Note 6(3), 6(12), 6(15), 7 and 12)				
6100	Selling expenses	3,761	4	1,652	1
6200	Administrative expenses	48,853	56	55,082	30
6300	Research and development expenses	102,836	118	105,171	56
6450	Expected credit impairment (gain on reversal) losses	752	1	(248)	-
	<b>Total operating expenses</b>	156,202	179	161,657	87
6900	<b>Operating net loss</b>	(177,928)	(204)	(156,420)	(84)
7000	<b>Non-operating income and expense</b> (Note 6(2), 6(5), 6(6), 6(10), , 6(11), 6(19) and 7)				
7010	Other income	44,957	52	32,454	18
7020	Other gains or losses	11,532	13	52,398	28
7100	Interest revenue	5,189	6	4,596	2
7510	Interest expenses	(863)	(1)	(1,032)	(1)
7635	Gain (loss) on financial assets measured at FVTPL	(46,922)	(54)	(23,302)	(12)
7770	Share of profit (loss) of associates and joint ventures recognized using the equity method	(38,847)	(45)	3,391	2
		(24,954)	(29)	68,505	37
	<b>Net loss before income tax</b>	(202,882)	(233)	(87,915)	(47)
7950	<b>Less: Income tax expenses</b> (Note 6(13))	-	-	3,068	2
	<b>Net loss for this period</b>	(202,882)	(233)	(90,983)	(49)
8300	<b>Other comprehensive income</b>				
8310	<b>Items not reclassified to profit or loss</b>				
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	2,265	3	(1,283)	(1)
8349	Less: income tax related to components that will not be reclassified (Note 6(13))	-	-	-	-
		2,265	3	(1,283)	(1)
8360	<b>Items that may subsequently be reclassified to profit or loss</b>				
8361	Exchange differences on translation of the financial statements of foreign operations	20,627	24	(5,903)	(3)
8399	Less: income tax related to components possibly be reclassified (Note 6(13))	-	-	-	-
		20,627	24	(5,903)	(3)
8300	<b>Other comprehensive income for the period</b>	22,892	27	(7,186)	(4)
8500	<b>Total comprehensive income for the period</b>	<b>\$ (179,990)</b>	<b>(206)</b>	<b>(98,169)</b>	<b>(53)</b>
9750	<b>Basic earnings per share</b> (Note 6(16))	<b>\$ (2.04)</b>		<b>(0.92)</b>	
	<b>Basic earnings (loss) per share (NT\$)</b>	<b>\$ (2.04)</b>		<b>(0.92)</b>	

(Please refer to the Notes to the Parent Company-only Financial Statements)

Chairperson: Shih-Wen Liao      Managerial Officer: Shih-Wen Liao      Accounting Officer: Shih-Yi Kuo

**Ways Technical Corp., Ltd.**  
**Statement of Changes in Equity**  
**For the Years Ended December 31, 2022 and 2021**

**Unit: NT\$ thousand**

	Other equity items										Treasury stocks	Total equity	
	Retained earnings					Accumulated							
	Common stock	Capital reserve	Legal reserves	Special reserve	losses	Total	Exchange difference on translation of financial statements of foreign operations	other income	Unearned comprehensive income	employees' remuneration	Total		
<b>Balance on January 1, 2021</b>	\$ 1,022,277	2,051,183	184,057	42,083	(1,991,682)	(1,765,542)	(31,933)	(4,622)	(3,392)	(39,947)	(87,396)	1,180,575	
Net loss for this period	-	-	-	-	(90,983)	(90,983)	-	-	-	-	-	(90,983)	
Other comprehensive income for the period	-	-	-	-	(1,390)	(1,390)	(5,903)	107	-	(5,796)	-	(7,186)	
Total comprehensive income for the period	-	-	-	-	(92,373)	(92,373)	(5,903)	107	-	(5,796)	-	(98,169)	
Changes in associates and joint ventures accounted for using the equity method	-	49	-	-	-	-	-	-	-	-	-	-	49
Share-based payment transaction	(860)	(3,158)	-	-	-	-	-	-	3,392	3,392	-	(626)	
<b>Balance on December 31, 2021</b>	1,021,417	2,048,074	184,057	42,083	(2,084,055)	(1,857,915)	(37,836)	(4,515)	-	(42,351)	(87,396)	1,081,829	
Net loss for this period	-	-	-	-	(202,882)	(202,882)	-	-	-	-	-	(202,882)	
Other comprehensive income for the period	-	-	-	-	2,350	2,350	20,627	(85)	-	20,542	-	22,892	
Total comprehensive income for the period	-	-	-	-	(200,532)	(200,532)	20,627	(85)	-	20,542	-	(179,990)	
<b>Balance on December 31, 2022</b>	\$ 1,021,417	2,048,074	184,057	42,083	(2,284,587)	(2,058,447)	(17,209)	(4,600)	-	(21,809)	(87,396)	901,839	

(Please refer to the Notes to the Parent Company-only Financial Statements)

Chairperson: Shih-Wen Liao

Managerial Officer: Shih-Wen Liao

Accounting Officer: Shih-Yi Kuo

**Ways Technical Corp., Ltd.**  
**Statement of Cash Flows**  
**For the Years Ended December 31, 2022 and 2021**

**Unit: NT\$ thousand**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Net loss before tax of the period	\$ (202,882)	(87,915)
<b>Adjustments:</b>		
Income and expenses		
Depreciation and amortization expenses	48,242	64,594
Expected credit impairment losses (gain on reversal)	752	(248)
Losses on financial assets at FVTPL	46,922	23,302
Interest expenses	863	1,032
Interest revenue	(5,189)	(4,596)
Dividend income	(5,904)	(7,428)
Share-based payment for remuneration cost	-	(626)
Share of loss (profit) of subsidiaries, associates and joint ventures recognized using the equity method	38,847	(3,391)
Loss (gain) on disposal and scrapping of property, plant and equipment	3,538	(75,835)
Impairment loss of non-financial assets	-	14,375
Others	(3,045)	2,934
Total adjustments for income and expenses	<u>125,026</u>	<u>14,113</u>
Changes in assets/liabilities related to operating activities:		
Increase in notes and accounts receivable (related parties included)	(4,844)	(16,141)
Decrease (increase) in inventories	4,762	(5,216)
Decrease (increase) in other current assets	(776)	2,877
Decrease (increase) in other financial assets	(45,889)	37,209
(Decrease) increase in contract liabilities	(1,900)	1,900
Increase in accounts payable (including related parties)	4,609	28,726
Increase (decrease) in expenses payable and other payables	(5,203)	6,472
Increase in other current liabilities	492	282
Total adjustments	<u>76,277</u>	<u>70,222</u>
Cash flow generated from operations	(126,605)	(17,693)
Interest received	5,193	4,679
Dividends received	33,339	15,653
Interest paid	(863)	(1,032)
Income tax refunded (paid)	208	(2,424)
<b>Net cash outflow from operating activities</b>	<u>(88,728)</u>	<u>(817)</u>
<b>Cash flows from investing activities:</b>		
Disposal of financial assets at fair value through profit or loss	-	1,175
Acquisition of property, plant and equipment and intangible assets	(8,561)	(14,252)
Disposal of property, plant and equipment	12	133,994
Increase in other payables - related parties	(13,727)	(8,057)
Increase of pre-payments for equipment	(5,230)	(8,649)
Others	364	1,422
<b>Net cash inflow (outflow) from investing activities</b>	<u>(27,142)</u>	<u>105,633</u>
<b>Cash flows from financing activities:</b>		
Repayment of lease principal	(12,179)	(12,008)
Others	(50)	(1,150)
<b>Net cash outflows from financing activities</b>	<u>(12,229)</u>	<u>(13,158)</u>
Increase (decrease) of cash and cash equivalents during the period	(128,099)	91,658
Cash and cash equivalents at the beginning of the year	202,387	110,729
Cash and cash equivalents at the end of the year	<b>\$ 74,288</b>	<b>202,387</b>

(Please refer to the Notes to the Parent Company-only Financial Statements)

Chairperson: Shih-Wen Liao

Managerial Officer: Shih-Wen Liao

Accounting Officer: Shih-Yi Kuo

**Ways Technical Corp., Ltd.**  
**Notes to Parent company only Financial Statements**  
**For the Years 2022 and 2021**  
**(NTD thousands unless otherwise specified)**

**I. Company history**

Ways Technical Corp., Ltd. (“the Company”) was incorporated on September 4, 2001, and the shares were listed in Taipei Exchange for trading. The main businesses of the Company are manufacture of plastic daily necessities, surface treatment, and manufacturing and processing of electronic parts and components.

**II. Date and procedure for approval of the financial statements**

These parent-company only financial statements were approved and published by the Board of Directors on March 22, 2023.

**III. Adoption of new and amended standards and interpretations**

(I) Impact of adoption of new and amended standards and interpretations endorsed by the Financial Supervisory Commission

The Company has adopted the following new and amended IFRS since January 1, 2022, which has not caused a material impact on the parent company only financial statements.

- Amendments to IAS 16 (Property, Plant and Equipment — Proceeds Before Intended Use)
- Amendments to IAS 37 (Onerous Contracts — Cost of Fulfilling a Contract)
- Annual Improvements to IFRSs 2018-2020 Cycle
- Amendments to IFRS 3 (Reference to the Conceptual Framework)

(II) Impact of the IFRSs endorsed by the Financial Supervisory Commission yet to be adopted

The Company has assessed that the application of the following newly amended IFRS that have taken effect on January 1, 2023 will not cause a material impact on the parent company only financial statements.

- Amendments to IAS 1 (Disclosure of Accounting Policies)
- Amendments to IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors)
- Amendments to IAS 12 (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

(III) New and amended standards and interpretations not yet endorsed by the Financial Supervisory Commission

The Company does not expect the following new and amended standards not yet endorsed to have material influence on its parent company only 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
- Amendments to IAS 1 (Classification of Liabilities as Current or Non-current)
- Amendments to IAS 1 (Non-current Liabilities with Covenants)
- Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information
- Amendments to IFRS 16 (Lease Liability in a Sale and Leaseback)

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

### IV. Summary of Significant Accounting Policies

A summary of the significant accounting policies adopted in the parent company-only financial statements is as follows. The accounting policies below have been applied consistently throughout the reporting period presented in the parent company-only financial statements.

#### (I) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### (II) Basis of preparation

##### 1. Basis for measurement

Except for the significant balance sheet items below, these parent company only financial statements are based on historical costs.

- (1) Financial assets at fair value through profit or loss;
- (2) Financial assets at fair value through other comprehensive income.

##### 2. Functional currency and presentation currency

The Company adopts the currency used in the main economic environment in which it operates as its functional currency. The parent company only financial statements are presented in the Company's functional currency, namely New Taiwan dollars (NTD). All financial information presented in NT\$ is in the unit of thousands of NT\$.

#### (III) Foreign currency

##### 1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the transaction date. On the end date of the reporting period (hereinafter referred to as the reporting date), foreign currency monetary items are translated into functional currency at the exchange rate of the same day, and the exchange gain or loss refers to the difference between the amount of amortized cost denominated in functional currency at the beginning of the period adjusted with the effective interest and payment of the current period, and the subsequent amount of the amortized cost denominated in foreign currencies translated at the exchange rate on the reporting date.

Non-monetary items denominated in foreign currencies and measured at fair value are converted into the functional currency with the exchange rates on the day when the fair value is measured. Non-monetary items denominated in foreign currencies and measured at historical costs are converted into the functional currency with the exchange rates on transaction day.

Except that the exchange differences arising from the translation of equity instruments at FVOCI are recognized in other comprehensive income, the rest are recognized in profit or loss.

##### 2. Foreign operations

Assets and liabilities of foreign operations, including goodwill arising from acquisition and fair value adjustments, are translated into NTD at the exchange rate prevailing on the balance sheet date; income and expense items are translated into NTD at the average exchange rate in the current period. Resulting exchange differences are recognized in other comprehensive income.

When the disposal of a foreign operation results in the loss of control, joint control, or material impact, the cumulative exchange differences related to the foreign operation are fully reclassified to profit or loss. In the event of a partial disposal of a subsidiary with foreign operations, the relevant cumulative exchange differences are re-attributed to non-controlling interests on a pro rata basis. In the event of a partial disposal of an investment involving an associate or a joint venture of a foreign operation, the relevant cumulative exchange differences are reclassified to profit or loss on a pro rata basis.

If there is no repayment plan for the monetary receivables or payables of a foreign operation and it is impossible to settle the receivables or payables in the foreseeable future, the foreign exchange gains and losses incurred shall be regarded as a part of the net investment in the foreign operation and recognized in other comprehensive income.

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

### (IV) Criteria for classification of current and non-current assets and liabilities

Assets that meet one of the following criteria are classified as current assets; all other assets that are not current assets are classified as non-current assets:

1. Assets expected to be realized or intended to be sold or depleted within the normal business cycle;
2. Assets held primarily for the purpose of trading;
3. Assets expected to be realized within 12 months after the reporting day; or
4. Cash or cash equivalents except those restricted for exchange or for liability settlements for at least 12 months after the reporting day.

Liabilities that meet one of the following criteria are classified as current liabilities; all other liabilities that are not current liabilities are classified as non-current liabilities:

1. Expected to be repaid within the normal business cycle;
2. Liabilities held primarily for the purpose of trading;
3. Liabilities expected to be settled within 12 months after the reporting day; or
4. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date. The fact that the terms of the liabilities may allow settlement by issuing equity instruments at the option of the trading partners does not affect the classification.

### (V) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents refer to short-term and highly liquid investments that can be converted into a certain amount of cash at any time and the risk of value changes is very small. Time deposits that meet the aforementioned definition and whose purpose is to satisfy short-term cash commitments in operations are classified as cash equivalents.

### (VI) Financial instruments

Accounts receivable and debt securities issued are initially recognized when incurred. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual terms of the financial instruments. Financial assets (except receivables that do not contain significant financial components) or financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction prices.

#### 1. Financial assets

When financial assets are initially recognized, they are classified as financial assets at amortized cost, investment in equity instruments at fair value through other comprehensive income, and financial assets at fair value through profit or loss.

Only when the way of managing the financial assets is changed, the Company reclassifies the financial assets affected as required.

##### (1) Financial assets at amortized cost

If the financial assets meet the following criteria and are not designated at fair value through profit or loss, such assets are measured at amortized cost:

- Financial assets are held under a certain business model aimed to collect contractual cash flows.
- The cash flows on specific dates specified in the contractual terms are solely payments for the principal and interest on the principal amount outstanding.

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

When initially recognized, it is measured at fair value plus directly attributable transaction costs; subsequently, it is measured at amortized cost using the effective interest rate method, and the amortized cost has deducted impairment losses. Interest income, foreign exchange gains or losses, and impairment losses are recognized in profit or loss. Upon derecognition, the gain or loss is included in profit or loss. When financial assets are purchased or sold based on transaction customs, they are treated with the transaction date accounting.

### (2) Financial assets at fair value through other comprehensive income

The investment in debt instruments meeting the following conditions and not designated at fair value through profit or loss are measured at fair value through other comprehensive income.

- Financial assets are held for the purpose of collecting contracted cash flows and for sale.
- The cash flows on specific dates specified in the contractual terms are solely payments for the principal and interest on the principal amount outstanding.

Upon initial recognition, the Company may make an irrevocable election to recognize subsequent changes in fair value of equity instrument investments not held for trading in other comprehensive income. The aforesaid decision is made as per each instrument.

When initially recognized, it is measured at fair value plus directly attributable transaction costs; subsequently it is measured at fair value. Except that the foreign currency exchange gains and losses from investments in debt instrument, interest income and impairment losses calculated by the effective interest method, and dividend income from investments in equity instrument (unless it clearly represents a recovery of part of the investment cost) are recognized in profit or loss, the remaining changes in the carrying amount are recognized in other comprehensive income and accumulated in the unrealized gains or losses on financial assets measured at FVTOCI under the equity item. At the time of derecognizing, for instruments in debt instruments, the accumulative amount of income or loss under the equity shall be reclassified to profit or loss; for investments in equity instruments, the accumulative amount of income or loss under the equity shall be reclassified as retained earnings, and not reclassified to profit or loss. When financial assets are purchased or sold based on transaction customs, they are treated with the transaction date accounting.

Dividend income from equity investments is recognized on the date when the Company is entitled to receive dividends (usually the ex-dividend date).

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

The financial assets (including derivatives) not measured at amortized cost or at fair value through other comprehensive income as abovementioned are measured at fair value through profit or loss. To eliminate or significantly reduce the accounting mismatch, the Company may make an irrecoverable decision at the original recognition to designate the financial assets meeting the criteria for measurement at amortized cost or at fair value through other comprehensive income as the financial assets measured at fair value through profit or loss.

When initially recognized, it is measured at fair value, and transaction costs are recognized as profit or loss when incurred; subsequent measurement is made at fair value, and the gains or losses generated from the remeasurement (including related dividend income and interest income) are recognized as profit or loss. When financial assets are purchased or sold based on transaction customs, they are treated with the transaction date accounting.

### (4) Impairment of financial assets

The Company recognizes expected credit losses for financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivables, other receivables and other financial assets), and contract assets.

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

The allowance for losses from the financial assets below are measured at 12-month expected credit losses, and the allowance for losses from the other financial assets are measured at lifetime expected credit losses:

- The debt securities judged to be of low credit risk on the balance sheet date; and
- The credit risk (i.e. the default risk during the expected term of the financial instruments) of other debt securities and bank deposits has not increased significantly since the initial recognition.

Allowance for losses on accounts receivable and contract assets are measured at lifetime expected credit losses.

Lifetime expected credit losses refer to the expected credit losses arising from all possible default events during the expected term of a financial instrument.

Twelve-month expected credit losses are the expected credit losses on a financial instrument arising from possible default events within 12 months after the balance sheet day (or a shorter period if the expected term of the financial instrument is less than 12 months).

The maximum period over which expected credit losses are measured is the maximum contract period over which the Company is exposed to credit risk.

When determining whether the credit risk has increased significantly since the initial recognition, the Company takes into account reasonable and corroborative information (obtainable without undue cost or effort), including qualitative and quantitative information, and analyzes it based on the Company's historical experience, credit assessments, and forward-looking information.

If a contract payment is overdue for more than 30 days, the Company assumes that the credit risk of an financial asset has increased significantly.

If a contract payment is overdue for more than 361 days, or the borrower is unlikely to fulfill its credit obligations and pay the full amount to the Company, it will deem the financial asset in default.

If the credit risk rating of a financial instrument is equivalent to the globally defined "investment grade" (BBB- in Standard & Poor's, Baa3 in Moody's, or twA in Taiwan Ratings, or higher than such levels), the Company regards that the credit risk of the debt securities is low. The time deposits held by the Company have the creditworthy banks and financial institutions rated at investment grade and above as counterparties and the parties performing contracts, so such are deemed low credit risks.

Expected credit losses are an estimate of weighted probability of credit losses over the expected term of a financial instrument. Credit losses are measured at the present value of all cash shortfalls, that is the difference between the cash flows that the Company can receive as per the contract and the cash flows that the Company expects to receive. Expected credit losses are discounted at the effective interest rate on the financial asset.

On each reporting day, the Company assesses whether there are credit impairments with the financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income. A financial asset is credit-impaired when one or more events have occurred with an adverse effect on the estimated future cash flows of the financial asset. Evidence that indicates a financial asset is credit-impaired includes the observable information below:

- The borrower or issuer encountered significant financial difficulties;
- Defaults such as delay or overdue for more than 361 days;
- The Company, for financial or contractual reasons related to the borrower's financial difficulties, grants the borrower a concession that the borrower would not otherwise consider.
- The borrower is likely to file for bankruptcy or other financial restructuring; or

# Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

- The active market for the financial asset disappears due to financial difficulties.

The allowance for losses on a financial asset measured at amortized cost is deducted from the carrying amount of the asset. The allowance for losses on investment in debt instruments measured at fair value through other comprehensive income is recognized in other comprehensive income (without reducing the carrying amount of the asset), and the provided or reversed amount of the allowance for losses are recognized in profit and loss.

When the Company cannot reasonably expect to recover the whole or part of a financial asset, it directly reduces the total carrying amount of the financial asset. For companies, the Company analyzes the timing and amount of write-off for each company on the basis of whether it can reasonably expect to recover the financial asset. The Company does not expect a material reversal of an amount written off. However, financial assets that have been written off are still enforceable to be aligned with the Company's procedures for recovering overdue amounts.

## (5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash inflow from the financial asset expire, when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party, or when it has not transferred, retained substantially all the risks and rewards of ownership, and retained control over the financial asset.

For transfer of transfer financial assets, if the Company has retained all or substantially all the risks and rewards of ownership of the asset to be transferred, it continues to recognize the asset on the balance sheet.

## 2. Financial liabilities and equity instruments

### (1) Classification of liabilities and equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity as per the substance of a contractual agreement and the definition of financial liabilities and equity instruments.

Equity instrument refers to any contract that demonstrates the Company's remaining interest in assets less all of its liabilities. Equity instruments issued by the Company are recognized at the acquisition price less direct issue costs.

### (2) Treasury shares

When the Company repurchases the recognized equity instruments, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The shares repurchased are classified as treasury shares. When the treasury shares are subsequently sold or reissued, the amount received is recognized as an increase in equity, and the gain or loss on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is insufficient to offset the amount).

Shareholdings of the subsidiaries in the Company shall be treated as if the Company has recovered the issued shares.

### (3) Other financial liabilities

Financial liabilities not held for trading and not designated as measured at FVTPL (including long-term and short-term borrowings, accounts payable and other payables), are measured at fair value plus directly attributable transaction costs when being initially recognized; the subsequent evaluation is measured at amortized cost using the effective interest rate method, except for short-term borrowings and interest on payables that are recognized without materiality. Interest expense not capitalized as asset cost is presented under non-operating income and expenses.

### (4) Derecognition of financial liabilities

The Company derecognizes financial liabilities when contractual obligations have been fulfilled, cancelled, or expired. When the terms of financial liabilities are amended and the cash flow from the liabilities is significantly different as a result, the initial financial liabilities are derecognized, and new financial liabilities are recognized at fair value as per the amended terms.

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

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

### (5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities can only be recognized on the balance sheet with the net value after netting off when the Company has the legal right to exercise the netting off and has the intention to deliver at the net value or concurrently realizes the asset to pay off the liabilities.

### (VII) Inventories

Inventory is measured at the lower of cost or net realizable value. Cost includes the acquisition, production or processing cost and other cost to bring the inventory to the location and the status available for use and is calculated with the weighted average method. The costs of finished goods and goods in progress inventories include manufacturing overhead apportioned based on normal production capacity in an appropriate proportion; however, the costs are allocated based on actual production capacity if the difference between actual production capacity and normal production capacity is not significant.

Net realizable value refers to the estimated selling price under normal business circumstances minus the estimated cost of inputs required for work completion and the estimated cost needed to complete the sale.

### (VIII) Investment in associates

Associates are those, over which the Company has material influence on their financial and business policies and does not have control or joint control.

The Company adopts the equity method to recognize the equity in associates. With the equity method, they are initially recognized at cost, and investment costs include transaction costs. The carrying amount of an investment in an associate includes the goodwill identified at the time of the initial investment, less any cumulative impairment losses.

The parent-company only financial reports includes the amounts of profit and loss and other comprehensive income of associates in proportion to the equity percentage recognized by the Group from the date of the Group gaining material influence on an associate to the date of losing material influence, and after its accounting policies on financial reporting are adjusted to be consistent with the Group's. When equity changes occur to an , which is not related to profit or loss and other comprehensive income, and said changes do not affect the associate's shareholding, the Company recognizes changes in the Company's share of the associate's equity in "capital surplus" in proportion to the Company's shareholding.

The unrealized gains from the transactions between the Company and its associates have been eliminated within the extent of the Group's equity in the investee companies. The approach to eliminate the unrealized losses is the same as unrealized gains, but only if there is no evidence of impairment for the generation of such loss.

When the Company's share of loss of an associate in proportion to be recognized is equal to or exceeds its equity in the associate, it stops recognizing its losses, and it only recognizes additional losses and relevant liabilities when a legal duty or a constructive obligation occurs or a payment has been made on behalf of the investee.

### (IX) Investment in subsidiaries

When preparing the parent company only financial statements, the Company adopts the equity method to value the investees over which the Company has control. With the equity method, the current profit or loss and other comprehensive income in the parent company only financial statements are the same as the current profit or loss and other comprehensive income attributable to the owners of the parent company in the consolidated financial statements. The owner's equity in the parent company only financial statements is the same as the equity attributable to the owners of the parent company in the consolidated financial statements.

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

Changes in the Company's ownership interests in subsidiaries that do not result in the loss of its control over them are treated as equity transactions with the owners.

### (X) Property, plant and equipment

#### 1. Recognition and measurement

The recognition and measurement of property, plant, and equipment adopt the cost model, and measured at the cost net of accumulated depreciations and accumulated impairments. Cost comprises expenditures that are directly attributable to the acquisition of the asset. The software purchased to integrate the functions of related equipment is also capitalized as part of the equipment.

Where the property, plant and equipment include different components, and relative to the total cost of the item, it is material so that adopting a different depreciation rate or approach is more appropriate, it is deemed an individual item of property, plant and equipment (main component) to be treated.

Gains and losses on the disposal of property, plant and equipment are determined by the difference between the carrying amount of the property, plant and equipment and the disposal proceeds, and the net amount is recognized as non-operating income and expenses under profit and loss.

#### 2. Subsequent cost

If the expected future economic benefits of subsequent expenditures on property, plant and equipment items are likely to flow into the Company, and the amount can be measured reliably, the expenditures are recognized as part of the carrying amount of the item, and the carrying amount of the replaced part is derecognized. Routine maintenance costs of property, plant and equipment are recognized in profit or loss when incur.

#### 3. Depreciation

The depreciation is calculated using the straight-line method based on the estimated useful life of the asset after deducting its salvage value, and assessed on the individual significant components of the asset. Where any component has a different useful life from other parts of the asset, the depreciation of such component shall be provided separately. The provision of depreciation is recognized in profit or loss.

Land is not required to be depreciated.

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

(1) Buildings: 26-27 years

(2) Machinery and equipment: 5-7 years

(3) Office and other equipment: 1-10 years

The Company shall review the depreciation method, useful life and salvage value at least on the reporting date of each year. If the expected value is different from the previous estimate, it shall be adjusted appropriately if necessary, and the change shall be treated pursuant to the regulations of changes in accounting estimates.

### (XI) Lease

The Company assesses whether a contract is or contains a lease on the date of the establishment the contract and determines a contract is or contains a lease if the contract transfers control over the use of the identified asset for a period of time in exchange for consideration.

#### 1. Lessee

The Company recognizes the right-of-use asset and lease liability on the lease commencement date.

The right-of-use asset is initially measured at cost, which includes the initially measured amount of the lease liability, adjusted for any lease payments paid on or before the lease commencement date, plus the initial direct costs incurred and the estimated costs for dismantling, removing the asset, or restoring its location or the asset, and less any lease incentives received.

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

The right-of-use asset is subsequently depreciated on a straight-line basis from the lease commencement date to the end of the useful life of the right-of-use asset or the end of the lease term, whichever is earlier. In addition, the Company regularly assesses whether the right-of-use asset is impaired and accounts for any impairment loss that has occurred, and adjusts the right-of-use asset if the lease liability is remeasured.

The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. If the interest rate implicit in a lease is easy to be determined, the discount rate is said rate; if it is not easy to determine such a rate, the Company's incremental borrowing rate is adopted. Generally speaking, the Company adopts its incremental borrowing rate as the discount rate.

Lease payments included in the lease liability measurement include:

- (1) Fixed payments, including substantive fixed payments;
- (2) The lease payment depends on the change in an index or rate, and the index or rate on the lease commencement date is adopted for the initial measurement;
- (3) The residual value guarantee amount expected to be paid; and
- (4) The exercise price or penalty to be paid when it is reasonably ascertain that the purchase or lease termination will be executed.

Interest on lease liabilities is subsequently accrued using the effective interest method, and the amount is re-measured under each of the circumstances below:

- (1) Changes in the index or rate used to determine lease payments result in changes in future lease payments;
- (2) There is a change in the residual value guarantee amount expected to be paid;
- (3) There is a change in the evaluation of the option of purchasing the asset;
- (4) A change in the evaluation of whether to extend or terminate a lease has resulted in a change in the evaluation of the lease term;
- (5) The subject leased, scope of lease, or other terms are modified.

When the lease liability is re-measured due to the aforementioned changes in the index or rate used to determine the lease payment, extension, or termination, the carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications with a reduced scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between said amount and the remeasured amount of the lease liability is recognized in profit or loss.

The Company presents right-of-use assets and lease liabilities not in alignment with the definition of investment property on a separate line in the balance sheet.

For low-value asset leases such as other equipment leased, the Company chooses not to recognize right-of-use assets and lease liabilities. Rather, these lease payments are recognized as expenses during the lease period in the straight line method.

### 2. Lessor

Transactions in which the Company is the lessor are classified on the lease commencement date as per whether a lease contract is with substantially all risks and rewards attached to the ownership of the asset transferred; if so, such a contract is classified as a finance lease, otherwise it is classified as an operating lease. During evaluation, the Company considers relevant specific indicators, including whether the lease term covers a major part of the economic life of the asset.

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

If the Company is a sublease lessor, the master lease and sublease transactions are treated separately, and the classification of the sublease transaction is evaluated based on the right-of-use assets generated from the master lease. If the master lease is a short-term lease and the recognition exemption is applicable, the sublease transaction should be classified as an operating lease.

### (XII) Intangible assets

#### 1. Recognition and measurement

Goodwill arising from the acquisition of a subsidiary is measured at cost, less accumulated impairment.

Expenses from research activities are recognized in profit or loss as incurred.

Development expenses are capitalized only when they can be reliably measured, the technical or commercial feasibility of a product or process has been achieved, future economic benefits are likely to flow into the Company, or it intends and has sufficient resources to complete the development to use or sell the asset. Other development expenses are recognized in profit or loss as incurred. After initial recognition, capitalized development expenses are measured at cost, less accumulated amortization and accumulated impairment.

Other intangible assets with finite useful lives acquired by the Company, mainly the costs of computer software, are measured at the cost less accumulated amortization and accumulated impairment.

#### 2. Subsequent expenditure

Subsequent expenditure is only capitalized when the extent that the future economic benefits of a specific asset will increase. All other expenditures are recognized in profit or loss as incurred, including goodwill and brands internally developed.

#### 3. Amortization

Except for the goodwill, when amortizing, the amount after deducting the salvage value from the asset cost is the amortizable amount. The costs of the main intangible asset - computer software is amortized using the straight-line method based on the estimated useful life of one to five years from the time it reaches the usable state, and the amortized amount is recognized in profit or loss.

The Company shall review the salvage value, amortization period, and amortization method of intangible assets at least on the reporting day every year, and any changes shall be deemed as changes in accounting estimates.

### (XIII) Impairment of non-financial assets

For non-financial assets other than inventories and deferred income tax assets, the Company assesses whether any impairment has occurred on each reporting date, and estimates the recoverable amount of assets with signs of impairment. If the recoverable amount of an individual asset cannot be estimated, the Company is to estimate the recoverable amount of the respective cash-generating unit, to evaluate the impairment.

The recoverable amount is the higher of the individual asset or the fair value of the cash-generating unit less cost of disposal and its value in use. When the recoverable amount of an individual asset or a cash-generating unit is less than its carrying amount, the carrying amount of the individual asset or cash-generating unit shall be adjusted to its recoverable amount, and the impairment loss is recognized.

Impairment losses are recognized immediately in profit or loss for the period.

The Company assesses at each reporting date again to see if any indication shows that a recognized impairment loss of assets other than goodwill in previous years may no longer exist or may have decreased. If there is any change in the estimate used to determine the recoverable amount, the impairment loss is reversed to increase the carrying amount of the individual asset or cash-generating unit to its recoverable amount; provided that such amount shall not exceed the carrying amount of individual asset or cash-generating unit deducting the depreciation or amortization if no impairment loss had been recognized in previous years.

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

The goodwill is regularly tested for impairment every year, and the portion of the recoverable amount lower than the carrying amount is recognized as an impairment loss. For purposes of impairment tests, goodwill obtained from entity combination is allocated to each cash-generating unit or cash-generating units (or group of cash-generating units) from which the Company expects to benefit as a result of the merger. If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is calculated by first reducing the carrying amount of the allocated goodwill of the cash-generating unit and then allocate the carrying amount of each asset in proportion to the carrying amount of the other assets in the unit. The recognized impairment loss of goodwill shall not be reversed in the subsequent period.

### (XIV) Provisions

Provisions of liabilities are recognized when there is a present legal duty or constructive obligations as a result of past events, and it is probable that the Company needs an outflow of economic resources to settle the obligation, and the amount of the obligation can be reliably estimated. The liability reserve is discounted at a pre-tax discount rate that reflects the time value of money in the market and the specific risks to the liability, and the amortization of the discount is recognized in interest expenses.

### (XV) Revenue recognition

#### 1. Revenue from customer contracts

Revenue is measured as the consideration to which the transfer of goods or services is expected to be entitled. The Company recognizes revenue when the control over goods or services is transferred to customers and its performance obligations are fulfilled. The Company's main revenue items are described as follows:

##### (1) Sales of goods

The Company manufactures and processes plastic daily necessities, surface treatment and products related to electronic parts and components, and sells them to customers. The Company recognizes revenues when the control over products has been transferred to the customer. The transfer of control over products means the products have been delivered to the customer and the customer has full discretion over the channels and prices to sell the products, without affecting the customer's acceptance of unfulfilled obligations on the products. Delivery occurs when the products have been shipped to a specific location and the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company recognizes accounts receivable upon the delivery of goods, as this is the point in time that the Group has a right to collect the consideration unconditionally.

##### (2) Contracts of project system engineering

The Company is engaged in ad project system engineering contracts. Since the asset is under the control of the customer at the time of construction, the revenue is recognized over time based on inspections of contractual works performed. The contracts are fixed considerations. Customers pay the payments at fixed amount according to the agreed schedule. The Company recognizes revenue only to the extent where the cumulative revenue is very unlikely to materially reverse. If any amount of recognized income has not yet been claimed, it is recognized as a contract asset. When there is an unconditional right to the consideration, the contract asset is transferred to accounts receivable.

Where it is not possible to reasonably measure the extent to which performance obligations under a construction contract have been fulfilled, the contract revenue is recognized only to the extent of the expected recoverable costs.

When the Company expects that the inevitable cost to perform the obligations of an engineering contract exceeds the expected economic benefits obtained from the contract, it shall recognize the liability provision for the onerous contract.

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

Where estimates of revenue, costs and completion degree are revised due to circumstances change, during the period when management becomes aware of the change and the revision is made, the resulting increase or decrease is reflected in profit or loss.

### (3) Financial components

The Company expects the time from the contractual transfer of products or services to customers and the time when customers pay for such products and services to be no more than one year. Hence, the Company does not adjust transaction prices for the time value of money.

### (XVI) Government grants

When unconditional grants can be received, the Company is recognized such as other income . For other grants related to assets, when the Company can be reasonably sure that the conditions attached to the government grant will be complied with, and the grant will be received, it will be recognized as deferred income at fair value, and the deferred income is recognized as other income on a systematic basis during within the useful life of the asset. Government grants to compensate for the Company's expenses or losses and relevant expenses in the same period are recognized in profit or loss on a systematic basis.

### (XVII) Employee benefits

#### 1. Defined contribution plans

Contribution obligations to the defined contribution plans are recognized as expenses in the period when the employees provide service. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

#### 2. Short-term employee benefits

The short-term employee benefit obligations are measured on an undiscounted basis and are recognized as expenses when the related services are rendered.

For the amount expected to be paid under the short-term cash bonus, or profit-sharing plans, if the services already provided by employees constitute the Company a current statutory or presumed payment obligation and such obligation can be reliably estimated, the amount is recognized as a liability.

### (XVIII) Share-based payment transaction

The share-based payment rewards given to employees are based on the fair value on the grant date, and during the period when employees can obtain the rewards unconditionally, the rewards are recognized as the remuneration costs and the relative equity is increased. The recognized remuneration cost is adjusted based on the expected amount of rewards meeting the service conditions and vesting conditions not at the market price; and the final recognized amount is measured based on the amount of rewards meeting the service conditions and vesting conditions not at the market price on the vesting date.

The non-vesting conditions of the share-based payment rewards have been reflected in the measurement of the fair value of the share-based payment on the grant date, and the difference between the expected and actual results needs not to be verified and adjusted.

The share appreciation rights payable to employees are recognized as expense with additional relative liabilities during the period when the employees are unconditionally remunerated, for these delivered in cash after being measured by the fair value of the share appreciation rights. Related liabilities shall be re-measured at each reporting date and delivery date, and any changes in their fair value shall be recognized as personnel expenses under profit or loss.

### (IXX) Income tax

Income tax includes current income and deferred taxes. Current income tax and deferred tax are recognized in profit or loss, except in relation to business combinations or items directly recognized in equity or other comprehensive income.

The Company has determined that interest or penalties related to income taxes (including uncertain tax treatment) do not meet the definition of income taxes, and therefore account for them under IAS 37.

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

Current income tax includes the expected income tax payable or tax refund receivable based on the taxable income (loss) for the year and any adjustments to income tax payable or tax refund receivable in prior years. After the uncertainty (if any) related to income taxes has been factored into the amount, the best estimates for the expected tax payables or receivables are measured using the statutory tax rates or the substantively enacted tax rate on the reporting day.

Deferred tax is recognized based on the temporary differences between the carrying amounts of an asset and liability for financial reporting purposes and its tax base. Temporary differences arising from the circumstances below are not recognized in deferred tax:

1. Assets or liabilities are initially recognized for a transaction that is not a business combination, and such assets or liabilities does not affect accounting profit and taxable income (loss) at the time of the transaction;
2. For temporary differences arising from investments in subsidiaries, associates, and joint venture interests, the Company can control the timing of the reversal of such temporary differences and it is likely that they will not be reversed in the foreseeable future; and
3. Taxable temporary differences arises from the initial recognition of goodwill.

Unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized, as well as deductible temporary differences are recognized in deferred tax assets. It is reassessed at each balance sheet date to reduce the relevant income tax benefits to the extent that it is not probable that they will be realized; or to reverse the previously reduced amount to the extent that it becomes probable that sufficient taxable income will be available.

Deferred taxes are measured at tax rates that are expected to be applied to the reversal of temporary differences on the basis of the statutory tax rates or the substantively enacted tax rate on the reporting day. Any income tax related uncertainty (if any) should have been reflected.

The Company will offset deferred tax assets and deferred tax liabilities only when the criteria below are met at the same time:

1. Has the statutory enforcement power to offset current income tax assets and current income tax liabilities; and
2. Deferred tax assets and deferred tax liabilities are related to one of the following taxpayers with income tax levied by the same tax authority:
  - (1) The same taxpayer; or
  - (2) Different taxpayers but each taxpayer intends to settle the current tax liabilities and assets on a net basis or to realize both in each future period, in which significant amounts of deferred tax assets are expected to be recovered and deferred tax liabilities are expected to be settled.

### (XX) Earnings per share

The Company presents basic and diluted earnings per share attributable to holders of the Company's ordinary shares. The Company's basic earnings per share is calculated by dividing the profit or loss attributable to the equity holders of the Company's ordinary shares by the weighted average number of ordinary shares outstanding in the current period. Diluted earnings per share is calculated by having the profit or loss attributable to the equity holders of the Company's ordinary shares and the weighted average number of ordinary shares outstanding adjusted for the effect of all potential dilutive ordinary shares. Potential dilutive common shares of the Company are employee remuneration that has not yet been resolved by the board of directors and can be distributed in shares, and new restricted employee shares issued to employees.

### (XXI) Information on departments

The Company has disclosed segment information in the consolidated financial statements, so does not disclose such information in the parent company only financial statements.

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

### V. Significant Accounting Assumptions and Judgment, And Major Sources of Estimation Uncertainty

When the management prepares the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, it shall make judgments, estimates, and assumptions, which will affect the accounting policies adopted and the amounts of assets, liabilities, income, and expenses presented. Actual results may differ from estimates.

The management continues to review estimates and basic assumptions, and changes in accounting estimates are recognized in the period in which they are changed and future periods affected.

The information on the accounting policies involve critical judgements and have no significant effects on the amounts recognized in these parent-company only financial statements as below:

#### (I) Determination on the existence of substantive control over the invested companies

The Company holds 21.66% of the shares with voting rights in O-View Technology Co., Ltd., as its single largest shareholder. Although the remaining 78.34% of the shares in O-View Technology Co., Ltd. are not concentrated in specific shareholders, the Company still cannot obtain the majority of seats in O-View Technology' board of directors, nor obtain the majority of the voting rights of shareholders present at the shareholders' meetings, so it was determined that the Company had no control over O-View Technology Co., Ltd.

The Company has no assumption and estimate uncertainties come with material risks of significant adjustments to the carrying amounts of assets and liabilities for the next fiscal year.

### VI. Summary of Significant Accounting Items

#### (I) Cash and cash equivalents

	2022.12.31	2021.12.31
Petty cash, bank checking and saving deposits	<u>\$ 74,288</u>	<u>202,387</u>

Please refer to Note 6(20) for the information on the interest rate risk and sensitivity analysis of the Company's financial assets and liabilities.

#### (II) Financial assets at fair value through profit or loss

	2022.12.31	2021.12.31
Financial assets mandatorily measured at fair value through profit or loss: Domestic listed stocks	<u>\$ 84,458</u>	<u>131,380</u>

#### 1. Investments in equity instruments at fair value through profit or loss

These investments in equity instrument held by the Company are for trading purposes, so they have been designated as mandatorily measured at FVTPL.

2. The profit and loss from the Company's financial asset valuation in 2022 and 2021 were losses of NT\$46,922 thousand and NT\$23,302 thousand, respectively.

3. Disposal of equity instruments mandatorily measured at fair value through profit or loss

The Company sold 10 thousand shares of Symtek Automation Asia Co., Ltd. in April 2021, with the disposal proceeds of NT\$1,175 thousand.

4. The aforesaid financial assets were not pledged as collateral for borrowing or financing facilities as of December 31, 2022 and 2021.

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

(III) Notes and accounts receivable

	<b>2022.12.31</b>	<b>2021.12.31</b>
Accounts receivable at amortized cost	\$ 47,126	42,306
Accounts receivable - related parties	242	218
	<hr/>	<hr/>
Less: Allowance for bad debts	47,368	42,524
	<hr/>	<hr/>
(14,984)	(14,232)	(14,232)
	<hr/>	<hr/>
<b>Note receivable and accounts receivable, net</b>	<b>\$ 32,384</b>	<b>28,292</b>
	<hr/>	<hr/>
<b>Notes and accounts receivable - related parties, net</b>	<b>\$ 32,142</b>	<b>28,074</b>
	<hr/>	<hr/>
	<b>\$ 242</b>	<b>218</b>

The Company adopts a simplified approach to estimate expected credit losses for all notes and accounts receivables, measured at lifetime expected credit losses. To this end, such notes and accounts receivables are grouped by common credit risk characteristics that represent a customer's ability to pay all amounts due as per the contract terms with forward-looking information incorporated, including macro-economic and relevant industry information. The Company's expected credit loss analysis for the notes and accounts receivable is as follows:

	<b>2022.12.31</b>		
	<b>Carrying amount of accounts receivable</b>	<b>Weighted average expected credit loss rate</b>	<b>Allowance for lifetime expected credit losses</b>
Not past due	\$ 26,270	0.2%	52
Less than 90 days past due	6,292	2.0%	126
Overdue for 91–180 days	-	0.00%	-
Over 180 days past due	<hr/>	100%	<hr/>
	<hr/>	14,806	14,806
Total	<b>\$ 47,368</b>		<b>14,984</b>

	<b>2021.12.31</b>		
	<b>Carrying amount of accounts receivable</b>	<b>Weighted average expected credit loss rate</b>	<b>Allowance for lifetime expected credit losses</b>
Not past due	\$ 18,177	0.20%	36
Less than 90 days past due	10,358	2.00%	207
Overdue for 91–180 days	-	0.00%	-
Over 180 days past due	<hr/>	100%	<hr/>
	<hr/>	13,989	13,989
Total	<b>\$ 42,524</b>		<b>14,232</b>

Table of the changes in the Company's allowance for losses on notes receivable and accounts receivable for 2022 and 2021 are as follows:

	<b>2022</b>	<b>2021</b>
Balance at the beginning of the period	\$ 14,232	14,480
Impairments loss (gains from reversal)	752	(248)
Balance at the end of the period	<b>\$ 14,984</b>	<b>14,232</b>

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

None of the aforesaid financial assets has been pledged as collateral as of December 31, 2022 and 2021.

(IV) Inventories

	<b>2022.12.31</b>	<b>2021.12.31</b>
Merchandise	\$ 22	21
Project system engineering	11,438	11,438
Finished products	-	2,778
Work in process	-	1,756
Raw materials	1,805	2,034
	<b>\$ 13,265</b>	<b>18,027</b>

Details of the costs of sales are as follows:

	<b>2022</b>	<b>2021</b>
Reclassified from inventories sold	\$ 91,994	170,489
Loss (reversal gains) of inventory obsolescence and falling prices	612	(1,493)
Manufacturing expenses unallocated	19,397	8,868
Proceeds from the sales of scraps	(49)	(321)
	<b>\$ 111,954</b>	<b>177,543</b>

For 2022, the Company reversed the inventory valuation losses as the net realizable value recovered.

None of the Company's inventory has been pledged as collateral as of December 31, 2022 and 2021.

(V) Investments using the equity method

The Company's investments using the equity method as at the balance sheet date are listed as follows:

	<b>2022.12.31</b>	<b>2021.12.31</b>
Subsidiary	\$ 552,628	600,051
Associates	47,507	40,429
Plus: credit balance of investment with equity method of subsidiaries (accounted as deduction of other receivable related parties)	93,531	85,290
Credit balance of investment with equity method of subsidiaries (accounted as other non-current liabilities)	221,227	166,543
	<b>\$ 914,893</b>	<b>892,313</b>

1. Subsidiary

- (1) Please refer to the 2022 consolidated financial reports.
- (2) The Company performs impairment tests for the premiums of long-term investments. In 2021, for these recoverable amounts lower than the carrying amounts, the impairment of NT\$14,375 thousand was recognized, and accounted under "Other incomes and losses")

2. Associates

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

The aggregate financial data on the individually immaterial associates, for which the Company adopts the equity method, are as follows. Such financial data is the amounts included in the Company's parent-company only financial reports:

	2022.12.31	2021.12.31
The aggregated total carrying amount of equity in individual insignificant associates	<u>\$ 47,507</u>	<u>40,429</u>
	2022	2021
Share attributable to the Company:		
Net income of continuing business units for the period	\$ 7,516	6,550
Other comprehensive income	<u>(85)</u>	<u>107</u>
Total comprehensive income	<u>\$ 7,431</u>	<u>6,657</u>

In 2021, the Company increased its capital reserve by NT\$49 thousand as the Group did not increase capital in associates proportionally to its shareholdings.

3. Collaterals

None of the Company's investments under the equity method has been pledged as collateral as of December 31, 2022 and 2021.

4. Technological shareholding

- (1) The sub-subsidiary of the Company, Yongneng Technology Co., Ltd. (Yongneng Technology) approved to entered the technology license agreement or related technology transfer agreement with Shangdong Hengli Tianneng Advanced Technology Ltd. (Shangdong Hengli Tianneng) in the board meeting on January 16, 2019; afterwards, Yongneng Technology acquired 25% stake of Shangdong Hengli Tianneng by investing with the technologies. Currently, the registered capital of Shangdong Hengli Tianneng is CNY100,000 thousand. Upon the execution of the related agreement, Yongneng Technology will obtained the stake of Shangdong Hengli Tianneng for CNY25,000 thousand. As of the reporting date, the Company has not concluded the stake transaction.
- (2) On December 20, 2022, the Company entered an investment agreement with SUMO Advanced Materials Co., Ltd ("Sumo"), to acquired 45% of stake in Guangzhou Carbon Valley Technology Co., Ltd. (Guangzhou Carbon Valley), paid with the technologies of the subsidiary, WAYS(DongGuan) Electronic Technical Co., Ltd. ( Dongguan Ways); the accumulated shareholding became 70%. As of the reporting date, the Company has not concluded the stake transaction.
- (3) The Company has entered an investment agreement with Sumo on December 20, 2022, on to incorporate Guangdong Ways Technical Ltd. (Guangdong Ways); the Company will invested with the technologies of the subsidiary, Dongguan Ways" to obtain 70% stake of Guangdong Ways. As of the reporting date, the Company has not concluded the stake transaction.

(VI) Property, plant and equipment

The change in the Company's costs, accumulated depreciation and impairments of property, plant and equipment in 2022 and 2021 is as follows:

	Land	Houses and buildings	Machinery and equipment	Offices equipment and others	Total
Costs:					
Balance at January 1, 2022	\$ 25,700	59,970	272,546	286,880	645,096

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

	Land	Houses and buildings	Machinery and equipment	Offices equipment and others	Total
Addition	-	2,800	397	3,986	7,183
Disposal	-	-	-	(4,233)	(4,233)
Reclassification	-	1,200	-	244	1,444
Balance on December 31, 2022	<u>\$ 25,700</u>	<u>63,970</u>	<u>272,943</u>	<u>286,877</u>	<u>649,490</u>
Balance on January 1, 2021	\$ 55,700	103,624	302,198	285,926	747,448
Addition	-	-	6,586	7,926	14,512
Disposal	(30,000)	(43,654)	(41,238)	(7,128)	(122,020)
Reclassification	-	-	5,000	156	5,156
Balance on December 31, 2021	<u>\$ 25,700</u>	<u>59,970</u>	<u>272,546</u>	<u>286,880</u>	<u>645,096</u>
Depreciation and impairment losses:					
Balance at January 1, 2022	\$ -	14,902	214,003	223,220	452,125
Depreciation during the year	-	1,749	11,799	22,056	35,604
Disposal	-	-	-	(683)	(683)
Balance on December 31, 2022	<u>\$ -</u>	<u>16,651</u>	<u>225,802</u>	<u>244,593</u>	<u>487,046</u>
Balance on January 1, 2021	\$ -	28,411	242,909	192,768	464,088
Depreciation during the year	-	2,100	12,332	37,466	51,898
Disposal	-	(15,609)	(41,238)	(7,014)	(63,861)
Balance on December 31, 2021	<u>\$ -</u>	<u>14,902</u>	<u>214,003</u>	<u>223,220</u>	<u>452,125</u>
Carrying amount					
December 31, 2022	<u>\$ 25,700</u>	<u>47,319</u>	<u>47,141</u>	<u>42,284</u>	<u>162,444</u>
January 1, 2021	<u>\$ 55,700</u>	<u>75,213</u>	<u>59,289</u>	<u>93,158</u>	<u>283,360</u>
December 31, 2021	<u>\$ 25,700</u>	<u>45,068</u>	<u>58,543</u>	<u>63,660</u>	<u>192,971</u>

In May 2021, upon the resolution of the Board, the Company sold part of the lands and plant buildings, with the total contract price of NT\$140,000 thousand. The gain from disposal was NT\$75,826 thousand. As of December 31, 2022, the proceeds were fully received.

(3) Please refer to Note 8 for details of the property, plant and equipment provided by the Company as collateral.

(VII) Right-of-use assets

The change in the Company's costs and depreciation of leased land, houses & buildings and transportation equipment are as follows:

	Land	Buildings	Transportation equipment	Total
Cost of right-of-use assets:				
Balance at January 1, 2022	\$ 532	89,641	4,654	94,827
Addition	-	440	-	440
Disposal	(532)	(5,696)	(1,484)	(7,712)
Balance on December 31, 2022	<u>\$ -</u>	<u>84,385</u>	<u>3,170</u>	<u>87,555</u>
Balance on January 1, 2021	\$ 354	83,945	4,654	88,953
Addition	178	5,696	-	5,874
Balance on December 31, 2021	<u>\$ 532</u>	<u>89,641</u>	<u>4,654</u>	<u>94,827</u>
Depreciation of right-of-use assets:				
Balance at January 1, 2022	\$ 398	30,642	2,612	33,652

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

	Land	Buildings	Transportation equipment	Total
Depreciation in the period	134	11,131	1,057	12,322
Disposal	(532)	(2,604)	(1,484)	(4,620)
Balance on December 31, 2022	<u>\$ -</u>	<u>39,169</u>	<u>2,185</u>	<u>41,354</u>
Balance on January 1, 2021	\$ 221	19,560	1,555	21,336
Depreciation in the period	177	11,082	1,057	12,316
Balance on December 31, 2021	<u>\$ 398</u>	<u>30,642</u>	<u>2,612</u>	<u>33,652</u>
Carrying amount				
December 31, 2022	<u>\$ -</u>	<u>45,216</u>	<u>985</u>	<u>46,201</u>
January 1, 2021	<u>\$ 133</u>	<u>64,385</u>	<u>3,099</u>	<u>67,617</u>
December 31, 2021	<u>\$ 134</u>	<u>58,999</u>	<u>2,042</u>	<u>61,175</u>

(VIII) Other financial assets - current and other non-current assets

The details of the Company's other financial assets -current, other current assets, and other non-current assets are as below:

	2022.12.31	2021.12.31
Other financial assets -current		
Other receivables (including related parties)	\$ 105,211	57,172
Time deposits	33,781	30,448
Total	<u>\$ 138,992</u>	<u>87,620</u>
Other current assets:		
Prepayments for equipment - related parties	\$ 192,906	192,906
Others	3,447	2,879
Total	<u>\$ 196,353</u>	<u>195,785</u>
Other non-current assets		
Related party of prepayment	\$ 455,396	455,396
Prepayments for business facilities	13,730	9,944
Others	1,418	1,877
Total	<u>\$ 470,544</u>	<u>467,217</u>

The Company and Shandong Hengli Tianneng Advanced Technology Ltd. (Hengli Tianneng) entered the contract for design of production lines and assembly and transaction of equipment. As required by the contract, the Group paid the performance bond of NT\$609,480 thousand (USD20,000 thousand) to the broker of the transaction, Richstar International Commercial Co., Ltd. (Richstar International). After deducting the performed amount, the balance was NT\$455,396 thousand (USD14,944 thousand) for both 2022 and 2021, respectively, and were accounted under other non-current assets - prepayment to related parties. Upon the acceptance of the products, the bond will firstly be paid to Richstar International as the commission. Please refer to Note 9(1).

(IX) Short-term borrowings

	2022.12.31	2021.12.31
Comprehensive secured loans	\$ -	-
Undrawn limit	<u>\$ 189,406</u>	-

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

1. Please refer to Note 8 for the pledges on the Company's assets as collateral for short-term borrowings and limits.
2. The main management personnel of the Company are the joint guarantors for the borrowings and the borrowing limits. Please refer to Note 7 for details.

(X) Lease liabilities

The carrying amounts of the Company's lease liabilities are as follows:

	2022.12.31	2021.12.31
Current	<u>\$ 10,975</u>	<u>12,792</u>
Non-current	<u>\$ 36,636</u>	<u>49,650</u>

Please refer to Note 6 (20) Financial Instruments for maturity analysis.

The lease amounts recognized in profit or loss are as follows:

	2022	2021
Interest expense on lease liabilities	<u>\$ 863</u>	<u>1,027</u>
Income from subleased right-of-use assets	<u>\$ (5,143)</u>	<u>(5,143)</u>
Expense relating to leases of low-value assets (excluding short-term low-value leases)	<u>\$ 171</u>	<u>236</u>

The amounts of leases recognized in the cash flow statement are as follows:

	2022	2021
Total cash outflow from leases	<u>\$ 13,213</u>	<u>13,271</u>

1. Leases of land, houses and buildings

The Company leases lands, houses and buildings as plants and offices, and the lease period is usually three to ten years.

2. Other leases

The lease terms for other equipment and transportation equipment leased by the Company are one to five years. Of which, other equipment under short-term or low-value leases, the Company elects to apply the exemption from recognition and does not recognize the relevant right-of-use assets and lease liabilities thereof.

(XI) Operating lease

The Company has leased out its property, plant and equipment and right-of-use assets. As almost all the risks and rewards attached to the ownership of the underlying assets are not transferred, such leasing contracts are classified as operating leases. Please refer to Note 6 (6) Property, plant and equipment and Note 6 (7) Right-of-use assets for details.

The maturity analysis of lease payments is presented in the table below based on the total undiscounted lease payments to be received after the balance sheet date:

	2022.12.31	2021.12.31
Less than 1 year	<u>\$ 7,472</u>	<u>10,637</u>
1-2 years	<u>2,137</u>	<u>7,472</u>
2-3 years	<u>-</u>	<u>2,137</u>

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

4-5 years	-	-
Total undiscounted lease payments	<u>\$ 9,609</u>	<u>20,246</u>

The rental revenues generated from property, plant and equipment and right-of-use assets during 2022 and 2021 were NT\$8,767 thousand and NT\$9,792 thousand, respectively.

(XII) Employee benefits

The Company's defined contribution plan is as per the Labor Pension Act, and the Company makes a contribution equal to 6% of each employee's monthly salary to employees' individual pension accounts under the Bureau of Labor Insurance. Under this plan, after the Company has provided a fixed amount to the Bureau of Labor Insurance, it has no legal or constructive obligation to pay additional amounts.

The Company's pension expenses under the defined contribution plan for 2022 and 2021 were NT\$3,177 thousand and NT\$3,430 thousand, respectively, which have been contributed to the Bureau of Labor Insurance.

(XIII) Income tax

1. Income tax expense

The details of the Company's income tax expenses for 2022 and 2021 are as follows:

	2022	2021
Current income tax expense	\$ -	3,068
Deferred tax expense	-	-
Income tax	<u>\$ -</u>	<u>3,068</u>

The income tax expenses of the Company recognized under other comprehensive income in 2022 and 2021 are detailed below:

	2022	2021
Items that may subsequently be reclassified to profit or loss:	\$ -	-

The reconciliation of income tax expenses (income) and net loss before tax of the Company for 2022 and 2021 is shown below:

	2022	2021
Net loss before income tax	\$ (202,882)	(87,915)
Income tax calculated at the domestic tax rate where the Company is located	(40,576)	(17,583)
Tax-free income	10,267	(906)
Tax loss from unrecognized deferred income tax assets	24,381	6,115
Changes not recognized in temporary differences	5,928	6,333
Land value increment tax	-	3,068
Others	-	10,101
	<u>\$ -</u>	<u>7,128</u>

2. Deferred income tax assets and liabilities

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

(1) Unrecognized deferred income tax assets

The unrecognized deferred income tax assets by the Company are as below:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Deductible temporary differences	\$ 229,753	227,635
Tax loss	133,901	107,513
	<u><b>\$ 363,654</b></u>	<u><b>335,148</b></u>

For the tax losses, pursuant to the Income Tax Act, the losses in the previous ten years assessed by the tax collection authority are deducted from the net income of the year, and then the income tax will be assessed.

The aforesaid deductible temporary differences and tax losses not recognized as deferred income tax assets are because the Company is unlikely to have sufficient taxable income in the coming year to use the temporary differences and tax losses.

As of December 31, 2022, the tax losses not yet recognized as deferred income tax assets by the Company, and the deduction period are as follows:

<b>Year of loss</b>	<b>Un-deducted loss</b>	<b>The final year entitled to the deduction</b>
2016 (assessed figure)	\$ 25,830	2016
2018 (assessed figure)	94,565	2018
2019 (assessed figure)	146,355	2019
2020 (assessed figure)	186,445	2020
2021 (reported figure)	121,902	2031
2022 (estimated figure)	<u>94,410</u>	2032
	<u><b>\$ 669,507</b></u>	

(2) Deferred tax assets and liabilities recognized

The changes in deferred income tax assets and liabilities for 2022 and 2021 were as follows:

	<b>Others</b>
Deferred income tax liabilities:	
Balance at January 1, 2022	\$ 17
Debit (credit) on statement of income	-
Balance on December 31, 2022	<u><b>\$ 17</b></u>
Balance on January 1, 2021	\$ 17
Debit (credit) on statement of income	-
Balance on December 31, 2021	<u><b>\$ 17</b></u>

3. Income tax assessments

The Company's business income tax returns up to the year 2020 have been assessed and approved by the tax authority.

(XIV) Capital and other interests

1. Share capital

As of December 31, 2022 and 2021, the Company's authorized capital was NT\$2,000,000 thousand, divided into 200,000 thousand shares, at a face value of \$10 per share. Both the issued shares were 102,142 thousand common shares, and all the payment of the issued shares are received.

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

The reconciliation schedule of the Company's outstanding shares in 2022 and 2021 are as follows:

	<b>Common Stock</b>	
	<b>2022</b>	<b>2021</b>
Beginning balance on January 1	102,142	102,228
Cancellation	-	(86)
Ending balance on December 31	<b>102,142</b>	<b>102,142</b>

Among the issued shares, 5,000 thousand shares are privately placed common shares, issued at NT\$40 per share for total NT\$200,000 thousand. Afterwards, the transfer of share bonus shall comply with Article 43-8 of the Securities and Exchange Act, and the OTC trading is only to be applied to the Taipei Exchange after applying for public offering to the Financial Supervisory Commission upon the lapse of three full year since the delivery of the privately placed common shares.

On June 16, 2017, the Company approved the issuance of 4,588,000 new restricted employee shares in the regular shareholders' meeting, to be issued in tranches; 848 thousand shares and 3,740 thousand shares were issued in 2018 and 2017, respectively. In 2022 and 2021, 0 thousand shares and 86 thousand shares were cancelled as the vesting conditions were not met (please refer to the description of Note (15)). As of the reporting date, the change registration has been completed.

2. Capital surplus

The balance of the Company's capital surplus is as follows:

	<b>2022.12.31</b>	<b>2021.12.31</b>
Shares premium from issuance	\$ 2,006,477	2,006,477
Treasury shares traded	40,088	40,088
Changes in the net equity of associates accounted for using the equity method	49	49
Others	1,460	1,460
	<b>\$ 2,048,074</b>	<b>2,048,074</b>

Pursuant to the Company Act, the Company shall issue new shares or pay out cash in proportion to the existing shareholders' shares from the realized capital surplus after the capital surplus is used to compensate the deficit first. The realized capital surplus referred to in the preceding paragraph includes the premium from the shares issued at par and the income from gifts. Pursuant to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus to be used as capital shall not exceed 10% of the paid-in capital.

The Company adjusted the ratio of recognition of Mega-Power proportionally to the shareholdings, as the capital reserve generated from transfer of treasury shares is not the capital reserve specified in Article 241 of the Company Act, and thus cannot be capitalized.

3. Retained earnings

After closing of accounts, if there is earnings, the Company shall pay tax and make up for the accumulated deficit, and then set aside 10% as legal reserve. However, if the legal reserve has reached the Company's paid-in capital, the Company may choose not to set aside. The remainder shall be appropriated or reversed to special reserve in accordance with the laws and regulations. If there is any remaining balance, the Board of Directors shall prepare a proposal for the distribution of the remaining balance along with the accumulated undistributed earnings and submit it to the shareholders' meeting for a resolution to distribute dividends to shareholders. The Company's dividend policy is based on its current and future development plans, taking into account the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders. The rate of stock dividends is zero to 40% of the total amount of dividends; cash dividends is 60% to 100% of the total amount of dividends. The aforementioned distribution rates of earnings and cash dividends to stockholders are subject to profitability and capital conditions and shall be resolved by the stockholders' meeting.

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

(1) Legal reserves

When the Company suffers no losses, it may, upon a resolution by the shareholders' meeting, issue new shares or pay out cash from the legal reserve, but only to the extent that such reserve exceeds 25% of the paid-in capital.

(2) Special reserves

When adopting the IFRSs endorsed by the FSC initially the Company opted to apply the exemption items of IFRS 1 — First-time Adoption of International Financial Reporting Standards, with the constructive accumulated translation adjustment as zero. The accumulated translation adjustment recognized by the Accounting Standards of ROC was reclassified to the retained earnings for NT\$47,185 thousand. Pursuant to the FSC's regulations, only the net addition to the retained earnings generated from the first-time adoption of IFRSs on the conversion day, NT\$42,083 thousand, may be provided for the special reserve, and when using, disposing, or reclassifying the related assets, the distributed earnings may be reversed pro rata to the special reserves originally provided. The balances of the special reserves were both NT\$42,083 thousand as of December 31, 2022 and 2021, respectively.

In addition, as per the regulations of the FSC, when the Company distributes the distributable earnings, it shall allocate a special reserve from the current profit or loss and the undistributed earnings from the prior period in the same amount of the difference between the net deduction of other shareholders' equity recognized for the current year and the balance of the special reserve mentioned in the preceding paragraph, and; as for the cumulative deduction amount of other shareholders' equity, the Group shall set aside a special reserve from the undistributed earnings from the prior period and shall not distribute it. The amount subsequently reversed pertaining to the net reduction of other shareholders' equity may be distributed as earnings.

(3) Earnings distribution

The 2021 and 2020 deficit compensation proposals were resolved by the annual general shareholders' meeting on June 17, 2022 and July 9, 2021, respectively. No dividend to be distributed.

Please inquire the related information on the MOPS or other channels.

4. Treasury shares

Reason for recovery	Regulations		
	Governing Share	Parent's shares held	Total
	Repurchase by	by subsidiaries	(thousand shares)
Companies		(thousand shares)	(thousand shares)
January 1, 2022	1,614	1,076	2,690
Increase (decreased) during the period	-	-	-
Balance at December 31, 2022	<b>1,614</b>	<b>1,076</b>	<b>2,690</b>
January 1, 2021	1,614	1,076	2,690
Increase (decreased) during the period	-	-	-
Balance at December 31, 2021	<b>1,614</b>	<b>1,076</b>	<b>2,690</b>

**Notes (continued) to the parent company only financial statements of Ways  
Technical Corp., Ltd.**

As of December 31, 2022, the Company's subsidiary, Mega-Power, holds 1,076 thousand shares of the Company, with the cost of NT\$56,294 thousand, or NT\$52.32 per share; these are listed as the treasury shares, without change in 2022 and 2021. As of December 31, 2022 and 2021, the market price per share was NT\$38.95 and NT\$70.50, respectively.

In 2020, the cumulative treasury shares repurchased to maintain the Company's credit and shareholders' equity due to Article 28-2 of the Securities Exchange Act, was 1,614 thousand shares both, and the acquisition cost was NT\$31,102 thousand both. As of December 31, 2022, the number of uncancelled shares was 1,614 thousand shares.

As per the Securities and Exchange Act, the treasury shares held by the Company shall not be pledged, nor shall they be entitled to shareholders' rights until they are transferred.

**5. Other interests (net of tax)**

	Unrealized gains or losses				
	on financial assets at fair value through other comprehensive income	Unearned employees' remuneration	Total		
	Exchange differences on translation of the financial statements of foreign operations	comprehensive			
Balance at January 1, 2022	\$ (37,836)	(4,515)	-	(42,351)	
Exchange differences in translation of net assets of foreign operations	20,627	-	-	20,627	
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income of subsidiaries adopting the equity method	-	(85)	-	(85)	
Balance on December 31, 2022	<u>\$ (17,209)</u>	<u>(4,600)</u>	<u>-</u>	<u>(21,809)</u>	
Balance on January 1, 2021	\$ (31,933)	(4,622)	(3,392)	(39,947)	
Exchange differences in translation of net assets of foreign operations	(5,903)	-	-	(5,903)	
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income of subsidiaries adopting the equity method	-	107	-	107	
Share-based payment transaction	-	-	626	626	
Cancellation of new restricted employee shares	-	-	2,766	2,766	
Balance on December 31, 2021	<u>\$ (37,836)</u>	<u>(4,515)</u>	<u>-</u>	<u>(42,351)</u>	

**(XV) Share-based payment**

On June 16, 2017, the Company approved the issuance of 4,588,000 new restricted employee shares in the regular shareholders' meeting. The shares only granted to the permanent employees with official headcounts of the Company. The issuance was approved to take effect with the Letter Jin-Guan-Zheng No.1060042056 dated on November 8, 2017 by the Financial Supervisory Commission. 848 thousand shares and 3,740 thousand shares were resolved to be issued in the board meetings on September 20, 2018 and December 22, 2017, respectively; these dates are the base dates for the capital increase of the new share issuance. The fair values on the grant day was NT\$38 and NT\$48.7, respectively.

Notes (continued) to the parent company only financial statements of Ways  
Technical Corp., Ltd.

Employees who were allocated the above-mentioned new restricted employee shares may obtain the allocated shares free of charge; 20% of the allocated shares are vested respectively when serving in the Company for one full year and two full years, and 60% when serving three full years. After being allocated with the new shares, employees must deliver them to the Company or the institution designated by the Company for trust custody before meeting the vested conditions; such shares shall not be sold, pledged, transferred, gifted, pledged or otherwise disposed of. The voting rights in shareholders' meetings shall be exercised by the trust custodian institution pursuant to relevant laws and regulations. Where the employees allocated with the new shares but fail to meet the vesting conditions after obtaining new shares, the Company will retrieve all of their shares free of charge and cancel them. However, new restricted employee shares are still entitled to share distribution, dividend distribution, rights of capital reserve allocation, and warrants for cash capital increase, because shares obtained through share distribution or capital increase subscriptions are not the restricted employee shares.

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

Information on the Company's new restricted employee shares is as follows:

	<b>2022</b>	<b>2021</b>
Outstanding shares (thousand shares) as of January 1	-	538
Vested quantity of the period	-	(452)
Lost quantity of the period	-	(86)
Outstanding shares (thousand shares) as of December 31	<u><u>-</u></u>	<u><u>-</u></u>

The Company's aforesaid new restricted employee shares are measured at the fair value, which is the closing price of share on the grant date. As of December 31, 2022 and 2021, the unearned employees' remuneration is NT\$0.

In 2022 and 2021, the Company's gains from new restricted employee shares was NT\$0 thousand and NT\$626 thousand, respectively.

(XVI) Earnings per share

The basic earnings per share of the Company for 2022 and 2021 are calculated with the net loss attributable to holders of the Company's common shares and the weighted average number of common shares outstanding during the period. The calculation is as below:

1. Net lost attributable to the holders of the Company's common shares

	<b>2022</b>	<b>2021</b>
Net lost attributable to the holders of the Company's common shares	<u><u>\$ (202,882)</u></u>	<u><u>(90,983)</u></u>

2. Weighted average number of ordinary shares outstanding (in thousands)

	<b>2022</b>	<b>2021</b>
Weighted average number of outstanding common shares outstanding as of December 31	<u><u>99,452</u></u>	<u><u>99,000</u></u>

3. Basic earnings per share (NT\$)

	<b>2022</b>	<b>2021</b>
(1) Basic earnings per share	<u><u>\$ (2.04)</u></u>	<u><u>(0.92)</u></u>

For 2022 and 2021, the new restricted employee shares were not included for the calculation of the diluted weighted average number of outstanding common shares, as these shares are anti-diluting.

(XVII) Income from contracts with customers

1. Details of revenue

	<b>2022</b>	<b>2021</b>
Main region/market:		
Taiwan	<u><u>\$ 87,183</u></u>	<u><u>185,714</u></u>
Main products		
3C product processing and assembly and other income	<u><u>\$ 87,183</u></u>	<u><u>185,714</u></u>
Timing of revenue recognition:		
Products transferred at some point of time	<u><u>\$ 87,183</u></u>	<u><u>185,714</u></u>

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

The Company entered a contract of project system engineering with Shangdong Hengli Tianneng Advanced Technology Ltd. (Hengli Tianneng) and Sumec International Technology Ltd. (Sumec International) in June 2017, and the total contract price was USD40,000 thousand. The Company recognized the revenue from the project system engineering for both NT\$0 thousand in 2022 and 2021. As of December 31, 2022 and 2021, the Company recognized the aforesaid project system engineering for both NT\$5,220 thousand. Please refer to Note 9(1).

2. Contract balance

	2022.12.31	2021.12.31	2021.1.1
Notes and accounts receivable (related parties included)	\$ 47,368	42,524	26,383
Less: Allowance for bad debts	(14,984)	(14,232)	(14,480)
<b>Total</b>	<b>\$ 32,384</b>	<b>28,292</b>	<b>11,903</b>
Contract liability - project system engineering	\$ 842,427	842,427	842,427
Contract liability - product for sales	364	2,264	364
<b>Total</b>	<b>\$ 842,791</b>	<b>844,691</b>	<b>842,791</b>

Please refer to Note 6(3) for the disclosures of accounts receivable and the impairment thereof.

The opening balances of contract liabilities on January 1, 2022 and 2021 recognized in revenue for 2022 and 2021, respectively, were NT\$1,900 thousand and NT\$0 thousand. For the contract liabilities from the contract of project system engineering, please refer to Note 9 (1).

The change in contract assets and liabilities is mainly from the difference between the point when the Company meets the performance obligation by transferring products or services to customers, and the time of payment by the customer.

(XVIII) Remuneration to employees, directors and supervisors

After the directors were re-elected in the shareholders' meeting on June 17, 2022, the Audit Committee was established by independent directors to replace the powers of the supervisors, and the Company's Articles of Incorporation were amended.

After the amendment, the Articles of Incorporation specified that If the Company has profit at the end of a fiscal year (profit means profit or loss before tax minus remuneration to employees, directors, and supervisors), the Company shall set aside 1% to 15% of the profit as remuneration to employees, which shall be distributed in shares or cash by resolution of the Board of Directors, and the target recipients shall include employees of subordinate companies who meet certain criteria. The Company may set aside not more than 3% of the above-mentioned profits as remuneration to directors and supervisors by resolution of the board of directors. The remuneration to employees and remuneration to directors and supervisors shall be reported to the shareholders' meeting. However, when the Company still has a cumulative deficit, it shall reserve an amount to compensate the deficit in advance and then allocate the employee remuneration and directors' and supervisors' remuneration at the percentage specified in the preceding paragraph.

Before the amendment, the Articles of Incorporation specified that If the Company has profit at the end of a fiscal year (profit means profit or loss before tax minus remuneration to employees, directors, and supervisors), the Company shall set aside 1% to 15% of the profit as remuneration to employees, which shall be distributed in shares or cash by resolution of the Board of Directors, and the target recipients shall include employees of subordinate companies who meet certain criteria. The Company may set aside not more than 3% of the above-mentioned profits as remuneration to directors and supervisors by resolution of the board of directors. The remuneration to employees and remuneration to directors and supervisors shall be reported to the shareholders' meeting. However, when the Company still has a cumulative deficit, it shall reserve an amount to compensate the deficit in advance and then allocate the employee remuneration and directors' and supervisors' remuneration at the percentage specified in the preceding paragraph.

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

For both 2022 and 2021, the Company generated accumulated loss, and no remuneration of employees, directors, and supervisors was estimated. Where there is a difference between the amounts paid out and the estimated amounts, it will be treated as a change in accounting estimates, and the difference will be recognized in profit or loss in the following year. If the Board of Directors resolves a decision to pay out stock dividends to employees, the basis for calculating the number of shares for stock dividends is based on the closing price of common stock prevailing on the day before the resolution of the Board of Directors.

For both 2022 and 2021, the Company generated accumulated loss, and no remuneration of employees, directors, and supervisors was estimated. Related information is available for inquiries via the Market Observation Post System website.

(XIX) Non-operating Income and expenses

The Company's other gains and losses in 2022 and 2021 are detailed below:

	<b>2022</b>	<b>2021</b>
Other income		
Rental income	\$ 8,770	9,792
Dividend income	5,904	7,428
Government grants	143	1,404
Compensation income	21,519	-
Others	8,621	13,830
Total	<b><u>\$ 44,957</u></b>	<b><u>32,454</u></b>

	<b>2022</b>	<b>2021</b>
Other gains or losses		
Net gain (loss) of foreign currency exchange	\$ 15,236	(9,062)
Gain (loss) on disposal of property, plant and equipment	(3,538)	75,835
Impairment loss of non-financial assets	-	(14,375)
Others	(166)	-
Total	<b><u>\$ 11,532</u></b>	<b><u>52,398</u></b>

(XX) Financial instruments

1. Credit risks

(1) Exposure to credit risk

The carrying amount of financial assets and contract assets represents the maximum exposure to credit risks.

(2) Credit concentration risks

For the customers accounting for more than 10% of the Company's operating revenue, their sales amount accounted for 99% and 91% of the sales revenue of the Company in 2022 and 2021, respectively. To reduce credit risk, the Company regularly and continuously evaluates the financial position of major customers and the possibility of recovering accounts receivable, to lower the loss from major credit risks, and has assessed and provided appropriate allowance for losses.

(3) Credit risks of accounts receivable

Please refer Note 6 (3) for information on the exposure of credit risks with notes receivable and accounts receivable.

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

Financial assets measured at amortized cost include other receivables and certificates of deposit, which are all financial assets with low credit risk. Therefore, the allowance of loss for the period is measured by the amount of 12-month expected credit losses (for how the Company determines low credit risk, please refer to Note 4(6)).

The bank deposits and fixed income investments held by the Company have the creditworthy banks and financial institutions rated at investment grade and above as counterparties and the parties performing contracts, there is no significant doubts over contract performance, hence deemed as low credit risk.

No change in loss allowance for other receivables as of December 31, 2022 and 2021.

### 2. Liquidity risk

The table below shows the maturity dates of contractual financial liabilities, including the effect of estimated interests

	Carrying amount	Contractual cash flow	Less than 1 year	1 - 2 years	2 years or more
<b>December 31, 2022</b>					
Non-derivative financial liabilities					
Notes and accounts payable (related parties included)	\$ 64,579	(64,579)	(64,579)	-	-
Other payables	52,984	(52,984)	(52,984)	-	-
Deposits received	820	(820)	-	(820)	-
Lease liabilities	<u>47,611</u>	<u>(49,294)</u>	<u>(11,626)</u>	<u>(10,592)</u>	<u>(27,076)</u>
	<b><u>\$ 165,994</u></b>	<b><u>(167,677)</u></b>	<b><u>(129,189)</u></b>	<b><u>(11,412)</u></b>	<b><u>(27,076)</u></b>
<b>December 31, 2021</b>					
Non-derivative financial liabilities					
Notes and accounts payable (related parties included)	\$ 59,970	(59,970)	(59,970)	-	-
Other payables	59,266	(59,266)	(59,266)	-	-
Deposits received	870	(870)	-	(870)	-
Lease liabilities	<u>62,442</u>	<u>(65,007)</u>	<u>(13,657)</u>	<u>(13,432)</u>	<u>(37,918)</u>
	<b><u>\$ 182,548</u></b>	<b><u>(185,113)</u></b>	<b><u>(132,893)</u></b>	<b><u>(14,302)</u></b>	<b><u>(37,918)</u></b>

The Company does not expect that the timing of the cash flows for the maturity analysis will occur significantly earlier or that the actual amounts will be significantly different.

### 3. Exchange rate risks

#### (1) Exposure to exchange rate risks

The Company's financial assets and liabilities exposed to significant exchange rate risks are as follows:

	2022.12.31			2021.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
US dollars	\$ 5,276	30.71	162,027	5,669	27.68	156,919
JPY	98,001	0.2324	22,776	98,000	0.2405	23,569
Financial liabilities						
Monetary items						
US dollars	620	30.71	19,051	694	27.68	19,202

#### (2) Sensitivity analysis

The exchange rate risk of the Company's monetary items mainly comes from the foreign exchange gains or losses on cash and cash equivalents, accounts receivable and other receivables, accounts payable, and other payables, denominated in foreign currencies.

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

All else being equal, a 5% appreciation (depreciation) of the NTD against USD and JPY on December 31, 2022 and 2021 would have decreased (increased) the profit after tax by NT\$8,288 thousand and NT\$8,064 thousand, in 2022 and 2021, respectively. The analysis on these two periods is performed on the same basis.

### (3) Foreign exchange gain and loss on monetary items

As the Company uses numerous functional currencies, the information on foreign exchange gain (loss) of monetary items is disclosed by the total amount. For years 2022 and 2021, foreign exchange gains and losses (including realized and unrealized portions) was NT\$15,236 thousand of gain and NT\$9,062 thousand of loss, respectively.

### 4. Interest rate analysis

The details of the Company's financial assets and financial liabilities exposures to interest rate are as follows:

	Carrying amount	
	2022.12.31	2021.12.31
Variable interest instruments:		
Financial assets	\$ 73,146	201,014
Financial liabilities	-	-
	<b>\$ 73,146</b>	<b>201,014</b>

The sensitivity analysis below is based on the exposure of non-derivative instruments to interest rate risk at the balance sheet date. For floating-rate assets and liabilities, the analysis is based on an assumption that the amount of an asset or liability outstanding at the balance sheet date is outstanding throughout the year. 25 basis points increased or decreased in interest rates is the sensitivity rate used in reporting the interest rate risk to the Company's key management team and represents the management's assessment of the reasonable range of potential changes in interest rates.

All else being equal, if the interest rate had increased (decreased) by 25 basis points, the Company's net loss before tax would have decreased (increased) by NT\$183 thousand and NT\$503 thousand in 2022 and 2021, respectively, primarily due to the Company's deposits and borrowings in variable interest rates.

### 5. Fair value

#### (1) Valuation process

The Company's accounting policies and disclosures include the adoption of fair value to measure its financial assets and liabilities. The Company's management is responsible for carrying out independent fair value tests to ensure that the valuation results approximate market conditions, that the sources of information are independent, reliable, consistent with other sources and representative of executable prices, and they calibrate the valuation model regularly, update the inputs and data required for the valuation model, as well as other required adjustment to fair values, to ensure that the valuation results are reasonable.

The Company uses inputs observable in the market as much as possible when measuring its assets and liabilities. The fair value level is decided based on the fair value input and classified as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly (i.e. prices) or indirectly (derived from prices) for assets or liabilities.

Level 3 inputs: Inputs for assets or liabilities not based on observable information in the market (non-observable inputs).

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

(2) Types and fair values of financial instruments

The Company's financial assets FVCI and financial assets FVOCI are measured at fair value on the basis of repeatability. The carrying amounts and fair values of various types of financial assets and financial liabilities (including fair value level information but excluding the fair values not required for disclosure such as carrying amounts of financial instruments not measured by fair value but with reasonable approximations of fair values and the equity instruments without quoted prices from an active market and without reliably measured fair values) are listed below:

	2022.12.31				
	Fair value				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Financial assets mandatorily measured at fair value through income statement - non-current	\$ 84,458	84,458	-	-	84,458
Financial assets at amortized cost:					
Cash and cash equivalents	74,288	-	-	-	-
Notes and accounts receivable (related parties included)	32,384	-	-	-	-
Refundable deposits (accounted in the other non-current liabilities)	456,649	-	-	-	-
Other financial assets -current	<u>138,992</u>	-	-	-	-
Subtotal	<u>702,313</u>				
Total	<u><u>\$ 786,771</u></u>				
Financial liabilities at amortized cost:					
Notes and accounts payable (related parties included)	\$ 64,579	-	-	-	-
Other payables	52,984	-	-	-	-
Lease liabilities	47,611	-	-	-	-
Guarantee deposits received (accounted in the other non-current liabilities)	<u>820</u>	-	-	-	-
Total	<u><u>\$ 165,994</u></u>				

	2021.12.31				
	Fair value				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Financial assets mandatorily measured at fair value through income statement - non-current	\$ 131,380	131,380	-	-	131,380
Financial assets at amortized cost:					
Cash and cash equivalents	202,387	-	-	-	-
Notes and accounts receivable (related parties included)	28,292	-	-	-	-
Refundable deposits (accounted in the other non-current liabilities)	457,013	-	-	-	-
Other financial assets -current	<u>87,620</u>	-	-	-	-
Subtotal	<u>775,312</u>				
Total	<u><u>\$ 906,692</u></u>				

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

	2021.12.31				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost:					
Notes and accounts payable (related parties included)	\$ 59,970	-	-	-	-
Other payables	59,266	-	-	-	-
Lease liabilities	62,442	-	-	-	-
Guarantee deposits received (accounted in the other non-current liabilities)	870	-	-	-	-
Total	<u>\$ 182,548</u>				

(3) Fair value valuation techniques for financial instruments at fair value

The methods and assumptions adopted by the Company to estimate instruments not at fair value are as follows:

A. Financial assets and liabilities measured at amortized cost

If there is information on quoted prices from transactions or market makers, the latest transaction price and quoted price should be adopted as the basis for valuating the fair value. If there is no information on market prices for reference, the valuation method is adopted for estimation. The estimates and assumptions used in the valuation method are the discounted value of cash flows to estimate the fair value.

(4) Fair value valuation techniques for financial instruments at fair value

A. Non-derivative financial instruments

When a financial instrument is quoted in an active market, the quoted price in the active market is the fair value.

A financial instrument is deemed to be with quoted prices in the active markets if its quoted prices can be obtained from exchanges, brokers, underwriters, industry associations, pricing services institutions, or competent authorities in a timely and regular manner, and the prices represent the prices in actual fair market transactions that occur frequently. If the above criteria are not met, the market is deemed inactive. Generally speaking, a large bid-ask spread, a significant increase in the bid-ask spread, or a low trading volume are all indicators of an inactive market.

The fair values of financial instruments are obtained through valuation techniques or with reference to the quoted prices by counterparties. The fair values measured with valuation techniques can be extrapolated from the current fair values of the financial instruments similar in other substantial conditions and characteristics, derived with the discounted cash flow method or other valuation technique including modeling with observable market data at the reporting date.

If a financial instrument held by the Company are the equity instruments without public quotation in an active market, the market comparable company method is adopted to estimate its fair value, and measurement is made on the basis of the earnings per share and the price-to-earnings ratio of comparable TWSE/TPEx listed companies, or the investment cost per share and the price-to-book value ratio of share in comparable TWSE/TPEx listed companies. Such estimate has been adjusted for the effect of discounting due to the lack of market liquidity of such equity securities.

(5) Transition between Level 1 and Level 3

There was no transfer among any fair value levels as of December 31, 2022 and 2021.

(XXI) Financial risk management

1. Summary

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

The Company is exposed to the risks below due to the use of financial instruments:

- (1) Credit risks
- (2) Liquidity risks
- (3) Market risks

This note indicates the Company's exposure to each of the above risks and its objectives, policies, and procedures for risk measurement and management. Please refer to individual notes to the parent company only financial statements for further quantitative disclosure.

### 2. Risk management framework

The Company's Finance Department provides services for each business, coordinates operations in domestic and international financial markets, and monitors and manages the financial risks related to the Company's operations as per the internal risk report on the analysis of internal risk exposures based on risk levels and breadth. The Company uses derivative financial instruments to avoid risk exposure to mitigate the impact of these risks. The use of financial instruments is regulated by the policies approved by the Board of Directors, including the written principles of interest rate risk, credit risk, use of non-derivative financial instruments, and investment with remaining liquidity. Internal auditors continue to verify the compliance with policies and the maximum exposures. The Company does not trade financial instruments for speculative purposes.

### 3. Credit risks

Credit risk is the risk of financial loss suffered by the Company arising from the failure of customers or counterparties of financial instruments to fulfill contractual obligations, mainly from the Company's accounts receivable from customers and investments.

#### (1) Accounts receivable and other receivables

The Company has established a credit policy, as per which the Company analyzes each new client's credit rating before setting standard payment and delivery terms and conditions for them. The Company's review covers external ratings, if available, and, in some cases, notes sent by banks. The purchase limit established by customer Such limits are regularly reviewed. Clients who do not meet the Company's standard credit rating can only conduct transactions with the Company on an advance receipt basis.

Due to the concentration of customers of the Company, accounts receivable have a significant concentration of credit risk. Therefore, the Company regularly and continuously evaluates the financial position of customers, and sets up an allowance account to reflect estimate of losses on accounts receivable, other receivables and investments. The contra account mainly consists of the specific loss components in relation to individual material exposures and the collective loss components with a group of similar assets established for the losses already incurred but not identified. The collective loss component in the contra account is based on historical payment experience of similar financial assets.

#### (2) Investment

The credit risk arising from cash in bank, fixed-income investments and other financial instruments are measured and monitored by the Company's management. As the Company's transaction counterparties and contract counterparties are all creditworthy banks and financial institutions rated at investment grade and above, there is no significant doubts over contract performance, hence no significant credit risk.

### 4. Liquidity risks

The Company, via the deployment of Company's capital and borrowings, manages and maintains sufficient cash and cash equivalents to support its current financial liabilities and alleviate the impact of cash flow fluctuations. The Company's management personnel supervise the use of bank financing facilities and ensure compliance with the terms of the loan contracts.

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

Bank borrowings are an important source of liquidity for the Company. As of December 31, 2022 and 2021, the Company's unused short-term bank financing facilities amounted to NT\$189,406 thousand and NT\$0 thousand, respectively. Please refer to Note 6(9).

### 5. Market risks

Market risks refer to the risks that affect the Company's revenue or the value of financial instruments held due to changes in market prices, such as changes in exchange rates, interest rates, or equity instrument prices. The purpose of market risk management is to control the exposure to market risks within a range of tolerance and optimize return on investment.

#### (1) Exchange rate risks

The Company is exposed to exchange rate risk arising from sales, procurement, and borrowings that are not denominated in its functional currency. The functional currency of the Company is the New Taiwan Dollar. These transactions are primarily denominated in the NTD, as well as CNY, JPY, and HKD. The Company adopts the principle of natural hedging for the foreign currency assets and liabilities exposed to the risk of market exchange rate fluctuations in the existing and future cash flows, and applies financial instruments when necessary to avoid exchange rate risks.

#### (2) Interest rate risks

Because the cash flow risks are generated from bank deposits with floating rates of the Company, the Company regularly evaluates and adopts cost-effective hedging strategies.

#### (3) Other price risks

The Company's equity price risks arise from equity securities investment.

### (XXII) Capital management

Based on the characteristics of the industry in which the Company current operates, and the future development of the Company, while considering factors such as changes in the external environment, the Company plans the capital management of the Company to ensure that the Company has the necessary financial resources and business plans to support future working capital, capital expenditures, debt repayments, and dividend payment. The management primarily adopts the appropriate total liabilities to total assets ratio to determine the optimal capital structure for the Company. On the premise of maintaining solid capital foundation, it is sought to improve the shareholders' return via the optimization of debt and equity.

The Company monitors funds through regular review of the asset-liability ratio. The Company's asset to liability ratio as of December 31, 2022 and 2021 are as following:

	<b>2022.12.31</b>	<b>2021.12.31</b>
Total Liabilities	\$ 1,232,222	1,195,500
Total assets	2,134,061	2,277,329
Liability ratio	58%	52%

As of December 31, 2022, the Company's capital management strategy has not changed materially.

### (XXIII) Non-cash transactions in investing and financing activities

1. The Company's investing and financing activities via non-cash transactions were to acquire right-of-use assets. Please refer to Note 6 (7) for details.

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

2. Reconciliation of liabilities from financing activities is shown in the table below:

	2022.1.1	Cash Flow	Non-cash movement		2022.12.31
			Addition	Decrease	
Lease liabilities	\$ 62,442	(12,179)	440	(3,092)	47,611
Deposits received	870	(50)	-	-	820
Total liabilities from financing activities	<u>\$ 63,312</u>	<u>(12,229)</u>	<u>440</u>	<u>(3,092)</u>	<u>48,431</u>

	2021.1.1	Cash Flow	Non-cash movement		2021.12.31
			Addition	Decrease	
Lease liabilities	\$ 68,576	(12,008)	5,874	-	62,442
Deposits received	2,020	(1,150)	-	-	870
Total liabilities from financing activities	<u>\$ 70,596</u>	<u>(13,158)</u>	<u>5,874</u>	<u>-</u>	<u>63,312</u>

## VII. Related-Party Transactions

### (I) Name of related party and relations

The subsidiaries of the Company and other related parties who transacted with the Company during the periods covered by these parent company only financial statements are as follows:

Name of related party	Relationship with the Company
Nano Bit Tech Co., Ltd. (Nano Bit)	Subsidiary of the Company
Ways Technical Corp. (Ways Technical)	Subsidiary of the Company
Ways Tech International Holdings Corp. Limited (Ways Holdings)	Subsidiary of the Company
Mega-Power Precision Industrial Corp. (Mega Power)	Subsidiary of the Company
Aqua Ways Co., Ltd. (Aqua Ways)	Subsidiary of the Company
Dongguan Ways Technology Co. Ltd. (Dongguan Ways)	Subsidiary of the Company
Shih-Wen Liao	Director of the Company

### (II) Transactions with other related parties

#### 1. Products sold to related parties

The material sales amounts to related parties and their outstanding balance (procurement on their behalf included) are as below:

	Sales	Receivables from related parties		
		2022	2021	
Mega Power	\$ -	105,994	-	-
Other subsidiaries	-	97	242	218
	<u>\$ -</u>	<u>106,091</u>	<u>242</u>	<u>218</u>

The prices of sales or processing and credit terms provided by the Company to related parties are not significantly different from general customers. The credit period is monthly settlement with 90 days or next month settlement with 95 days

#### 2. Purchase from related parties

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

The material sales amounts to related parties and their outstanding balance are as below:

	Purchases	Accounts payable to related parties		
		2022	2021	2022.12.31
Subsidiaries				
Mega Power	\$ 62,484	-	46,966	34,135
AQUAWAYS	3,750	88,846	10,952	18,060
Others	-	-	6,142	5,536
	<b>\$ 66,234</b>	<b>88,846</b>	<b>64,060</b>	<b>57,731</b>

The purchase price and payment terms of the Company from related parties are not significantly different from the general suppliers. The payment term of the purchases is monthly settlement with 30 days or next month settlement with 95 days, or to pay as the funds required by the Group.

### 3. Loans to related parties

To meet the capital needs of the subsidiaries' working capital, the Company has loaned funds to subsidiaries, and accounted as payables to related parties, as described below:

Subsidiary	2022				
	Maximum Balance	Ending balance of receivables	Interest rate	Interest income of the period	End of period Interest receivable
Nano Bit	\$ 93,531	93,531	-%	4,461	14,722
Less: the balance of long-term investment in Nano Bit transferred to the deduction of other receivable from related party	-	(93,531)	-	-	-
	<b>\$ 93,531</b>	<b>-</b>		<b>4,461</b>	<b>14,722</b>

  

Subsidiary	2021				
	Maximum Balance	Ending balance of receivables	Interest rate	Interest income of the period	Interest receivable at the end of period
Nano Bit	\$ 85,290	85,290	5%	4,141	9,237
Less: the balance of long-term investment in Nano Bit transferred to the deduction of other receivable from related party	-	(85,290)	-	-	-
	<b>\$ 85,290</b>	<b>-</b>		<b>4,141</b>	<b>9,237</b>

As of December 31, 2022 and 2021, Nano Bit provided the collateral notes of NT\$91,269 thousand and NT\$86,135 thousand, respectively.

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

4. Others

(1) Operating cost and expense

Main item	Related party category	Operating cost and expense	
		2022	2021
Purchase of consumables, manpower supporting expenses, outsourced processing expenses, and others	Subsidiaries		
	Mega Power	\$ 1,133	11,739
	Nano Bit	<u>27,810</u>	<u>17,574</u>
		<u><b>\$ 28,943</b></u>	<u><b>29,313</b></u>

Where the Company commissions its subsidiaries to provide technical service support services, the payment is based on the price negotiation between the provider and the customer, without comparable targets.

(2) Leases

The Company leases plant buildings and equipment from its subsidiaries, and the rent is paid monthly based on the contract. The relevant rent is determined by referring to the market conditions in neighboring areas and negotiating. The total contract price was NT\$83,945 thousand, and the recognized depreciation expenses in 2022 and 2021 were both NT\$9,780 thousand, and the interest expenses were NT\$787 thousand and NT\$933 thousand, respectively. As of December 31, 2022 and 2021, the balances of lease liabilities were NT\$46,193 thousand and NT\$55,849 thousand, respectively.

(3) Other income:

Main item	Related party category	Other income	
		2022	2021
Remunerations of directors and supervisors, manpower supporting revenues, rental revenues and others are accounted as the deduction of expenses.	Subsidiaries		
	AQUAWAYS	\$ 6,652	9,027
	Nano Bit	10,803	10,536
	Mega Power	<u>22,857</u>	<u>7,542</u>
		<u><b>\$ 40,312</b></u>	<u><b>27,105</b></u>

The Company subleases some office levels to its subsidiaries, and the rent is received monthly based on the contract. The relevant rent is determined by referring to the market conditions in neighboring areas and negotiating.

(4) The details for the balance of the related parties' account receivable and payable generated from the aforesaid transactions are as below:

	Other receivables from related parties	
	2022.12.31	2021.12.31
Subsidiaries		
Nano Bit	\$ 31,216	19,791
AQUAWAYS	30,945	23,960

Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

Mega Power	1,323	-
Others	3,532	4,167
	<b>\$ 67,016</b>	<b>47,918</b>

	Other accounts payable to related parties	
	2022.12.31	2021.12.31
Ways Technical	\$ 9,659	8,706
Mega Power	\$ 1,113	740
Others	-	17
	<b>\$ 10,772</b>	<b>9,463</b>

- (5) For the performance of the contract with Hengli Tianneng for project system, on July 7, 2017, Ways Technical was commissioned to pay the performance bond NT\$609,480 thousand (USD20,000 thousand) on behalf of the Company to the broker, Richstar International. After deducting the performed amount, the balance was NT\$455,396 thousand (USD14,944 thousand), and was accounted under other non-current assets. Upon the acceptance of the products, the bond will firstly be paid to Richstar International as the commission. Please refer to Notes 6(8) and 9(1).
- (6) As of December 31, 2022 and 2021, the Company commissioned Ways Technical to procure the machinery equipment for the second contract of project system, and the prepayments were both NT\$192,906 thousand. Please refer to Note 6(8) and 9(1).

(III) Transactions with key management personnel

1. Key management personnel's remuneration:

	2022	2021
Short-term employee benefits	\$ 5,466	5,036
Post-employment benefits	73	73
Share-based payments	-	441
	<b>\$ 5,539</b>	<b>5,550</b>

2. Guarantee provided

Shih-Wen Liao, the chairperson serves as the joint guarantor for the Company's borrowing contracts

**VIII. Pledged assets**

As of December 31, 2022 and 2021, the book values of the Company's assets pledged as collateral are as below:

Name of asset	Asset pledged as collateral	2022.12.31	2021.12.31
Property, plant and equipment	Guarantee for the financing limits and short-term borrowings	\$ 73,018	-

**IX. Significant Contingent Liabilities and Unrecognized Commitments**

- (I) The Company entered a contract of the second project system engineering with Hengli Tianneng in June 2017, and the total contract price was USD40,000 thousand. As of December 31, 2022, the Group has received the payment of NT\$842,427 thousand (USD27,775 thousand) in advance. The aforesaid contract was delayed because the customer has changed the planning of the product and the source of funds. The contract can only be performed after the customer obtained the further funds to be invested in the project and provide the funds to the Company, as well as the discussion regarding the change of design with the Company.

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

To fully perform the project, the Company entered the cooperative agreement with the broker of the transaction, Richstar International in June 2017, to pay the performance bond of USD20,000 thousand to Richstar International (please refer to Note 6(8)). The both parties agreed that the Company should paid the commission of USD10,000 thousand to Richstar International within two business day upon the acceptance of the project system engineering; provided that the Company may use the performance bond to pay for the commission instead of making another payment. Upon the conclusion of the project system engineering, the performance bond of USD5,000 thousand may be reinvested in specific project companies.

### **X. Losses Due to Major Disasters: None.**

### **XI. Significant Subsequent Events**

- (I) On June 17, 2022, it was approved by the regular shareholders' meeting to issue common shares through a private placement to expand the scale of operation and replenish working capital. The number of privately placed shares shall not exceed 17,835 thousand shares. On March 22, the Board resolved to issue 2,170 common shares via a private placement, at NT\$40 per share, for total NT\$86,800 thousand. As of March 22, 2023, the change registration has not yet been completed.
- (II) The Company's subsidiary, Mega-Power Precision Industrial Corp. (Mega-Power) approved upon the resolution of the Board on December 7, 2022, to acquire 100% stake of EXCEL BRILLIANT LIMITED with USD3,500 thousand, and thus obtained 53% of Zhuzhijia Electronic Technology Co., Ltd. (Zhuzhijia)'s shares. The said transaction was completed on March 8, 2023, plus the 47% stake of Zhuzhijia owned by the Company, the Company owns 100% stake of Zhuzhijia in total.

### **XII. Miscellaneous**

Employee benefits and depreciation and amortization expense are summarized by function as follows:

By function By nature	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Salary expense	18,050	45,662	63,712	53,114	46,546	99,660
Labor and health insurance expenses	2,058	4,538	6,596	2,472	4,962	7,434
Pension expenses	692	2,485	3,177	763	2,667	3,430
Remuneration paid to director	-	842	842	-	350	350
Other employee benefits expenses	983	2,076	3,059	1,155	2,315	3,470
Depreciation	6,582	41,344	47,926	6,931	57,283	64,214
Amortization expenses	75	241	316	86	294	380

Additional information on the Company's number of employees and employee benefit expenses for 2022 and 2021 is as follows:

	2022	2021
Number of employees	<u>78</u>	<u>129</u>
Number of directors who do not serve as employees concurrently	<u>6</u>	<u>5</u>
Average employee benefit expenses	<u>\$ 1,063</u>	<u>919</u>
Average employee salary and wages	<u>\$ 885</u>	<u>804</u>

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

Average adjustment to employee salary and wages	<u>10.07%</u>
Remuneration paid to supervisors	<u>\$ - 120</u>

The Company's remuneration policy (including directors, supervisors, managers, and employees) is as follows:

1. Remunerations of directors and supervisors: the remunerations of directors and supervisors are proposed by the chairperson to the Remuneration Committee for approval of payment.
2. Remunerations of managerial officers and employees: based on the assessment of the Company's overall operating performance and achievement of personal performance indicators.

### XIII. Other Disclosures

#### (I) Information on significant transactions

In 2022, the relevant information on significant transactions that the Company shall disclose in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers is as follows:

##### 1. Financing provided to others

Serial No.	Lender	Borrower	Ledger account	Related party or not	Maximum balance during the period	Balance at the end of the period	Amount drawn	Interest Rate	Nature of funding	Amount of business dealings	Reason for short-term financing	Loss allowance	Unit: NT\$ thousand and in thousands of other currencies		Limits of loans to other individual	Total limit on the lending of funds	Note
													Collateral Name	Value			
0	Ways Technical Corp., Ltd.	Nano Bit	Other financial assets -current	Yes	93,531 (USD2,720 and NTD10,000)	93,531 (USD2,720 and NTD10,000)	93,531 (USD2,720 and NTD10,000)	5%	Short-term financing	-	Working capital	-	Note 4	Note 4	90,184	360,736	Note 1 and 7
1	Guangdong Ways	Shanghai Zhujijia	"	Yes	44,962 (CNY10,200)	42,317 (CNY9,600)	42,317 (CNY9,600)	6%	"	-	Working capital	-			Note 6	Note 6	Note 2
2	Ways Technical	Guangdong Ways	"	Yes	153,550 (USD5,000)	153,550 (USD5,000)	140,959 (USD4,590)	3%	"	-	Working capital	-			200,266	200,266	Note 3
3	Mega-Power	Nano Bit	"	Yes	6,000	6,000	6,000	3%	"	-	Working capital	-	Note 5	Note 5	64,467	257,868	Note 1

Note 1: Pursuant to the "Operational Procedures for Loaning of Funds" of the lender, the limit of total amount of loans shall not exceed 40 percent of the Company's net worth; to individual borrower, the limit is no more than 10 percent of the Company's net worth.

Note 2: Pursuant to the "Operational Procedures for Loaning of Funds" of the lender, the limit of total amount of loans shall not exceed 40 percent of the Company's net worth; to individual borrower, the limit is no more than 20 percent of the Company's net worth.

Note 3: Pursuant to the "Operational Procedures for Loaning of Funds" of the lender, the limit of total amount of loans shall not exceed 90 percent of the Company's net worth; to individual borrower, the limit is no more than 90 percent of the Company's net worth.

Note 4: Nano Bit provided the collateral notes for NT\$91,269 thousand.

Note 5: Nano Bit provided the collateral notes for NT\$6,000 thousand.

Note 6: due to the circumstance changed, Dongguang Ways' loan to Shanghai Zhujijia. Dongguang Ways will establish the improvement plan and submit such to the Audit Committee.

Note 7: due to the circumstance changed, the Company's loan to Nano Bit exceeded the limit, and has negotiated with Nano Bit to repay partial loans by December 31, 2023; the plan was submitted to the Audit Committee.

Note 8: NTD amounts in the table are translated based on the exchange rate at the balance sheet date.

##### 2. Endorsements/Guarantees provided to others: None

##### 3. Securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures):

Unit of shares: thousand shares

Company held	Type and name Marketable securities	Relationship with the issuers	Account	Ending				Note
				Number of shares	Carrying amount	Shareholding percentage	Fair value	
The Company	UNION TAYUAN WATER ENGINEERING CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	110	-	1.58%	-	
"	Anli International Co., Ltd, Taiwan Branch (Cayman)	-	Financial assets at fair value through income statement - non-current	2,163	83,608	5.00%	83,608	
"	Symtek Automation Asia Co., Ltd.	-	"	10	850	0.01%	850	

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

Company held	Type and name Marketable securities	Relationship with the issuers	Account	Ending				Note
				Number of shares	Carrying amount	Shareholding percentage	Fair value	
Mega-Power	Ways Technical Corp., Ltd.	Parent company	Financial assets at fair value through other comprehensive income - non-current	1,076	41,924	1.05%	41,924	
Guangdong Ways	Dongguan Junsu Electronic Technology Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	-	4,408	10.00%	4,408	

4. Securities acquired or sold amounting to at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of individual property at costs of at least NT\$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

Unit: NT\$ thousand

Company with accounts receivable due from	Name of the counterparty	Relation	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Amount collected from related parties after the reporting day	Loss allowance recognized
					Amount	Actions taken		
Ways Technical	Guangdong Ways	Brother companies	Other current financial assets 140,959	Note 1	-		-	

Note 1: it is a loan to the related party of receivable

9. Trading in derivative instruments: None.

### (II) Information on Investees:

The information on the Company's investees during 2022 is as follows (excluding investees in China):

Unit: NT\$ thousand

Investor	Investee	Location	Main businesses	Initial investment amount		Holdings at the end of period			Gain or loss on Investee	Investment gain or loss recognized for this period	Note
				End of the current period	End of last year	Number of shares	Ratio	Carrying amount			
The Company	Ways Technical	Independent State of Samoa Hong Kong	Investment holding company	574,488	574,488	18,469	100%	222,518	(3,175)	(3,175)	Subsidiary
	" Ways Holdings	R.O.C.	Investment holding company	663,056	663,056	20,610	100%	(68,698)	(38,616)	(38,616)	Subsidiary
	" Mega-Power	R.O.C.	Manufacturing and processing of plastic products	506,298	506,298	23,500	100%	644,670	32,886	34,284	Subsidiary
	" Nano Bit	R.O.C.	Manufacturing and sales of machinery equipment, electronic parts and components, and electronic materials	166,400	166,400	27,410	76.14%	(244,143)	(28,873)	(22,058)	Subsidiary
	" Aqua Ways	R.O.C.	Sales, manufacturing and processing of daily necessities, plumbing materials, coating materials and plastic products.	121,000	121,000	18,049	100%	(1,917)	(16,925)	(16,798)	Subsidiary
	" O-VIEW TECHNOLOGY	R.O.C.	Machinery and equipment, mold manufacturing and wholesale	22,202	22,202	1,767	21.66%	47,507	34,893	7,516	
	Ways Technical	Vietnam	Production and sales of various plastic-coated sports equipment, and parts and components of motorcycles, automobiles, and recreational vehicles	25,065	25,065	900	45%	16,625	(11,130)	(5,008)	

### (III) Information on Investment in Mainland China:

1. Name, main businesses, and other related information on the investees in China

Unit: NT\$ thousand

Investee	Principal business	Paid-in capital	Investment method	Cumulative investment remitted from Taiwan at the beginning of period	Cumulative amount of investment remitted or recovered in current period	Outward remittance	Repatriation	Cumulative outward remittance from Taiwan at the end of current period	Profit or loss on investee for the current period	Shareholding in direct or indirect investment	Investment income or loss recognized for the period (Note 2)	Carrying amount of investment at the end of period	Cumulative repatriation of investment income at the end of current period
Guangdong Ways	Manufacturing and sale of cell phone panels, molds, plastic products, hardware products and electronic components	522,070 (USD17,000)	Indirectly invested through the investments at third places	522,070 (USD17,000)	-	-		522,070 (USD17,000)	(39,546)	100.00%	(39,546)	(81,533)	-

## Notes (continued) to the parent company only financial statements of Ways Technical Corp., Ltd.

Investee	Principal business	Paid-in capital	Investment method	Cumulative investment remitted from Taiwan at the beginning of period	Cumulative amount of investment remitted or recovered in current period	Cumulative outward remittance from Taiwan at the end of current period	Profit or loss on investee for the current period	Shareholding in direct or indirect investment	Investment income or loss recognized for the period	Carrying amount of investment at the end of period	Cumulative repatriation of investment income at the end of current period
											(Note 2)
Shanghai Zhuzhijia	3C hardware stamping parts	318,156 (USD10,360)	Indirectly invested through subsidiaries and sub-subsidiaries	(Note 3)	-	-	(Note 3)	(3,735) (CNY(845))	46.91%	(1,752) (CNY(396))	8,381 (CNY1,901)
Guangzhou Carbon Valley	Engaging in the manufacture and sale of batteries, photovoltaic equipment and the electronic components thereof, as well as the research and development of energy and new material technologies	23,067 (CNY5,233)	"	(Note 4)	-	-	(Note 4)		25.00%	(C) (CNY)	-
Junsu Electronic	Engaging in research and development, production, and sales of mobile phone panels, moulds, plastic products, hardware products and electronic parts and components, communication terminal products, and mobile phones	44,080 (CNY10,000)	"	(Note 4)	-	-	(Note 4)		10.00%	-	4,408 (CNY1,000)

Note 1: NTD amounts in the table are translated based on the exchange rate at the balance sheet date or average exchange rate.

Note 2: The basis for Dongguan Ways to recognize profit and loss is on the financial statements of the Taiwanese parent-company audited by the CPAs; Shanghai Zhuzhijia and Guangzhou Carbon Valley were based on the unaudited self-prepared financial statements of the investees.

Note 3: It was that Samoa Mega-Power remitted USD3,000 thousand as the investment to hold 30% stake, and the sub-subsidiary in China invested its self-owned capital CNY16,632 thousand to hold 30% of stake, for total 60% stake; in July 2015, the sales of 15% stake was completed. Also in August 2016, the Group resolved for the reorganization, to sell 15% shareholdings of Samoa Mega-Power to Dongguan Ways. In May 2019, Dongguan Ways remitted the capital of CNY2,400 thousand for total shareholding of 46.91%.

Note 4: investment was made with the self-owned funds of the sub-subsidiary in China.

### 2. Limit of investment in China

Company name	Cumulative outward remittance for investment in mainland China at the end of current period	Investment amount authorized by Investment Commission, MOEA	Investment limitation for Mainland China regulated by the Investment Commission, MOEA
Ways Technical Corp., Ltd.	1,242,803(USD40,469)	1,446,441(USD47,100)	541,103 (Note 2)
Mega-Power	214,970(USD7,000)	263,952 (USD8,595)	440,846

Note 1: NTD amounts in the table are translated based on the exchange rate at the balance sheet date.

Note 2: After investing in China, the Company's net worth of equity decreased due to the operating loss, and thus the amount indicated in the Investment Commission's approval letter exceeds the investment limit specified by the competent authority.

Note 3: Ways Technical remitted USD4,000 thousand to invest Kunshan Hsin Ho Electronics; Ways Technical and Mega-Power remitted USD5,750 thousand and USD4,000 thousand from Taiwan to investment Kunshan Ways, and Ways Technical remitted USD5,250 thousand with its own funds; none investment limit is cancelled for these investments.

### 3. Significant transactions

Please refer to "Information on significant transactions" for the Company's direct or indirect significant transactions with the investees in China in 2022.

(IV) Information on major shareholders: no shareholder holding 5% or more of the stake.

### XIV. Segment Information

Please refer to the 2022 consolidated statements.

**Ways Technical Corp., Ltd.**  
**Statement of cash and cash equivalents**  
**Balance on December 31, 2022**

**Unit: NT\$ thousand**

<b>Item</b>	<b>Summary</b>	<b>Amount</b>
Cash on hand and petty cash		\$ 60
Check and demand deposits	Deposit in NTD	41,201
	Deposits in foreign currencies (USD334 thousand and JPY98,001 thousand.)	33,027
Total		<u><b>\$ 74,288</b></u>

Note: the foreign exchange rate was NT\$30.71 for one USD, and NT\$0.2324 for one Yen.

**Ways Technical Corp., Ltd.**  
**Statement of Movements in Long-term Equity Investment Using the Equity Method**  
**January 1 to December 31, 2022**

Unit: NT\$ thousand

Number of Shares (Thousands Shares)

Investee	Balance at the beginning of the period		Increase (decrease) during the period		Investment income (loss)	Shares of other comprehensive income	Other adjustment	Balance at the end of the period			Circumstances of provisions of guarantee or pledge
	Number of shares	Amount	Number of shares	Amount				Number of shares	Shareholding percentage	Amount	
Ways Technical	18,469	\$ 204,732	-	-	(3,175)	20,961	-	18,469	100%	222,518	222,518
Ways Holdings	20,610	(29,748)	-	-	(38,616)	(334)	-	20,610	100%	(68,698)	(68,698)
Mega-Power Precision Industrial Corp.	23,500	635,118	-	-	34,284	2,350	(27,082) (Note 1)	23,500	100%	644,670	645,047
Nano Bit Tech Co., Ltd.	27,410	(222,085)	-	-	(22,058)	-	-	27,410	76.14%	(244,143)	244,143
Aqua Ways Co., Ltd.	18,049	14,881	-	-	(16,798)	-	-	18,049	100%	(1,917)	(2,096)
O-View Technology Co., Ltd.	1,767	40,429	-	-	7,516	(85)	(353) (Note 1)	1,767	21.66%	47,507	47,507
Subtotal		643,327								599,937	
Credit of long-term investments are accounted as the deduction of other receivable of related parties		85,290								93,531	
Credit of long-term investments are accounted under other non-current liabilities		166,543								221,227	
Less: unrealized loss (gain)		(2,847)								198	
Total		<u>\$ 892,313</u>			<u>(38,847)</u>	<u>22,892</u>	<u>(27,435)</u>			<u>914,893</u>	

Note 1: because the subsidiary issued NT\$27,435 thousand as cash dividends

**Ways Technical Corp., Ltd.**  
**Statement of Financial Assets at Fair Value Through Profit or Loss -**  
**Non-Current**  
**January 1 to December 31, 2022**

**Unit: NT\$ thousand**

<b>Item</b>	<b>Balance at the beginning of the period</b>		<b>Increase (decrease) during the period</b>		<b>Valuation (loss) gain</b>		<b>Balance at the end of the period</b>		<b>Circumstances of provisions of guarantee and pledge</b>
	<b>Number of shares</b>	<b>Amount</b>	<b>Number of shares</b>	<b>Amount</b>	<b>Number of shares</b>	<b>Amount</b>	<b>Number of shares</b>	<b>Carrying amount</b>	
Anli International Co., Ltd, Taiwan Branch (Cayman)	2,163	\$ 130,225	-	-	-	(46,617)	2,163	83,608	N/A
Symtek Automation Asia Co., Ltd.	10	1,155	-	-	-	(305)	10	850	"
<b>Total</b>		<b>\$ 131,380</b>		<b>-</b>		<b>(46,922)</b>		<b>84,458</b>	

**Ways Technical Corp., Ltd.**

**Statement of revenues**

**January 1 to December 31, 2022**

**Unit: NT\$ thousand**

<b>Item</b>	<b>Number</b>	<b>Amount</b>
		<u>\$</u>
3C product processing and assembly and other	1,845 (thousand pcs)	<u>87,183</u>

**Ways Technical Corp., Ltd.**  
**Statement of operating Costs**  
**January 1 to December 31, 2022**

**Unit: NT\$ thousand**

<b>Item</b>	<b>Amount</b>
Direct materials	
Inventories at the beginning of the period	\$ 8,252
Add: Purchases during this period	5,722
Less: Raw materials at the end of this period	(8,782)
Others	(78)
Consumption of raw materials	5,114
Direct labour	10,527
Manufacturing expenses	9,189
Costs of processing and manufacturing	24,830
Work in process at the beginning of the period	3,002
Less: Work in process at the end of the period	(1,246)
Cost of finished goods	26,586
Finished goods at the beginning of the period	12,558
Less: Finished goods at the end of the period	(9,634)
Costs of processing and manufacturing, and sales of finished products	29,510
Merchandise at the beginning of the period	11,821
Add: Produced during the period	62,484
Less: Merchandise at the end of this period	(11,821)
Cost of goods transaction	91,994
Loss on decline in value of inventories and slow-moving inventories.	612
Manufacturing expenses unallocated	19,397
Proceeds from the sales of scraps	(49)
Operating costs	\$ <b>111,954</b>

**Ways Technical Corp., Ltd.**  
**Statement of Operating Expenses**  
**January 1 to December 31, 2022**

**Unit: NT\$ thousand**

<b>Item</b>	<b>Selling expenses</b>	<b>Administrative expenses</b>	<b>Research and development expenses</b>
Salary expenses	\$ 1,397	15,363	28,902
Depreciation	43	11,368	29,933
Service expenses	-	8,032	1,840
Utilities expenses	833	1,998	898
Others (Note)	<u>1,488</u>	<u>12,092</u>	<u>41,263</u>
Total	<b><u>3,761</u></b>	<b><u>48,853</u></b>	<b><u>102,836</u></b>

Note: other details of expense are not listed separately as they are no more than 5% of the individual account amount.

**Ways Technical Corp., Ltd.**  
**Statement of other non-current assets**

(Please refer to Note 6 (8) for details)

**Ways Technical Corp., Ltd.**  
**Schedule of other financial assets**

(Please refer to Note 6 (8) for details)

**Statement of changes in property, plant, and equipment**

Please refer to Note 6 (6) for details.

**Schedule for details of other income and expenses**

Please refer to Note 6 (19) for details

**Ways Technical Corp., Ltd.**  
**Statement of other current assets**

(Please refer to Note 6 (8) for details)

**Statement of Other Current Liabilities**

**Balance on December 31, 2022**

**Unit: NT\$ thousand**

<b>Item</b>	<b>Amount</b>	<b>Remarks</b>
Deposits received	\$ 820	
Long-term investments in equity with the equity method (credit)	<u>221,227</u>	
	<u><b>\$ 222,047</b></u>	