

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

### **Standalone Financial Statements and Independent Auditors' Report**

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.

**Headquarter: No. 26, Gaoqing Rd., Yangmei Dist., Taoyuan City, Taiwan**  
**Tel: (03)496-5000**

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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 2023 and 2022, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows from January 1 to December 31, 2023 and 2022, 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, and are a fair presentation of Ways Technical Corp. Ltd.'s financial position as of December 31, 2023 and 2022, and its financial performance and cash flows for the years ended on December 31, 2023 and 2022.

### **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 2023 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. Revenue recognition**

For the accounting policy of revenue recognition, please refer to Note 4(15) to the parent company only financial statements. Please refer to Note 6(16) Revenue of the parent company only financial statements for notes to revenue.

#### **Explanations of key audit matters**

Way Speed Technology Co., Ltd. and its subsidiaries under the equity method are engaged in the R&D, manufacturing and sales of 3C product assembly (manufacturing of plastic daily necessities). The operating revenue of Way Speed Technology Co., Ltd. and its subsidiaries under the equity method has been deemed a key audit matter. The amount of changes in operating revenues and the changes may affect the understanding of the financial statements as a whole by users of said financial statements. 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 Ways Technical Corp., LTD and its 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 have determined the key audit matters for our audit of Ways Technical Corp. Ltd.'s 2023 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

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

March 14, 2024

**Ways Technical Corp., Ltd.**  
**Balance Sheet**  
**For the Year Ended December 31, 2023 and 2022**

Unit: NT\$ thousand

Assets	2023.12.31		2022.12.31		Liabilities and equity	2023.12.31		2022.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Current assets:</b>									
1100 Cash and cash equivalents (Note 6(1))	\$ 62,347	3	74,288	3	2100 Short-term borrowings (Note 6(9))	\$ 30,000	1	-	-
1170 Accounts receivable, net (Notes 6(3) and 6(16))	16,233	1	32,142	2	2130 Contract liabilities - current (Note 6(16) and 9(1))	843,045	41	842,791	40
1180 Notes and accounts receivable - related parties, net (Notes 6(3), 6(16), and 7)	4,124	-	242	-	2170 Note payable and accounts payable	448	-	519	-
1310 Inventory (Note 6 (4))	12,042	1	13,265	1	2180 Notes and accounts payable – related parties (Note 7)	29,872	2	64,060	3
1476 Other financial assets - current (Notes 6(5), 6(8) and 7)	137,748	7	138,992	6	2200 Other payables (Note 7)	54,477	3	52,984	2
1479 Other current assets – others (Note 6(8), 7 and 9(1))	199,073	9	196,353	9	2280 Lease liabilities - current (Note 6 (10) and 7)	10,206	-	10,975	1
	431,567	21	455,282	21	2300 Other current liabilities	2,112	-	2,193	-
						970,160	47	973,522	46
<b>Non-current assets:</b>									
1510 Financial assets at fair value through profit or loss - non-current (Note 6(2))	93,456	4	84,458	4	2570 Deferred income tax liabilities (Note 6(13))	17	-	17	-
1550 Investment under the equity method (Notes 6 (5))	898,340	43	914,893	43	2580 Lease liabilities - non-current (Note 6 (10) and 7)	26,603	1	36,636	2
1600 Property, plant and equipment (Note 6(6), 7 and 8)	149,282	7	162,444	8	2670 Other non-current liabilities (Note 6(5))	294,072	14	222,047	10
1755 Right-of-use assets (Note 6(7))	35,540	2	46,201	2		320,692	15	258,700	12
1780 Intangible assets	220	-	239	-		1,290,852	62	1,232,222	58
1990 Other non-current assets (Note 6(8), 7 and 9(1))	472,446	23	470,544	22					
	1,649,284	79	1,678,779	79					
<b>Total assets</b>	<b>\$ 2,080,851</b>	<b>100</b>	<b>2,134,061</b>	<b>100</b>					
<b>Liabilities and equity:</b>									
<b>Current liabilities:</b>									
					2570 Short-term borrowings (Note 6(9))	\$ 30,000	1	-	-
					2130 Contract liabilities - current (Note 6(16) and 9(1))	843,045	41	842,791	40
					2170 Note payable and accounts payable	448	-	519	-
					2180 Notes and accounts payable – related parties (Note 7)	29,872	2	64,060	3
					2200 Other payables (Note 7)	54,477	3	52,984	2
					2280 Lease liabilities - current (Note 6 (10) and 7)	10,206	-	10,975	1
					2300 Other current liabilities	2,112	-	2,193	-
						970,160	47	973,522	46
<b>Non-current liabilities:</b>									
					2570 Deferred income tax liabilities (Note 6(13))	17	-	17	-
					2580 Lease liabilities - non-current (Note 6 (10) and 7)	26,603	1	36,636	2
					2670 Other non-current liabilities (Note 6(5))	294,072	14	222,047	10
						320,692	15	258,700	12
						1,290,852	62	1,232,222	58
<b>Total Liabilities</b>									
<b>Equity (Notes 6(5) and 6(14)):</b>									
					3100 Share capital	1,043,117	50	1,021,417	47
					3200 Capital reserve	2,113,176	101	2,048,074	96
					3300 Retained earnings (accumulated losses)	(2,254,678)	(108)	(2,058,447)	(96)
					3400 Other equity	(24,220)	(1)	(21,809)	(1)
					3500 Treasury stocks	(87,396)	(4)	(87,396)	(4)
						789,999	38	901,839	42
<b>Total assets</b>	<b>\$ 2,080,851</b>	<b>100</b>	<b>2,134,061</b>	<b>100</b>					
<b>Total liabilities and equities</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 Comprehensive Income**  
**For the Years Ended December 31, 2023 and 2022**

**Unit: NT\$ thousand**

	2023		2022	
	Amount	%	Amount	%
4000 <b>Operating revenue</b> (Notes 6 (16) and 7)	\$ 84,279	100	87,183	100
5000 <b>Operating cost</b> (Notes 6(4), 6(12), 7, and 12)	105,677	125	111,954	128
5900 <b>Gross operating loss</b>	(21,398)	(25)	(24,771)	(28)
5910 Less: Unrealized gain and loss on sales	(134)	-	(3,045)	(3)
5950 <b>Gross operating loss</b>	(21,264)	(25)	(21,726)	(25)
<b>Operating expenses</b> (Notes 6(3), 6(12), 7 and 12) :				
6100 Selling expenses	5,729	7	3,761	4
6200 Administrative expenses	51,619	61	48,853	56
6300 Research and development expenses	107,193	127	102,836	118
6450 Expected credit impairment (gain on reversal) losses	(36)	-	752	1
<b>Total operating expenses</b>	164,505	195	156,202	179
6900 <b>Operating net loss</b>	(185,769)	(220)	(177,928)	(204)
<b>Non-operating income and expense:</b> (Notes 6(2), 6(5), 6(6), 6(10), 6(11), 6(18), and 7)				
7010 Other income	21,981	26	44,957	52
7020 Other gains or losses	(293)	(1)	11,532	13
7100 Interest revenue	6,597	8	5,189	6
7510 Interest expenses	(756)	(1)	(863)	(1)
7635 Gain (loss) on financial assets measured at FVTPL	8,961	11	(46,922)	(54)
7770 Share of losses on affiliates and joint ventures accounted for using the equity method	(47,667)	(57)	(38,847)	(45)
	(11,177)	(14)	(24,954)	(29)
7900 <b>Net loss before income tax</b>	(196,946)	(234)	(202,882)	(233)
7950 <b>Less: Income tax expenses</b> (Note 6(13))	-	-	-	-
<b>Net loss for this period</b>	(196,946)	(234)	(202,882)	(233)
8300 <b>Other comprehensive income</b>				
8310 <b>Items not reclassified to profit or loss</b>				
8316 Unrealized gains or losses on investments in equity instruments measured at fair value through other comprehensive income	(4,395)	(5)	-	-
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	715	1	2,265	3
8349 Less: income tax related to components that will not be reclassified (Note 6(13))	(3,680)	(4)	2,265	3
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	2,096	2	20,627	24
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method- that may be reclassified to profit or loss	(112)	-	-	-
8399 Less: income tax related to components possibly be reclassified (Note 6(13))	1,984	2	20,627	24
8300 <b>Other comprehensive income for the period</b>	(1,696)	(2)	22,892	27
8500 <b>Total comprehensive income for the period</b>	\$ (198,642)	(236)	(179,990)	(206)
9750 <b>Basic earnings per share</b> (Note 6(15))	\$ (1.95)	(2.04)		
9850 <b>Basic earnings (loss) per share</b> (NT\$)	\$ (1.95)	(2.04)		
<b>Diluted earnings (losses) per share</b> (NTD)	\$ (1.95)	(2.04)		

**(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, 2023 and 2022**

**Unit: NT\$ thousand**

	Retained earnings						Other equity items				
	Common stock	Capital reserve	Legal reserves	Special reserve	Accumulated losses	Total	Exchange difference on translation of financial statements of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	Total	Treasury stocks	Total equity
<b>Balance on January 1, 2022</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
Net loss for this period	-	-	-	-	(196,946)	(196,946)	-	-	-	-	(196,946)
Other comprehensive income for the period	-	-	-	-	715	715	1,984	(4,395)	(2,411)	-	(1,696)
Total comprehensive income for the period	-	-	-	-	(196,231)	(196,231)	1,984	(4,395)	(2,411)	-	(198,642)
Changes in associates and joint ventures accounted for using the equity method	-	2	-	-	-	-	-	-	-	-	2
Capital increase in cash	21,700	65,100	-	-	-	-	-	-	-	-	86,800
<b>Balance as of December 31, 2023</b>	\$ 1,043,117	2,113,176	184,057	42,083	(2,480,818)	(2,254,678)	(15,225)	(8,995)	(24,220)	(87,396)	789,999

**Chairperson: Shih-Wen Liao**

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

**Managerial Officer: Shih-Wen Liao**

**Accounting Officer: Shih-Yi Kuo**

**Ways Technical Corp., Ltd.**  
**Statement of Cash Flows**  
**For the Years Ended December 31, 2023 and 2022**

**Unit: NT\$ thousand**

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>		
Net loss before tax of the period	\$ (196,946)	(202,882)
<b>Adjustments:</b>		
Income and expenses		
Depreciation and amortization expenses	41,697	48,242
Expected credit impairment (gain on reversal) losses	(36)	752
Loss (profit) of financial assets measured at fair value through profit or loss	(8,961)	46,922
Interest expenses	756	863
Interest revenue	(6,597)	(5,189)
Dividend income	(4,386)	(5,904)
Share of loss of subsidiaries, associates and joint ventures recognized using the equity method	47,667	38,847
Loss (gain) on disposal and scrapping of property, plant and equipment	(54)	3,538
Others	(166)	(3,045)
Total adjustments for income and expenses	<u>69,920</u>	<u>125,026</u>
Changes in assets/liabilities related to operating activities:		
Decrease (increase) in notes and accounts receivable (related parties included)	12,063	(4,844)
Decrease in inventory	1,223	4,762
Increase in other current assets	(2,545)	(776)
Decrease (increase) of other financial assets	5,812	(45,889)
Increase (decrease) in contract liabilities	254	(1,900)
Increase (decrease) of accounts payable (including related parties)	(34,259)	4,609
Increase (decrease) of expenses and other payables	1,487	(5,203)
Increase (decrease) in other current liabilities	(81)	492
Total adjustments	<u>53,874</u>	<u>76,277</u>
Cash flow generated from operations	(143,072)	(126,605)
Interest received	6,596	5,193
Dividends received	36,346	33,339
Interest paid	(719)	(863)
Income tax refund (payment)	(175)	208
<b>Net cash outflow from operating activities</b>	<u>(101,024)</u>	<u>(88,728)</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	(37)	-
Acquisition of property, plant and equipment and intangible assets	(15,056)	(8,561)
Disposal of property, plant and equipment	54	12
Decrease (increase) of other receivables - related parties	2,824	(13,727)
Increase of pre-payments for equipment	(5,730)	(5,230)
Others	1,243	364
<b>Net cash outflow from investing activities</b>	<u>(16,702)</u>	<u>(27,142)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	30,000	-
Repayment of lease principal	(11,015)	(12,179)
Capital increase in cash	86,800	-
Others	-	(50)
<b>Net cash inflows (outflows) from financing activities</b>	<u>105,785</u>	<u>(12,229)</u>
Decrease in cash and cash equivalents in current period	(11,941)	(128,099)
Cash and cash equivalents at the beginning of the year	74,288	202,387
Cash and cash equivalents at the end of the year	<u>\$ 62,347</u>	<u>74,288</u>

**(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**  
**2023 and 2022**  
**(NTD thousands unless otherwise specified)**

**I. Company background**

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 7, 2024.

**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, 2023, which has not caused 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)

The Group has adopted the following new and amended IFRS since May 23, 2023, which has not caused a material impact on the parent company only financial statements.

- Amendments to IAS No. 12 "International Tax Reform- Pillar Two Model Rules"

(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, 2024 will not cause a material impact on the parent company only financial statements.

- Amendments to IAS 1 (Classification of Liabilities as Current or Non-current)
- Amendments to IAS 1 (Non-current Liabilities with Covenants)
- Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"
- Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"

(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
- Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"
- Amendment to IAS No. 21 "Lack of Convertibility"

## 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.

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

If there is no repayment plan for the monetary receivables or payables of an 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.

### **(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.

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

- The cash flows on specific dates specified in the contractual terms are solely payments for the principal and interest on the principal amount outstanding.

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.

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

### (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.

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;

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

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
- 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 recover 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.

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

### (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.

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.

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

### **(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.

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.

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

### (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.

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.

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

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.

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 four 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.

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

### **(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.

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:

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

### **(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.

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.

## **(XVII) 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.

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

### 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) 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.

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.

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

### (XIX) 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.

### (XX) Information on Operating Segments

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

## V. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

When the management prepares the parent company only financial statements, 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

	<b>2023.12.31</b>	<b>2022.12.31</b>
Cash on hand and petty cash	\$ 60	60
Check and demand deposits	62,287	74,228
<b>Total</b>	<b>\$ 62,347</b>	<b>74,288</b>

Please refer to Note 6(19) 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

	<b>2023.12.31</b>	<b>2022.12.31</b>
Financial assets mandatorily measured at fair value through profit or loss:		
Domestic listed stocks	\$ 93,456	84,458

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

**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 2023 and 2022 were profit of NT\$8,961 thousand and loss of NT\$46,922 thousand, respectively.**

**3. Investments in equity instruments at fair value through profit or loss**

The Company increased capital and subscribed 404 shares of Symtek Automation Asia Co., Ltd. in August 2023 in the amount of NT\$37 thousand.

**4. The aforesaid financial assets were not pledged as collateral for borrowing or financing facilities as of December 31, 2023 and 2022.**

**(III) Notes and accounts receivable**

	<b>2023.12.31</b>	<b>2022.12.31</b>
Accounts receivable at amortized cost	\$ 31,181	47,126
Accounts receivable - related parties	<u>4,124</u>	<u>242</u>
	35,305	47,368
Less: Allowance for bad debts	(14,948)	(14,984)
	<u><b>\$ 20,357</b></u>	<u><b>32,384</b></u>
Note receivable and accounts receivable, net	<u><b>\$ 16,233</b></u>	<u><b>32,142</b></u>
Notes and accounts receivable - related parties, net	<u><b>\$ 4,124</b></u>	<u><b>242</b></u>

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>2023.12.31</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	\$ 14,459	0.2%	21
Less than 90 days past due	6,040	2.0%	121
Overdue for 91–180 days	-	0.00%	-
Over 181 days past due	<u>14,806</u>	<u>100%</u>	<u>14,806</u>
Total	<u><b>\$ 35,305</b></u>		<u><b>14,948</b></u>

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

	<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 181 days past due	14,806	100%	14,806
<b>Total</b>	<b>\$ 47,368</b>		<b>14,984</b>

Table of the changes in the Company's allowance for losses on notes receivable and accounts receivable for 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
Balance at the beginning of the period	\$ 14,984	14,232
Impairment (reversal) loss	(36)	752
<b>Balance at the end of the period</b>	<b>\$ 14,948</b>	<b>14,984</b>

None of the aforesaid financial assets have been pledged as collateral as of December 31, 2023 and 2022.

**(IV) Inventories**

	<b>2023.12.31</b>	<b>2022.12.31</b>
Merchandise	\$ 21	22
Project system engineering	11,438	11,438
Raw materials	583	1,805
<b>\$ 12,042</b>	<b>13,265</b>	

Details of the costs of sales are as follows:

	<b>2023</b>	<b>2022</b>
Reclassified from inventories sold	\$ 81,772	91,994
Inventory obsolescence and valuation loss	1,376	612
Manufacturing expenses unallocated	22,537	19,397
Proceeds from the sales of scraps	(8)	(49)
<b>\$ 105,677</b>	<b>111,954</b>	

None of the Company's inventory has been pledged as collateral as of December 31, 2023 and 2022.

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

**(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>2023.12.31</b>	<b>2022.12.31</b>
Subsidiary	\$ 474,080	552,628
Associates	44,868	47,507
Plus: credit balance of investment with equity method of subsidiaries (accounted as deduction of other receivable related parties)	86,140	93,531
Credit balance of investment with equity method of subsidiaries (accounted as other non-current liabilities)	293,252	221,227
	<b><u>\$ 898,340</u></b>	<b><u>914,893</u></b>

1. Subsidiaries: Please refer to the 2023 consolidated financial statements.

2. Associates

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:

	<b>2023.12.31</b>	<b>2022.12.31</b>
Closing summary of equity in affiliated companies that are not material to each other	<b><u>\$ 44,868</u></b>	<b><u>\$ 47,507</u></b>
Carrying amount		
	<b>2023</b>	<b>2022</b>
Share attributable to the Company:		
Net profit (loss) from continuing operations	\$ (2,641)	7,516
Other comprehensive income	-	(85)
Total comprehensive income	<b><u>\$ (2,641)</u></b>	<b><u>7,431</u></b>

3. Collaterals

None of the Company's investments under the equity method have been pledged as collateral as of December 31, 2023 and 2022.

4. Technological shareholding

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 a 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.

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

**(VI) Property, plant and equipment**

The change in the Company's costs, accumulated depreciation and impairments of property, plant and equipment in 2023 and 2022 is as follows:

	<b>Land</b>	<b>Houses and buildings</b>	<b>Machinery and equipment</b>	<b>Offices equipment and others</b>	<b>Total</b>
<b>Costs:</b>					
Balance on January 1, 2023	\$ 25,700	63,970	272,943	286,877	649,490
Addition	-	-	85	14,708	14,793
Disposal	-	-	(6,297)	(6,546)	(12,843)
Reclassification	-	-	-	2,472	2,472
Balance on December 31, 2023	<b>\$ 25,700</b>	<b>63,970</b>	<b>266,731</b>	<b>297,511</b>	<b>653,912</b>
Balance at January 1, 2022	\$ 25,700	59,970	272,546	286,880	645,096
Addition	-	2,800	397	3,986	7,183
Disposal	-	-	-	(4,233)	(4,233)
Reclassification	-	1,200	-	244	1,444
Balance on December 31, 2022	<b>\$ 25,700</b>	<b>63,970</b>	<b>272,943</b>	<b>286,877</b>	<b>649,490</b>
<b>Depreciation and impairment losses:</b>					
Balance on January 1, 2023	\$ -	16,651	225,802	244,593	487,046
Depreciation during the year	-	1,786	10,874	17,767	30,427
Disposal	-	-	(6,297)	(6,546)	(12,843)
Balance on December 31, 2023	<b>\$ -</b>	<b>18,437</b>	<b>230,379</b>	<b>255,814</b>	<b>504,630</b>
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	<b>\$ -</b>	<b>16,651</b>	<b>225,802</b>	<b>244,593</b>	<b>487,046</b>
<b>Carrying amount</b>					
December 31, 2023	<b>\$ 25,700</b>	<b>45,533</b>	<b>36,352</b>	<b>41,697</b>	<b>149,282</b>
January 1, 2022	<b>\$ 25,700</b>	<b>45,068</b>	<b>58,543</b>	<b>63,660</b>	<b>192,971</b>
December 31, 2022	<b>\$ 25,700</b>	<b>47,319</b>	<b>47,141</b>	<b>42,284</b>	<b>162,444</b>

(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:

	<b>Land</b>	<b>Buildings</b>	<b>Transportation equipment</b>	<b>Total</b>
<b>Cost of right-of-use assets:</b>				
Balance on January 1, 2023	\$ -	84,385	3,170	87,555
Addition	-	245	-	245
Balance on December 31, 2023	<b>\$ -</b>	<b>84,630</b>	<b>3,170</b>	<b>87,800</b>

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

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
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>
Depreciation of right-of-use assets:				
Balance on January 1, 2023	\$ -	39,169	2,185	41,354
Depreciation in the period	-	10,002	904	10,906
Balance on December 31, 2023	<u>\$ -</u>	<u>49,171</u>	<u>3,089</u>	<u>52,260</u>
Balance at January 1, 2022	\$ 398	30,642	2,612	33,652
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>
Carrying amount				
December 31, 2023	<u>\$ -</u>	<u>35,459</u>	<u>81</u>	<u>35,540</u>
January 1, 2022	<u>\$ 134</u>	<u>58,999</u>	<u>2,042</u>	<u>61,175</u>
December 31, 2022	<u>\$ -</u>	<u>45,216</u>	<u>985</u>	<u>46,201</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:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Other financial assets -current		
Other receivables (including related parties)	\$ 103,972	105,211
Time deposits	33,776	33,781
Total	<u>\$ 137,748</u>	<u>138,992</u>
Other current assets:		
Prepayments for equipment - related parties	\$ 192,906	192,906
Others	6,167	3,447
Total	<u>\$ 199,073</u>	<u>196,353</u>
Other non-current assets		
Related party of prepayment	\$ 455,396	455,396
Prepaid equipment deposit	16,988	13,730
Others	62	1,418
Total	<u>\$ 472,446</u>	<u>470,544</u>

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

The Company and Shangdong Hengli Tianneng Advanced Technology Ltd. (Hengli Tianneng) entered into 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) on December 31, 2017. After deducting the performed amount, the balance was NT\$455,396 thousand (USD14,944 thousand) for both 2023 and 2022, 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**

	<b>2023.12.31</b>	<b>2022.12.31</b>
Secured bank loans	<b><u>\$ 30,000</u></b>	-
Undrawn limit	<b><u>\$ 80,000</u></b>	<b><u>189,406</u></b>

1. Please refer to Note 8 for the pledged 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:

	<b>2023.12.31</b>	<b>2022.12.31</b>
Current	<b><u>\$ 10,206</u></b>	<b><u>10,975</u></b>
Non-current	<b><u>\$ 26,603</u></b>	<b><u>36,636</u></b>

Please refer to Note 6 (19) Financial Instruments for maturity analysis.

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

	<b>2023</b>	<b>2022</b>
Interest expense on lease liabilities	<b><u>\$ 644</u></b>	<b><u>863</u></b>
Income from subleased right-of-use assets	<b><u>\$ (5,143)</u></b>	<b><u>(5,143)</u></b>
Expense relating to leases of low-value assets (excluding short-term low-value leases)	<b><u>\$ 171</u></b>	<b><u>171</u></b>

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

	<b>2023</b>	<b>2022</b>
Total cash outflow from leases	<b><u>\$ 11,830</u></b>	<b><u>13,213</u></b>

**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 fifteen 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.

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

**(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:

	<b>2023.12.31</b>	<b>2022.12.31</b>
Less than 1 year	\$ 3,841	7,472
1-2 years	1,704	2,137
2-3 years	1,704	-
3-4 years	1,704	-
4-5 years	1,704	-
<b>Total undiscounted lease payments</b>	<b>\$ 10,657</b>	<b>9,609</b>

The rent income generated from property, plant and equipment, and right-of-use assets in 2023 and 2022 was NT\$8,767 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 2023 and 2022 were NT\$2,978 thousand and NT\$3,177 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 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
Current income tax expense	\$ -	-
Deferred tax expense	-	-
<b>Income tax</b>	<b>\$ -</b>	<b>-</b>

The income tax expenses of the Company recognized under other comprehensive income in 2023 and 2022 are detailed below:

	<b>2023</b>	<b>2022</b>
Items that may subsequently be reclassified to profit or loss:		
Exchange differences on translation of the financial statements of foreign operations	\$ -	-

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

The reconciliation of income tax expenses (income) and net loss before tax of the Company for 2023 and 2022 is shown below:

	<b>2023</b>	<b>2022</b>
Net loss before income tax	\$ (196,946)	(202,882)
Income tax calculated at the domestic tax rate where the Company is located	(39,389)	(40,576)
Tax-free income	2,086	10,267
Tax loss from unrecognized deferred income tax assets	30,731	24,381
Changes not recognized in temporary differences	<u>6,572</u>	<u>5,928</u>
	<u><u>\$ -</u></u>	<u><u>-</u></u>

**2. Deferred income tax assets and liabilities**

**(1) Unrecognized deferred income tax assets**

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

	<b>2023.12.31</b>	<b>2022.12.31</b>
Deductible temporary differences	\$ 235,954	229,753
Tax loss	<u>158,440</u>	<u>133,901</u>
	<b><u>\$ 394,394</u></b>	<b><u>363,654</u></b>

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, 2023, 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	2026
2018 (assessed figure)	94,565	2028
2019 (assessed figure)	146,355	2029
2020 (assessed figure)	186,445	2030
2021 (assessed figure)	121,902	2031
2022 (reported figure)	95,466	2032
2023 (estimated figure)	<u>121,635</u>	2033
	<b><u>\$ 792,198</u></b>	

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

(2) Deferred tax assets and liabilities recognized

The changes in deferred income tax assets and liabilities for 2023 and 2022 were as follows:

	<b>Others</b>
Deferred income tax liabilities:	
Balance on January 1, 2023	\$ 17
Debit (credit) on statement of income	-
Balance on December 31, 2023	<u><u>\$ 17</u></u>
Balance at January 1, 2022	\$ 17
Debit (credit) on statement of income	-
Balance on December 31, 2022	<u><u>\$ 17</u></u>

3. Income tax assessments

The Company's business income tax returns up to the year 2021 have been assessed and approved by the tax authority.

(XIV) Capital and other interests

1. Issuance of common shares and preference shares

The Company's authorized capital amounted to NT\$2,000,000 thousand with 200,000 thousand shares issued at NT\$10 par on December 31, 2023 and 2022, respectively. The issued shares were 104,312 thousand shares and 102,142 thousand shares of common stock, and payment for all issued shares has been received.

The reconciliation schedule of the Company's outstanding shares in 2023 and 2022 are as follows:

	<b>Common Stock</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance on January 1	102,142	102,142
Private placement of common shares	2,170	-
Ending balance on December 31	<u><u>104,312</u></u>	<u><u>102,142</u></u>

Among the issued shares, 7,170 thousand shares are privately placed common shares, issued at NT\$40 per share for total NT\$286,800 thousand. Afterwards, the transfer of share bonuses 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 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, 2023, the board of directors issued a private placement of 2,170 thousand shares at NT\$40 per share, totaling NT\$86,800 thousand. The registration of change was completed on April 21, 2023. In addition, according to the resolution of the board of directors dated May 4, 2023, the outstanding 15,665 thousand shares shall not be processed any further.

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

**2. Capital surplus**

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

	<b>2023.12.31</b>	<b>2022.12.31</b>
Shares premium from issuance	\$ 2,071,577	2,006,477
Treasury shares traded	40,088	40,088
Changes in the net equity of associates accounted for using the equity method	51	49
Others	<u>1,460</u>	<u>1,460</u>
	<b>\$ 2,113,176</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.

**(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, 2023 and 2022, respectively.

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

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 2022 and 2021 deficit compensation proposals were resolved by the annual general shareholders' meeting on June 19, 2023 and June 17, 2022, respectively. No dividend to be distributed.

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

4. Treasury shares

<b>Reason for recovery</b>	<b>Regulations</b>	<b>Governing Share</b>	<b>Repurchase by</b>	<b>Exchange-Listed</b>	<b>Parent's shares held</b>	<b>Total</b>
				<b>and OTC-Listed</b>	<b>by subsidiaries</b>	<b>(thousand shares)</b>
January 1, 2023				Companies	(thousand shares)	(thousand shares)
				1,614	1,076	2,690
Increase (decreased) during the period				-	-	-
Balance as of December 31, 2023				<b>1,614</b>	<b>1,076</b>	<b>2,690</b>
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>

As of December 31, 2023, 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 treasury shares, without change in 2023 and 2022. As of December 31, 2023 and 2022, the market price per share was NT\$28.50 and NT\$38.95, 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, 2023, 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.

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

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

	<b>Exchange differences on translation of the financial statements of foreign operations</b>	<b>Unrealized gains or losses on financial assets at fair value through other comprehensive income</b>	<b>Total</b>
Balance on January 1, 2023	\$ (17,209)	(4,600)	(21,809)
Exchange differences in translation of net assets of foreign operations	2,096	-	2,096
Share of exchange differences between affiliated companies and joint ventures under the equity method	(112)	-	(112)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income of subsidiaries adopting the equity method	-	(4,395)	(4,395)
Balance on December 31, 2023	<b>\$ (15,225)</b>	<b>(8,995)</b>	<b>(24,220)</b>
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	<b>\$ (17,209)</b>	<b>(4,600)</b>	<b>(21,809)</b>

**(XV) Earnings per share**

The basic earnings per share of the Group for 2023 and 2022 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:

	<b>2023</b>	<b>2022</b>
<b>Basic earnings (losses) per share</b>		
Net income (loss) attributable to the Company	<b>\$ (196,946)</b>	<b>(202,882)</b>
Weighted average number of ordinary shares outstanding (in thousands)	<b>100,957</b>	<b>99,452</b>
	<b>\$ (1.95)</b>	<b>(2.04)</b>

The Group's 2023 and 2022 basic earnings per share are calculated based on the net loss attributable to the Company's common stock shareholders and the weighted average number of shares outstanding after adjusting for all potential dilution effects of the common stock shares. The calculation is as follows:

**Diluted earnings (losses) per share**

Net income (loss) attributable to the Company's common stock shareholders	<b>\$ (196,946)</b>	<b>(202,882)</b>
Weighted average number of ordinary shares outstanding (in thousands)	<b>100,957</b>	<b>99,452</b>
(After adjusting the dilutive potential ordinary shares)	<b>\$ (1.95)</b>	<b>(2.04)</b>

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

**(XVI) Revenue from customer contracts**

1. Details of revenue

	<b>2023</b>	<b>2022</b>
Main region/market:		
Taiwan	<u>\$ 84,279</u>	<u>87,183</u>
Main products		
3C product processing and assembly and other income	<u>\$ 84,279</u>	<u>87,183</u>
Timing of revenue recognition:		
Products transferred at some point of time	<u>\$ 84,279</u>	<u>87,183</u>

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 2023 and 2022. As of December 31, 2023 and 2022, the Company recognized the aforesaid project system engineering for both NT\$5,220 thousand. Please refer to Note 9(1).

2. Contract balance

	<b>2023.12.31</b>	<b>2022.12.31</b>	<b>2022.1.1</b>
Notes and accounts receivable (related parties included)	\$ 35,305	47,368	42,524
Less: Allowance for bad debts	(14,948)	(14,984)	(14,232)
Total	<u>\$ 20,357</u>	<u>32,384</u>	<u>28,292</u>
Contract liability - project system engineering	\$ 842,427	842,427	842,427
Contract liability - product for sales	618	364	2,264
Total	<u>\$ 843,045</u>	<u>842,791</u>	<u>844,691</u>

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

The opening balances for contract liabilities on January 1, 2023 and 2022, and recognized in those years, were NT\$0 thousand and NT\$1,900 thousand, respectively. For the contract liabilities from the project system engineering contract, 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.

**(XVII) 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.

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

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 and directors, 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 by resolution of the board of directors. The remuneration to employees and remuneration to directors shall be reported to the shareholders' meeting. However, the Company's accumulated losses shall have been covered first, and then employees' and directors' remuneration shall be appropriated in accordance with the aforementioned ratios.

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.

For both 2023 and 2022, 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 2023 and 2022, the Company generated accumulated loss, and no remuneration of employees, directors, and supervisors were estimated. Related information is available for inquiries via the Market Observation Post System website.

### (XVIII) Non-operating income and expenses

The Company's other gains and losses in 2023 and 2022 are detailed below:

	<b>2023</b>	<b>2022</b>
Other income		
Rental income	\$ 8,767	8,770
Dividend income	4,386	5,904
Government grants	148	143
Compensation income	-	21,519
Others	<u>8,680</u>	<u>8,621</u>
Total	<b><u>\$ 21,981</u></b>	<b><u>44,957</u></b>

	<b>2023</b>	<b>2022</b>
Other gains or losses		
Net gain (loss) of foreign currency exchange	\$ (347)	15,236
Gains (losses) from the disposal of property, plant and equipment	54	(3,538)
Others	-	(166)
Total	<b><u>\$ (293)</u></b>	<b><u>11,532</u></b>

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

**(XIX) 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 100% and 99% of the sales revenue of the Company in 2023 and 2022, 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.

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, 2023 and 2022.

**2. Liquidity risk**

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

	<b>Carrying amount</b>	<b>Contractual cash flow</b>	<b>Less than 1 year</b>	<b>1 - 2 years</b>	<b>2 years or more</b>
<b>December 31, 2023</b>					
Non-derivative financial liabilities					
Notes and accounts payable (related parties included)	\$ 30,320	(30,320)	(30,320)	-	-
Other payables	54,477	(54,477)	(54,477)	-	-
Deposits received	820	(820)	-	(820)	-
Lease liabilities	36,809	(37,843)	(10,697)	(10,612)	(16,534)
	<b>\$ 122,426</b>	<b>(123,460)</b>	<b>(95,494)</b>	<b>(11,432)</b>	<b>(16,534)</b>
<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	47,611	(49,294)	(11,626)	(10,592)	(27,076)
	<b>\$ 165,994</b>	<b>(167,677)</b>	<b>(129,189)</b>	<b>(11,412)</b>	<b>(27,076)</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.

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

**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:

	2023.12.31			2022.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<b>Financial assets</b>						
Monetary items						
US dollars	\$	2,551	30.705	78,327	5,276	30.71
JPY		98,002	0.2172	21,286	98,001	0.2324
<b>Financial liabilities</b>						
Monetary items						
US dollars		632	30.705	19,404	620	30.71
						19,051

**(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. All else being equal, a 5% appreciation (depreciation) of the NTD against USD and JPY on December 31, 2023 and 2022 would have decreased (increased) the profit after tax by NT\$4,010 thousand and NT\$8,288 thousand, in 2023 and 2022, 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 2023 and 2022, foreign exchange gains and losses (including realized and unrealized portions) was NT\$347 thousand of loss and NT\$15,236 thousand of gain, 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	
	2023.12.31	2022.12.31
<b>Variable interest instruments:</b>		
Financial assets	\$ 61,291	73,146
Financial liabilities	-	-
	<b>\$ 61,291</b>	<b>73,146</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.

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

All else being equal, if the interest rate had increased (decreased) by 1%, the Company's net loss before tax would have decreased (increased) by NT\$153 thousand and NT\$183 thousand in 2023 and 2022, 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).

#### (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:

	2023.12.31				
	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	\$ 93,456	93,456	-	-	93,456
Financial assets at amortized cost:					
Cash and cash equivalents	62,347	-	-	-	-
Notes and accounts receivable (related parties included)	20,357	-	-	-	-
Refundable deposits (accounted in the other non-current liabilities)	455,406	-	-	-	-
Other financial assets -current	137,748	-	-	-	-
Subtotal	675,858				
Total	\$ 769,314				

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

	2023.12.31				
	Carrying amount	Level 1	Level 2	Level 3	Fair value
<b>Financial liabilities at amortized cost:</b>					
Notes and accounts payable (related parties included)	\$ 30,320	-	-	-	-
Other payables	54,477	-	-	-	-
Lease liabilities	36,809	-	-	-	-
Guarantee deposits received (accounted in the other non-current liabilities)	820	-	-	-	-
<b>Total</b>	<b><u>\$ 122,426</u></b>				
<b>2022.12.31</b>					
	Carrying amount	Level 1	Level 2	Level 3	Fair value
<b>Financial assets at fair value through profit or loss:</b>					
Financial assets mandatorily measured at fair value through income statement - non-current	\$ 84,458	84,458	-	-	84,458
<b>Financial assets at amortized cost:</b>					
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	138,992	-	-	-	-
Subtotal	<u>702,313</u>				
<b>Total</b>	<b><u>\$ 786,771</u></b>				
<b>Financial liabilities at amortized cost:</b>					
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)	820	-	-	-	-
<b>Total</b>	<b><u>\$ 165,994</u></b>				

**(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.

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

### **(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 during 2023 and 2022.

## **(XX) Financial risk management**

### **1. Summary**

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.

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

### **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.

Bank borrowings are an important source of liquidity for the Company. As of December 31, 2023 and 2022, the Company's unused short-term bank financing facilities amounted to NT\$80,000 thousand and NT\$189,406 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.

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

**(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.

**(XXI) 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, 2023 and 2022 are as following:

	<b>2023.12.31</b>	<b>2022.12.31</b>
Total Liabilities	\$ 1,290,852	1,232,222
Total assets	2,080,851	2,134,061
Liability ratio	62%	58%

As of December 31, 2023, the Company's capital management strategy has not changed materially.

**(XXII) Investment and financing activities of non-cash transactions**

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

	2023.1.1	Cash Flow	<b>Non-cash movement</b>		2023.12.31
			Addition	Decrease	
Lease liabilities	\$ 47,611	(11,015)	245	(32)	36,809
Deposits received	820	-	-	-	820
<b>Total liabilities from financing activities</b>	<b>\$ 48,431</b>	<b>(11,015)</b>	<b>245</b>	<b>(32)</b>	<b>37,629</b>
	2022.1.1	Cash Flow	<b>Non-cash movement</b>		2022.12.31
			Addition	Decrease	
Lease liabilities	\$ 62,442	(12,179)	440	(3,092)	47,611
Deposits received	870	(50)	-	-	820
<b>Total liabilities from financing activities</b>	<b>\$ 63,312</b>	<b>(12,229)</b>	<b>440</b>	<b>(3,092)</b>	<b>48,431</b>

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

**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:

<b>Name of related party</b>	<b>Relationship with the Company</b>
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
EXCEL BRILLIANT LIMITED(EXCEL) (Note 1)	Subsidiary of the Company
Shanghai Zhuzhijia Electronic Technology Co., Ltd. (Zhuzhijia) (Note 1)	Subsidiary of the Company
Guangzhou Tan Gu Technology Co. Ltd (Tan Gu) (Note 2)	Subsidiary of the Company
Guangdong Ways Solar Energy Technology Co., Ltd. (Solar) (Note 3)	Subsidiary of the Company
Guangdong Ways Technical Corp., Ltd. (Guangdong Ways) (Note 4)	Subsidiary of the Company
Yong Wei Technology Co., Ltd. (Yong Wei) (Note 5)	Subsidiary of the Company
Yongneng Technology Co., Ltd. (Yongneng) (Note 5)	Subsidiary of the Company
Shih-Wen Liao	Director of the Company

Note 1: Acquired control of ECXEL in March 2023 and indirectly acquired control of Zhuzhijia.

Note 2: The Company's control over Tan Gu was acquired in January 2023.

Note 3: Established in March 2023 and with no working capital invested as of December 31, 2023.

Note 4: Established in September 2023 and with no working capital invested as of December 31, 2023.

Note 5: Established in August 2016 and with no working capital invested as of December 31, 2023.

(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:

	<b>Sales</b>	<b>Receivables from related parties</b>		
		<b>2023</b>	<b>2022</b>	<b>2023.12.31</b>
AQUAWAYS	\$ -	-	-	3,882
Other subsidiaries	-	-	-	242
	<b>\$ -</b>	<b>-</b>	<b>4,124</b>	<b>242</b>

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

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

**2. Purchase from related parties**

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

	<b>Accounts payable to related parties</b>			
	<b>Purchases</b>	<b>2023</b>	<b>2022</b>	<b>2023.12.31</b>
<b>Subsidiaries</b>				
Mega Power	\$ 81,776	62,484	20,196	46,966
AQUAWAYS	-	3,750	3,535	10,952
Ways Technical	-	-	6,141	6,142
	<b>\$ 81,776</b>	<b>66,234</b>	<b>29,872</b>	<b>64,060</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. Purchase equipment from related parties**

The amount of equipment purchased by the Company from related parties and its outstanding balance are as follows:

Subsidiary	<b>Transaction amount</b>		<b>Other payables</b>	
	<b>2023</b>	<b>2022</b>	<b>2023.12.31</b>	<b>2022.12.31</b>
	<b>\$ 135</b>	-	<b>142</b>	-

**4. 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	<b>2023</b>				
	<b>Maximum Balance</b>	<b>Ending balance of receivables</b>	<b>Interest rate</b>	<b>Interest income of the period</b>	<b>Interest receivable at the end of period</b>
Nano Bit	\$ 93,531	86,140	5%	4,563	19,290
Less: the balance of long-term investment in Nano Bit transferred to the deduction of other receivable from related party	-	(86,140)	-	-	-
	<b>\$93,531</b>	<b>-</b>		<b>4,563</b>	<b>19,290</b>
<b>2022</b>					
Subsidiary	<b>Maximum Balance</b>	<b>Ending balance of receivables</b>	<b>Interest rate</b>	<b>Interest income of the period</b>	<b>Interest receivable at the end of period</b>
Nano Bit	\$ 93,531	93,531	5%	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>

As of December 31, 2023 and 2022, Nano Bit provided the collateral notes of NT\$86,140 thousand and NT\$91,269 thousand, respectively.

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

5. Others

(1) Operating cost and expense

<b>Main item</b>	<b>Related party category</b>	<b>Operating cost and expense</b>	
		<b>2023</b>	<b>2022</b>
Purchase of consumables, manpower supporting expenses, outsourced processing expenses, and others	Subsidiaries		
	Mega Power	\$ 2,618	1,133
	Nano Bit	33,452	27,810
		<b>\$ 36,070</b>	<b>28,943</b>

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 2023 and 2022 were both NT\$9,780 thousand, and the interest expenses were NT\$638 thousand and NT\$787 thousand, respectively. As of December 31, 2023 and 2022, the balances of lease liabilities were NT\$36,389 thousand and NT\$46,193 thousand, respectively.

(3) Other income:

<b>Main item</b>	<b>Related party category</b>	<b>Other income</b>	
		<b>2023</b>	<b>2022</b>
Remunerations of directors and supervisors, manpower supporting revenues, rental revenues and others are accounted as the deduction of expenses.	Subsidiaries		
	AQUAWAYS	\$ 6,657	6,652
	Nano Bit	11,190	10,803
	Mega Power	601	22,857
		<b>\$ 18,448</b>	<b>40,312</b>

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.

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

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

	<b>Other receivables from related parties</b>	
	<b>2023.12.31</b>	<b>2022.12.31</b>
Subsidiaries		
Nano Bit	\$ 42,612	31,216
AQUAWAYS	37,935	30,945
Mega Power	573	1,323
Others	<u>3,530</u>	<u>3,532</u>
	<b>\$ 84,650</b>	<b>67,016</b>
 <b>Other accounts payable to related parties</b>		
<hr/>		
Ways Technical	\$ 9,658	9,659
Mega Power	34	1,113
	<b>\$ 9,692</b>	<b>10,772</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, 2023 and 2022, the Company commissioned Ways Technical to procure the machinery equipment for the second project system contract, 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:

	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 4,881	5,466
Post-employment benefits	73	73
	<b>\$ 4,954</b>	<b>5,539</b>

2. Guarantee provided

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

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

**VIII. Assets Pledged**

As of December 31, 2023 and 2022, the book values of the Company's assets pledged as collateral are as below:

<b>Name of asset</b>	<b>Asset pledged as collateral</b>	<b>2023.12.31</b>	<b>2022.12.31</b>
Property, plant and equipment	Guarantee for the financing limits and short-term borrowings	\$ <b>71,233</b>	<b>73,018</b>

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

(I) The Company entered into the second project system engineering contract with Hengli Tianneng in June 2017, and the total contract price was USD40,000 thousand. As of December 31, 2023, the Group has received the payment of NT\$842,427 thousand (USD27,775 thousand) in advance. The aforesaid contract was delayed because the customer 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.

To fully perform the project, the Company entered the second cooperative agreement with the broker of the transaction, Richstar International in June 2017, to pay the performance bond of USD15,000 thousand to Richstar International (please refer to Note 6(8)). Both parties agreed that the Company should pay 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, the performance bond of USD5,000 thousand may be reinvested in specific project companies.

**X. Major Disaster Loss: None.**

**XI. Significant Subsequent Events**

(I) On March 7, 2024, the Company's board of directors proposed to issue capital by means of private placement of cash, and issue common shares for private placement within one year within the limit of 17,835 thousand shares, and it is yet to be resolved by the shareholders' meeting.

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

**XII. Others**

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

By nature	By function			2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total			
Employee benefit expenses									
Salary expense	9,462	45,467	54,929	18,050	45,662	63,712			
Labor and health insurance expenses	1,089	4,548	5,637	2,058	4,538	6,596			
Pension expenses	514	2,464	2,978	692	2,485	3,177			
Remuneration paid to director	-	753	753	-	842	842			
Other employee benefits expenses	576	2,102	2,678	983	2,076	3,059			
Depreciation	3,858	37,475	41,333	6,582	41,344	47,926			
Amortization expenses	48	316	364	75	241	316			

Additional information on the Company's number of employees and employee benefit expenses for 2023 and 2022 is as follows:

	2023	2022
Number of employees	<u>78</u>	<u>78</u>
Number of directors who do not serve as employees concurrently	<u>6</u>	<u>6</u>
Average employee benefit expenses	<u>\$ 920</u>	<u>1,063</u>
Average employee salary and wages	<u>\$ 763</u>	<u>885</u>
Average adjustment to employee salary and wages	<u>(13.79)%</u>	<u>10.07%</u>
Remuneration paid to supervisors	<u>\$ -</u>	<u>-</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.

(II) Assumptions of continuing operations

As of December 31, 2023, the Company continued to operate at a loss, and the cumulative losses exceeded the amount of paid-in capital. For the sustainable operation of the Company, the Company intends to adopt the following countermeasures in the future:

- (1) Source of capital: The short-term plan is to obtain the capital required for operation through capital increase in cash. The medium- and long-term capital is to expand the operating revenue through the new technology and new product developed by the Company to increase the source of funds.
- (2) Increase in operating revenue: In the coming months, the company will continue to establish good relationships with customers and promote target products (such as organic photovoltaic modules and perovskite photovoltaic modules) in target markets. They will actively provide samples to customers for certification and aim to expand their revenue streams.

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

### XIII. Additional Disclosures

#### (I) Information on significant transactions

In 2023, 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

Unit: NT\$ thousand and in thousands of other currencies

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	Collateral		Limits of loans to other individual	Total limit on the lending of funds	Note	
													Name	Value				
0	Ways Technical Corp., Ltd.	Nano Bit	Other financial assets -current	Yes	93,531	86,140	86,140	5%	Short-term financing	-	Working capital	-	Note 3	Note 3	78,999	315,999	Note 1	
1	Guangdong Ways	Shanghai Zhuzhijia	"	Yes	37,645 (CNY8,700)	37,645 (CNY8,700)	37,645 (CNY8,700)	6%	"	-	Working capital	-				Note 5	Note 5	Note 2
2	Ways Technical	Guangdong Ways	"	Yes	153,525 (USD5,000)	153,525 (USD5,000)	140,936 (USD4,590)	3%	"	-	Working capital	-			200,641	200,641	Note 2	
3	Mega-Power	Nano Bit	"	Yes	6,000	6,000	6,000	3%	"	-	Working capital	-	Note 4	Note 4	70,745	282,983	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. Due to a change of circumstances that caused the amount of capital loaned by Ways Technical to Nano Bit to exceed the limit, the Company's Board of Directors resolved on March 7, 2024 to repay part of the loan before December 31, 2024 in order to release the loaning of individual funds. and limit violation.

Note 2: 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 an individual borrower, the limit is no more than 90 percent of the Company's net worth.

Note 3: Nano Bit provided the collateral notes for NT\$86,140 thousand.

Note 4: Nano Bit provided the collateral notes for NT\$6,000 thousand.

Note 5: Due to a change of circumstances, the loaning of funds to Shanghai Zhuzhijia exceeded the limit. The Company has formulated an improvement plan. Before the completion of the plan, it will announce the implementation status on a quarterly basis and submit a quarterly report Controlled by the Board of Directors.

Note 6: 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: thousand shares/NT\$ thousand

Company held	Type and name Marketable securities	Relationship with the issuers	Account	-				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	92,368	5.00%	92,368	
"	Symtek Automation Asia Co., Ltd.	-	"	10	1,088	0.01%	1,088	
Mega-Power	Ways Technical Corp., Ltd.	Parent company	Financial assets at fair value through other comprehensive income - non-current	1,076	30,353	1.03%	30,353	
Guangdong Ways	Dongguan Junsu Electronic Technology Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	-	-	10.00%	-	

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.

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

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 140,936	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 2023 is as follows (excluding investees in China):

Unit: thousand shares/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	Investment holding company	574,488	574,488	18,469	100%	222,935	90	90	Subsidiary
	" Ways Holdings	Hong Kong	Investment holding company	663,056	663,056	20,610	100%	(99,628)	(28,304)	(28,304)	Subsidiary
	" Mega-Power	R.O.C.	Manufacturing and processing of plastic products	506,298	506,298	23,500	100%	630,537	15,643	16,892	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%	(257,832)	(17,401)	(13,689)	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%	(21,932)	(20,010)	(20,015)	Subsidiary
	" O-VIEW TECHNOLOGY	R.O.C.	Machinery and equipment, mold manufacturing and wholesale	22,202	22,202	1,767	21.66%	44,868	(12,195)	(2,641)	
Ways Technical	Ways Plastics	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%	15,170	(4,100)	(1,844)	
	" Yong Wei Technology	Independent State of Samoa	Investment holding company	-	-	-	100%	-	-	-	Subsidiary
Mega-Power	Yong Neng Technology	Independent State of Samoa	Investment holding company	-	-	-	100%	-	-	-	Subsidiary
	Excel	Independent State of Samoa	Investment holding company	107,272	-	3,045	100%	104,983	(9)	(2,177)	Subsidiary

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

**(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 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 (Note 2)	Carrying amount of investment at the end of period	Cumulative repatriation of investment income at the end of current period
				Outward remittance	Repatriation						
Guangdong Ways	Manufacturing and sale of cell phone panels, molds, plastic products, hardware products and electronic components	521,985 (USD 17,000)	Indirectly invested through the investments at third places	521,985 (USD 17,000)	-	521,985 (USD 17,000)	(28,347)	100.00%	(28,347)	(112,456)	-
Shanghai Zhuzhijia	3C hardware stamping parts	425,376 (USD 10,360 and NTD 107,272)	Indirect investment by investor in a third place and indirect investment by subsidiaries or sub-subsidiaries	(Note 3)	-	(Note 3)	228	100.00%	(1,945)	113,236	-
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	40,383 (CNY 9,333)	"	(Note 4)	-	(Note 4)	(7,875)	70.00%	(6,728)	30,139	-
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	43,270 (CNY 10,000)	"	(Note 4)	-	(Note 4)	-	10.00%	-	-	-
Solar energy	Research and experimental development	(Note 5)	"	(Note 5)	-	(Note 5)	-	70.00%	-	-	-
Guangdong Ways	Research and experimental development	(Note 6)	Direct investment from the parent company's own funds	(Note 6)	-	(Note 6)	-	77.50%	-	-	-

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

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: Except for the fact that the investment profit and loss of Dongguan Ways was recognized based on the financial statements of the parent company in Taiwan, which were audited by a CPA, the profit and loss of the others were recognized based on the financial statements of the investee company which were prepared by the Company and have not been audited by a CPA.

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 to sell 15% shareholdings of Samoa Mega-Power to Dongguan Ways. In May 2019, Dongguan Ways remitted the capital of CNY2,400 thousand for a total shareholding of 46.91%. In March 2023, Mega-Power acquired 100% of the shares of EXCEL, and indirectly acquired 53.09% of the shares, for a total of 100%.

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

Note 5: Invested by sub-subsidiaries in Mainland China with its own funds. As of December 31, 2023, no working capital has been invested.

Note 6: Invested by the parent company in Taiwan with its own funds. As of December 31, 2023, no working capital has been invested.

### 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.	1,242,601 (USD40,469)	1,332,597 (USD43,400)	473,999 (Note 2)
Mega-Power	322,403 (USD10,500)	371,377 (USD12,095)	424,475

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 2023.

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

## XIV. Information on Operating Segments

Please refer to the 2023 consolidated statements.

**Ways Technical Corp., Ltd.**  
**Statement of cash and cash equivalents**  
**December 31, 2023**

**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	32,105
	Deposits in foreign currencies (USD290 thousand and JPY98,002 thousand.)	30,182
Total		<u><u>\$ 62,347</u></u>

Note: the foreign exchange rate was NT\$30.705 for one USD, and NT\$0.2172 for one Yen.

Ways Technical Corp., Ltd.

Statement of Financial Assets at Fair Value Through Profit or Loss -  
Non-Current

January 1 to December 31, 2023

Unit: NT\$ thousand

Number of Shares (Thousand Shares)

Item	Balance at the beginning of the period		Increase (decrease) during the period		Valuation (loss) gain		Balance at the end of the period		Circumstances of provisions of guarantee and pledge
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Carrying amount	
Anli International Co., Ltd, Taiwan Branch (Cayman)	2,163	\$ 83,608	-	-	-	8,760	2,163	92,368	N/A
Symtek Automation Asia Co., Ltd.	10	850	-	37	-	201	10	1,088	''
Total	<u>\$ 84,458</u>		<u>37</u>		<u>8,961</u>		<u>93,456</u>		

**Ways Technical Corp., Ltd.**  
**Statement of Movements in Long-term Equity Investment Using the Equity Method**  
**January 1 to December 31, 2023**

Unit: NT\$ thousand

Number of Shares (Thousand Shares)

Investee	Balance at the beginning of the period		Increase (decrease) during the period		Investment income (loss)	Other comprehensive income and profit share	Other adjustment	Balance at the end of the period			Net Equity	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	\$ 222,518	-	-	90	327	-	18,469	100%	222,935	222,935	N/A
Ways Holdings	20,610	(68,698)	-	-	(28,304)	(2,626)	-	20,610	100%	(99,628)	(99,628)	"
Mega-Power Precision Industrial Corp.	23,500	644,670	-	-	16,892	603	(31,960) (Note 1)	23,500	100%	630,205	707,458	"
Nano Bit Tech Co., Ltd.	27,410	(244,143)	-	-	(13,689)	-	-	27,410	76.14%	(257,832)	(257,785)	"
Aqua Ways Co., Ltd.	18,049	(1,917)	-	-	(20,015)	-	-	18,049	100%	(21,932)	(21,917)	"
O-View Technology Co., Ltd.	1,767	47,507	-	-	(2,641)	-	2	1,767	21.66%	44,868	44,868	"
Subtotal		599,937									518,616	
Credit of long-term investments are accounted as the deduction of other receivable of related parties		93,531									86,140	
Credit of long-term investments are accounted under other non-current liabilities		221,227									293,252	
Less: unrealized loss (gain)		198									332	
Total		<u>\$ 914,893</u>			<u>(47,667)</u>	<u>(1,696)</u>	<u>(31,958)</u>				<u>898,340</u>	

Note 1: because the subsidiary issued NT\$31,960 thousand as cash dividends

**Ways Technical Corp., Ltd.**  
**Statement of changes in property, plant, and equipment**  
**January 1 to December 31, 2023**

Please refer to Note 6 (6) for details.

**Schedule of other financial assets**  
**December 31, 2023**

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

**Statement of other current assets**  
**December 31, 2023**

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

**Ways Technical Corp., Ltd.**  
**Statement of other non-current assets**  
**December 31, 2023**

**Unit: NT\$ thousand**

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

**Statement of Other Current Liabilities**  
**December 31, 2023**

<b>Item</b>	<b>Amount</b>	<b>Remarks</b>
Deposits received	\$ 820	
Long-term investments in equity with the equity method (credit)	<u>293,252</u>	
	<u><b>\$ 294,072</b></u>	

**Statement of revenues**  
**January 1 to December 31, 2023**

<b>Item</b>	<b>Number</b>	<b>Amount</b>
3C product processing and assembly and other	681 (thousand pcs)	<u><b>\$ 84,279</b></u>

**Ways Technical Corp., Ltd.**  
**Statement of operating Costs**  
**January 1 to December 31, 2023**

**Unit: NT\$ thousand**

<b>Item</b>	<b>Amount</b>
Direct materials	
Inventories at the beginning of the period	\$ 8,782
Add: Purchases during this period	154
Less: Raw materials at the end of this period	<u>(8,936)</u>
Consumption of raw materials	-
Direct labour	1,036
Manufacturing expenses	21,501
Less: Unamortized manufacturing overhead	<u>(22,537)</u>
Costs of processing and manufacturing	-
Work in process at the beginning of the period	1,246
Less: Work in process at the end of the period	<u>(1,246)</u>
Cost of finished goods	-
Finished goods at the beginning of the period	9,634
Less: Finished goods at the end of the period	<u>(9,634)</u>
Costs of processing and manufacturing, and sales of finished products	-
Merchandise at the beginning of the period	11,821
Add: Produced during the period	81,772
Less: Merchandise at the end of this period	<u>(11,821)</u>
Cost of goods transaction	81,772
Loss on decline in value of inventories and slow-moving inventories.	1,376
Manufacturing expenses unallocated	22,537
Proceeds from the sales of scraps	<u>(8)</u>
Operating costs	<u>\$ 105,677</u>

**Ways Technical Corp., Ltd.**  
**Statement of Operating Expenses**  
**January 1 to December 31, 2023**

**Unit: NT\$ thousand**

<b>Item</b>	<b>Selling expenses</b>	<b>Administrative expenses</b>	<b>Research and development expenses</b>
Salary expenses	\$ 2,612	16,901	25,954
Depreciation	43	11,070	26,362
Service expenses	-	8,134	3,431
Utilities expenses	2,247	3,933	1,058
Others (Note)	827	11,581	50,388
<b>Total</b>	<b>\$ 5,729</b>	<b>51,619</b>	<b>107,193</b>

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

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

**January 1 to December 31, 2023**

Please refer to Note 6(18) for details.