

**Ways Technical Corp., Ltd. and its
Subsidiaries**

**Consolidated Financial Statements and
Independent Auditor's Report**

2024 and 2023

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

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Statement

The affiliates and subsidiaries that are required to be included in the Company's consolidated financial statements as of and for the years ended December 31, 2024, under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of associated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards (IFRS) 10. In addition, the information required to be disclosed in the combined financial statements of all affiliates is included in said consolidated financial statements. Consequently, a separate set of combined financial statements of associates will not be prepared.

Declared by

Company name: Ways Technical Corp., Ltd.

Chairman: Shi-Wen Liao

Date: March 7, 2025

Independent Auditor's Report

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

Auditor's Opinion

We have audited the consolidated statement of balance sheet as of December 31, 2024 and 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows from January 1 to December 31, 2024 and 2023, and the notes (including the summary of significant accounting policies) to the consolidated financial statements of Ways Technical Corp., Ltd. ("the Company") and its subsidiaries (collectively, "the Group").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission.

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 responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. 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 consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the process of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon. We do not provide 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

Regarding the accounting policy for the recognition of operating revenue, please refer to Note 4(16)

Recognition of revenue to the consolidated financial statements; for the description of revenue recognition, please refer to Note 6(19) income.

Explanations of key audit matters

Ways Technical Corp., Ltd. is primarily engaged in the research, manufacturing, and sales of 3C product assembly (plastic daily necessities manufacturing). Operating income is a significant item in the consolidated financial statements, as the amount and changes in operating income may affect users' understanding of the overall financial statements. Therefore, the revenue recognition test is one of the important assessment matters for the CPAs in performance of the audit of the consolidated financial statements of the Ways Technical Corp., Ltd.

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 Ways Technical Corp., Ltd., executing a detailed test of sales revenue, and executing confirmation on accounts receivable and assess whether the revenue recognition time point is processed in accordance with the relevant accounting standards.

Other Matters

We have issued an auditor's report with an unqualified opinion on the 2024 and 2023 parent company only financial statements prepared by Ways Technical Corp., Ltd.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations endorsed issued into effect by the Financial Supervisory Commission, and for the internal control necessary to the preparation of consolidated financial statements in order to ensure that consolidated financial statements are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of Ways Technical Corp., Ltd. in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate Ways Technical Corp., Ltd. or cease the operations without other viable alternatives.

The governing body of Ways Technical Corp., Ltd. (including the Audit Committee) is responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives in auditing the consolidated financial statements are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report accordingly. 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 consolidated 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. Identify and assess the risks of material misstatement of the consolidated financial statements due to fraud or error; design and perform the procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while 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 the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt on Ways Technical Corp., Ltd.'s ability to continue as a going concern. If we think that a material uncertainty exists related to such events or conditions, we are required in our auditor's report to draw attention of the users of the consolidated financial statements to the related disclosures in the consolidated financial statements or, if such disclosures are inappropriate, to modify our audit 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. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of consolidated financial statements (including the relevant notes) and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the group and express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit and the forming of the audit opinion on the group.

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 those matters that were of most significant in the audit of the 2024 consolidated financial statements of Ways Technical Corp., Ltd. and its subsidiaries and are therefore the key audit matters. 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 7, 2025		

Ways Technical Corp., Ltd. and its Subsidiaries

Consolidated Statement of Balance Sheet

For the Year Ended December 31, 2024 and 2023

Unit: NT\$ thousand

		2024.12.31		2023.12.31				2024.12.31		2023.12.31	
Assets		Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(1))	\$ 496,550	18	581,982	20	2100	Short-term borrowings (Note 6(12))	\$ 165,975	6	\$ 246,358	9
1170	Notes receivable and accounts receivable - net (Notes 6(4), 6(19))	206,740	8	196,813	7	2130	Contract liabilities - current (Note 6(19) and 9(1))	874,355	32	880,396	30
1310	Inventory (Note 6 (5))	122,524	4	125,366	4	2170	Note payable and accounts payable	203,249	7	193,372	7
1476	Other financial assets - current (Note 6(11), 7 and 8)	59,749	2	70,728	2	2200	Other payables (Note 7)	269,416	10	236,939	8
1479	Other current assets	28,943	1	27,733	1	2280	Lease liabilities - current (Note 6(14))	26,983	1	20,467	1
		914,506	33	1,002,622	34	2300	Other current liabilities	9,603	-	13,188	-
Non-current assets:						2320	Long-term liabilities due within one year (Note 6(13) and 8)	32,833	1	32,833	1
1510	Financial assets at fair value through profit or loss - non-current (Note 6(2))	32,195	1	93,456	3	Non-current liabilities:		1,582,414	57	1,623,553	56
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6(3))	-	-	-	-	2540	Long-term borrowings (Note 6(13) and 8)	577,292	21	517,125	18
1550	Investment using the equity method (Note 6(6))	55,819	2	60,038	2	2580	Lease liabilities – non-current (Note 6(14))	57,303	2	46,438	1
1600	Property, plant and equipment (Notes 6(8) and 8)	966,052	35	974,485	34	2670	Other non-current liabilities	18	-	1,166	-
1755	Right-of-use assets (Note 6 (10))	82,644	3	66,555	2	Total Liabilities		634,613	23	564,729	19
1760	Investment property, Net (Note 6(9) and 8)	199,461	7	203,786	7	Equity (Note 6(17)) :		2,217,027	80	2,188,282	75
1780	Intangible assets	4,449	-	5,653	-	3100	Share capital	1,043,117	37	1,043,117	36
1990	Other non-current assets (Note 6(11), 9(1) and 9(2))	524,430	19	501,551	18	3200	Capital reserve	2,113,176	76	2,113,176	73
		1,865,050	67	1,905,524	66	3300	Retained earnings (accumulated losses)	(2,419,420)	(87)	(2,254,678)	(78)
						3400	Other equity	(13,165)	-	(24,220)	(1)
						3500	Treasury stocks	(87,396)	(3)	(87,396)	(3)
						Equity attributable to shareholders of the parent		636,312	23	789,999	27
						36XX	Non-controlling interests	(73,783)	(3)	(70,135)	(2)
						Total equity		562,529	20	719,864	25
Total assets		\$ 2,779,556	100	2,908,146	100	Total liabilities and equities		\$ 2,779,556	100	2,908,146	100

(Please refer to the Notes to the Consolidated Financial Statements)

Chairperson: Shih-Wen Liao

Managerial Officer: Shih-Wen Liao

Accounting Officer: Shih-Yi Kuo

Ways Technical Corp., Ltd. and its Subsidiaries
Consolidated Statement of Comprehensive Income
For the Years Ended December 31, 2024 and 2023

Unit: NT\$ thousand

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6 (19) and 7)	\$ 649,192	100	770,046	100
5000	Operating cost (Notes 6(5), 6(15), and 12(2))	626,984	97	760,406	99
5950	Operating gross profit	22,208	3	9,640	1
	Operating expenses (Notes 6(4), 6(14), 6(15), and 12(2)):				
6100	Selling expenses	24,097	4	22,945	3
6200	Administrative expenses	151,390	23	123,089	16
6300	Research and development expenses	100,322	15	120,421	15
6450	Reversal gain of expected credit impairment	(606)	-	(2,133)	-
	Total operating expenses	275,203	42	264,322	34
6900	Operating net loss	(252,995)	(39)	(254,682)	(33)
	Non-operating income and expenses (Notes 6(2), 6(14), 6(21), 7 and 12(2)) :				
7010	Other income	65,378	10	53,651	7
7020	Other gains or losses	37,268	6	(1,885)	-
7100	Interest revenue	13,632	2	12,074	2
7510	Interest expenses	(22,908)	(3)	(16,382)	(2)
7235	Gain (loss) on financial assets measured at FVTPL	(7,113)	(1)	8,961	1
7770	Share of profit (loss) of associates and joint ventures recognized using the equity method	(4,506)	(1)	(5,197)	(1)
		81,751	13	51,222	7
7900	Net loss before income tax	(171,244)	(26)	(203,460)	(26)
7950	Less: Income tax expenses (Note 6(16))	-	-	-	-
	Net loss for this period	(171,244)	(26)	(203,460)	(26)
8300	Other comprehensive income (Note 6(3), 6(6), and 6(16)):				
8310	Items not reclassified to profit or loss				
8311	Remeasurement of defined benefit programs	2,507	-	715	-
8316	Unrealized gains or losses on investments in equity instruments measured at fair value through other comprehensive income	-	-	(4,395)	(1)
8320	Share of the other comprehensive income of associates and joint ventures recognized by using the equity method	-	-	-	-
8349	Less: Income tax related to items not reclassified	-	-	-	-
	Total items that will not be reclassified to profit or loss	2,507	-	(3,680)	(1)
8360	Items that may subsequently be reclassified to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations	11,402	2	1,756	-
8399	Less: Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total items that may subsequently be reclassified to profit or loss	11,402	2	1,756	-
8300	Other comprehensive income for the period	13,909	2	(1,924)	(1)
	Total comprehensive income for the period	<u>\$ (157,335)</u>	<u>(24)</u>	<u>(205,384)</u>	<u>(27)</u>
	Net loss attributable to:				
8610	Owners of the parent	\$ (167,249)	(25)	(196,946)	(25)
8620	Non-controlling interests	(3,995)	(1)	(6,514)	(1)
		<u>\$ (171,244)</u>	<u>(26)</u>	<u>(203,460)</u>	<u>(26)</u>
	Total comprehensive income attributable to:				
8710	Owners of the parent	\$ (153,687)	(24)	(198,642)	(26)
8720	Non-controlling interests	(3,648)	-	(6,742)	(1)
		<u>\$ (157,335)</u>	<u>(24)</u>	<u>(205,384)</u>	<u>(27)</u>
	Earnings per share (Note 6(18))				
9750	Basic earnings (loss) per share (NT\$)	<u>\$ (1.65)</u>		<u>(1.95)</u>	
9850	Diluted earnings (losses) per share (NTD)	<u>\$ (1.65)</u>		<u>(1.95)</u>	

(Please refer to the Notes to the Consolidated Financial Statements)

Chairperson: Shih-Wen Liao

Managerial Officer: Shih-Wen Liao

Accounting Officer: Shih-Yi Kuo

Ways Technical Corp., Ltd. and its Subsidiaries
Consolidated Statement of Changes in Equity
For the Years Ended December 31, 2024 and 2023

Unit: NT\$ thousand

	Equity attributable to owners of the parent company												
	Retained earnings						Other equity items		Treasury stocks	Equity attributable to owners of the parent	Non-controlling interest	Total equity	
							Exchange difference on translation of financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income					
	Common stock	Capital reserve	Legal reserves	Special reserve	Accumulated losses	Total							
Balance on January 1, 2023	\$ 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	(76,630)	825,209
Net loss for this period	-	-	-	-	(196,946)	(196,946)	-	-	-	-	(196,946)	(6,514)	(203,460)
Other comprehensive income for the period	-	-	-	-	715	715	1,984	(4,395)	(2,411)	-	(1,696)	(228)	(1,924)
Total comprehensive income for the period	-	-	-	-	(196,231)	(196,231)	1,984	(4,395)	(2,411)	-	(198,642)	(6,742)	(205,384)
Changes in the associates accounted for using equity method	-	2	-	-	-	-	-	-	-	-	2	-	2
Capital increase in cash	21,700	65,100	-	-	-	-	-	-	-	-	86,800	-	86,800
Increase/decrease in non-controlling equity	-	-	-	-	-	-	-	-	-	-	-	13,237	13,237
Balance on December 31, 2023	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	(70,135)	719,864
Net loss for this period	-	-	-	-	(167,249)	(167,249)	-	-	-	-	(167,249)	(3,995)	(171,244)
Other comprehensive income for the period	-	-	-	-	2,507	2,507	11,055	-	11,055	-	13,562	347	13,909
Total comprehensive income for the period	-	-	-	-	(164,742)	(164,742)	11,055	-	11,055	-	(153,687)	(3,648)	(157,335)
Balance as of December 31, 2024	\$ 1,043,117	2,113,176	184,057	42,083	(2,645,560)	(2,419,420)	(4,170)	(8,995)	(13,165)	(87,396)	636,312	(73,783)	562,529

(Please refer to the Notes to the Consolidated Financial Statements)

Chairperson: Shih-Wen Liao

Managerial Officer: Shih-Wen Liao

Accounting Officer: Shih-Yi Kuo

Ways Technical Corp., Ltd. and its Subsidiaries
Consolidated Statement of Cash Flows
For the Years Ended December 31, 2024 and 2023

Unit: NT\$ thousand

	2024	2023
Cash flows from operating activities		
Net loss before tax of the period	\$ (171,244)	\$ (203,460)
Adjustments:		
Income and expenses		
Depreciation and amortization expenses	89,176	95,116
Reversal gain of expected credit impairment	(606)	(2,133)
Loss (profit) of financial assets measured at fair value through profit or loss	7,113	(8,961)
Interest expenses	22,908	16,382
Interest revenue	(13,632)	(12,074)
Dividend income	(56)	(4,386)
Share of loss (profit) of associates and joint ventures recognized using the equity method	4,506	5,197
Loss from disposal and scrapping of property, plant and equipment	(2,149)	2,392
Others	(87)	(32)
Total adjustments for income and expenses	91,501	91,501
Change in assets and liabilities related to operating activities		
Net change in assets related to operating activities:		
Decrease in notes and accounts receivable (including related parties)	(9,815)	50,293
Decrease (increase) in inventory	2,842	(1,485)
Decrease (increase) of other financial assets	(18,480)	27,272
Decrease in other current assets	(2,251)	38,341
Total net change in assets related to operating activities	(27,704)	114,421
Net change in liabilities related to operating activities:		
(Decrease) increase in contract liabilities	(6,041)	(1,482)
Decrease in notes and accounts payable (including related parties)	9,877	(59,810)
Increase (decrease) in other payables	27,869	(29,452)
Increase in other current liabilities	(3,585)	3,008
Total net change in liabilities related to operating activities	28,120	(87,736)
Total net change in assets and liabilities related to operating activities	416	26,685
Total adjustments	107,589	118,186
Cash (outflow) from operations	(63,655)	(85,274)
Interest received	13,645	12,073
Dividends received	56	4,386
Interest paid	(23,001)	(16,006)
Income tax paid	(1,198)	(1,167)
Net cash (outflow) inflow from operating activities	(74,153)	(85,988)
Cash flows from investing activities:		
Disposal of Financial assets at fair value through profit or loss	54,148	-
Acquisition of property, plant and equipment and intangible assets	(23,327)	(17,263)
Disposal of property, plant and equipment	2,149	12,949
Decrease in refundable deposits	(1,309)	161
Decrease (increase) of other receivables - related parties	-	938
Increase in restricted assets	(1,051)	(108)
Decrease in Other financial assets	30,497	-
Increase of pre-payments for equipment	(2,602)	(6,776)
Others	(81)	(589)
Net cash outflow due to merger	-	(103,050)
Net cash outflow from investing activities	58,424	(113,738)
Cash flows from financing activities:		
Increase in short-term borrowings	(82,227)	190,000
Increase in long-term borrowings	100,000	-
Repayment of long-term loans	(39,833)	(44,833)
Decrease in Refundable deposits	(1,148)	-
Increase in other payables - related parties	3,129	971
Repayment of principal of lease liability	(30,780)	(30,068)
Capital increase in cash	-	86,800
Others	-	(1,353)
Net cash inflows (outflows) from financing activities	(50,859)	201,517
Effect of exchange rate changes on cash and cash equivalents	(18,844)	5,654
Increase in cash and cash equivalents in the current period	(85,432)	7,445
Cash and cash equivalents at the beginning of the year	581,982	574,537
Cash and cash equivalents at the end of the year	\$ 496,550	\$ 581,982

(Please refer to the Notes to the Consolidated Financial Statements)

Chairperson: Shih-Wen Liao

Managerial Officer: Shih-Wen Liao

Accounting Officer: Shih-Yi Kuo

Ways Technical Corp., Ltd. and its Subsidiaries
Notes to the Consolidated Financial Statements
2024 and 2023
(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 composition of the Company's consolidated financial report on December 31, 2024 includes the Company and its subsidiaries (hereinafter collectively referred to as the "Group"). The main businesses of the Group are manufacture of plastic daily necessities, surface treatment, and manufacturing and processing of electronic parts and components. Please refer to Note 4(2) for details.

II. Date and procedure for approval of the financial statements

These consolidated financial statements were approved and published by the Board of Directors on March 7, 2025.

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 Group has adopted the following new and amended IFRS since January 1, 2024, which has not caused a material impact on the consolidated financial statements.

- Amendments to IAS 1 (The classification of liabilities as current or non-current.)
- Amendments to IAS 1 (Non-current liabilities with contractual terms.)
- Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"
- Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"

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

The Group assesses that its adoption of the following amended International Financial Reporting Standards (IFRSs), effective January 1, 2025, will not have material influence on the consolidated financial statements.

- Amendments to IAS 21 (Lack of convertibility)

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

The Group expects the following new and amendments to standards that have not yet been approved to have no significant impact on the consolidated financial statements.

<u>Newly issued or revised standards</u>	<u>Key amendments</u>	<u>Effective date issued by the board</u>
IFRS18 "Presentation and disclosure of financial statements "	The new standards introduce three types of income and expenses, two subtotals in the statement of profit or loss, and a single note on management performance measures. These three modifications enhance and refine the guidance on how information is disaggregated in financial statements, laying the foundation for providing users with better and more consistent information, and will impact all companies.	January 1, 2027

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

Newly issued or revised standards	Key amendments	Effective date issued by the board
	<p>·A more structured statement of profit or loss: Under the current standards, companies use different formats to present their operating results, making it difficult for investors to compare financial performance across companies. The new standards adopt a more structured statement of profit or loss, introducing a newly defined subtotal for "operating profit" and requiring that all income and expenses be classified into three new distinct categories based on the company's primary operating activities.</p> <p>·Management Performance Measures (MPM): The new standards introduce a definition for management performance measures and require companies to provide an explanation in a single note to the financial statements for each measure, detailing why the measure provides useful information, how it is calculated, and how the measure is reconciled with amounts recognized in accordance with International Financial Reporting Standards (IFRS).</p> <p>·More detailed information: The new standards include guidance on how companies should enhance the grouping of information in the financial statements. This includes guidance on whether information should be included in the primary financial statements or further disaggregated in the notes.</p>	
IFRS Annual improvements to accounting standards.	<p>The amendments are as follows:</p> <p>IFRS 1 "First-time Adoption of International Financial Reporting Standards"</p> <p>The amendment revises hedge accounting for first-time adopters to address inconsistencies in terminology between paragraph B6 of IFRS 1 and IFRS 9 "Financial Instruments" regarding hedge accounting.</p> <p>IFRS 7 "Financial Instruments: Disclosures"</p> <p>The amendment addresses potential confusion arising from inconsistencies in terminology between IFRS 7 and IFRS 13 "Fair Value Measurement."</p>	January 1, 2026

3. IFRS 9(Financial instruments)

- Lessee lease liability derecognition

The amendment clarifies that when derecognizing a lease liability, it should be treated in accordance with IFRS 9's derecognition rules for financial liabilities; that is, the difference between the carrying amount of the lease liability and the consideration paid should be recognized in profit or loss. However, when modifying a lease liability, it should be handled in accordance with the lease modification provisions of IFRS 16 "Leases."

- Transaction price

The amendment requires entities to measure receivables at initial recognition without significant financial components in accordance with IFRS 15 "Revenue from Contracts with Customers," in order to eliminate the conflict between IFRS 9 and IFRS 15 regarding the initial measurement of receivables. °

4. IFRS 10(Consolidated financial statements)

Clarification of the determination of a de facto agent under IFRS 10. °

5. IAS 7(Cash flow statement)

Remove the term "cost method" in paragraph 37 of IAS 7 to avoid confusion in its application.

The consolidated company is currently in the process of assessing the impact of the aforementioned standards and interpretations on its financial position and operating results. The relevant effects will be disclosed upon completion of the assessment.

The consolidated company anticipates that the following other newly issued and amended standards, which have not yet been endorsed, will not have a material impact on the consolidated financial statements..

- Amendments to IFRS 10 and IAS 28: "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and Amendments to IFRS 17
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7: "Amendments to the Classification and Measurement of Financial Instruments"
- Amendments to IFRS 9 and IFRS 7: "Contracts Reliant on Natural Electricity"

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted for these consolidated financial statements are as follows. The accounting policies below have been applied consistently throughout the reporting period presented in the consolidated financial statements.

(I) Statement of compliance

These consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“Regulations Governing the Preparation of Financial Reports”) and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (“international financial reporting standards endorsed by the Financial Supervisory Commission”).

(II) Basis of preparation

1. Basis for measurement

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

- (1) Financial assets at fair value through profit or loss;
- (2) Financial assets measured at fair value through other comprehensive income;
- (3) Net defined benefit liability is measured at the present values of defined benefit obligations and the effect of the upper limit mentioned in Note 4, less the fair value of pension fund assets.

2. Functional currency and presentation currency

Each entity within the Group uses the currency of the primary economic environment where operations are located as the functional currency. These consolidated financial statements are expressed in the New Taiwan dollars (NT\$), the functional currency of the Company. All financial information presented in NT\$ is in the unit of thousands of NT\$.

(III) Basis of consolidation

1. Principles of consolidated financial statements preparation

These consolidated financial reports cover the Company and the entities controlled by the Company (i.e., the subsidiaries). When the Company is exposed to the variable returns due to participation in an investee or has a claim to such variable returns and the Company can influence such returns by exercising power over the investee, the Company controls the entity.

The financials of a subsidiary are included in the consolidated financial statements from the day the control is obtained until the day the control is lost. The transactions, outstanding balances and any unrealized Income and expenses between and among consolidated companies are completely canceled out in the preparation of consolidated financial statements. The profits and losses of subsidiaries are accounted for the equity attributable to the owners of the parent and to the non-controlling interest, even if the non-controlling interest becomes negative as a result.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

The financial statements of subsidiaries are appropriately adjusted so that the accounting policies are consistent with those adopted by the Group.

The change of the Group's ownership in any subsidiary not resulting in a loss of control in that subsidiary is recognized as equity transactions with the owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributable to the owners of the Company.

2. Subsidiaries included in the consolidated financial statements

Subsidiaries included in these consolidated financial statements:

Name of investor	Name of subsidiary	Nature of the business	%		Explanation:
			2023.12.31	2022.12.31	
The Company	Ways Technical Corp. (Ways Technical)	Investment holding company	100%	100%	
The Company	Ways Tech International Holdings Corp., Limited (Ways Holdings)	Investment holding company	100%	100%	
The Company	Director of Mega-Power Precision Industrial Corp. (Mega-Power)	Manufacturing and processing of plastic products	100%	100%	
The Company	Director of Aqua Ways Co., Ltd. (Aqua Ways)	Sales, manufacturing and processing of daily necessities, plumbing materials, coating materials and plastic products.	100%	100%	
The Company	Nano Bit Tech Co., Ltd. (Nano Bit)	Manufacturing and sales of machinery equipment, electronic parts and components, and electronic materials	76.14%	76.14%	
Ways Technical	Yong Wei Technology Co., Ltd. (Yong Wei)	Investment holding company	100%	100%	Note 5
Ways Technical	Yongneng Technology Co., Ltd. (Yongneng)	Investment holding company	100%	100%	Note 5
Ways Holdings	Dongguan Ways Technology Co. Ltd. (Dongguan Ways)	Manufacturing and sale of cell phone panels, molds, plastic products, hardware products and electronic components	100%	100%	
Mega-Power	EXCEL BRILLIANT LIMITED(EXCEL)	Investment holding company	100%	-	% Note 1
EXCEL	Shanghai Zhuzhijia Electronic Technology Co., Ltd. (Shanghai Zhuzhijia)	Manufacturing and processing of production parts and components	53.09%	-	% Note 1
Guangdong Ways	Shanghai Zhuzhijia Electronic Technology Co., Ltd. (Shanghai Zhuzhijia)	Manufacturing and processing of production parts and components	46.91%	-	% Note 1
Guangdong Ways	Guangzhou Tan Gu Technology Co. Ltd (Tan Gu)	Research and experimental development	70%	-	% Note 2
Guangdong Ways	Guangdong Ways Solar Energy Technology Co., Ltd. (Solar)	Research and experimental development	-%	-	% Note 3
The Company	Guangdong Ways Technical Corp., Ltd. (Guangdong Ways)	Research and experimental development	77.50%	-	% Note 4

Note 1: The consolidated company acquired control of EXCEL in March 2023, and indirectly acquired control of Zhuzhijia, which was included in the consolidated financial statements since the acquisition.

Note 2: The consolidated company acquired control of Tan Gu in January 2023, which was included in the consolidated financial statements since the acquisition.

Note 3: Established in March 2023, the entity did not inject any operating capital. Its deregistration was approved by the local regulatory authority on December 18, 2023.

Note 4: Established in September 2023 and with no working capital invested as of December 31, 2024.

Note 5: Established in August 2016 and with no working capital invested as of December 31, 2024.

3. Subsidiaries not included in consolidated financial statements: none

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

(IV) Foreign currencies

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

The assets and liabilities of foreign operations (including goodwill from acquisitions and adjustments to fair values) are translated into the New Taiwan dollars based on the exchange rates on the reporting days. The gains and expenses are translated into the New Taiwan dollars based on the average exchange rates during the periods. The resulting exchange differences are recognized as other comprehensive income.

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

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

(V) 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.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

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.

(VI) 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.

(VII) 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 Group 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 Group reclassifies the financial assets affected as required.

(1) Financial assets at amortized cost

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

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

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. When derecognizing, the gain or loss are listed in the profit and loss, and when financial assets are purchased or sold based on transaction customs, they are treated with the transaction date accounting.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

(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.

The Group may make an irrecoverable decision at the original recognition to designate the equity investment instruments not for trading to subsequently measure at fair value through 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 of equity investments is recognized on the day when the Group becomes entitled to the dividends (usually the ex-dividend dates).

(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 Group may make an irrecoverable decision at the original recognition to designate the financial assets meeting the criteria for measurement at amortized cost or at fair value through other comprehensive income as the financial assets measured at fair value through profit or loss.

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

(4) Impairment of financial assets

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

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

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 for measuring expected credit losses is the maximum contract period when the Group is exposed to credit risks.

In determining whether credit risks have increased significantly since initial recognition, the Group considers reasonable and supportable information (available without excess cost or investment), including qualitative and quantitative information and analyzes forward-looking information based on its past experience and credit assessments.

If a contract payment is overdue for more than 30 days, the Group 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 Group, it will deem the financial asset in default.

If the credit risk rating of an 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 Group regards that the credit risk of the debt securities is low. The time deposits held by the Group 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 cash flow shortages, i.e., the difference between the cash flows collectable by the Group according to contracts and the cash flows expected to be collected by the Group. Expected credit losses are discounted at the effective interest rate on the financial asset.

On each reporting day, the Group 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;
- Concessions previously not considered but granted by the Group to the borrower due to the borrower's economic or contractual reason caused by financial difficulties;

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

- 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.

The Group directly reduces the total carrying amount of a financial asset when the recoverable amount of the financial asset in all or in part cannot be reasonably expected. The Group determines the timing and the amount of write-offs for corporate customers according to the individual analysis of reasonably expected recoverability. The Group does not expect material reversals of written-off amounts. However, compulsory execution may still be sought for written-off financial assets, in line with the Group's procedures in recovering overdue amounts.

(5) Derecognition of financial assets

The Group 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 Group 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

The debts and equity instruments issued by the Group are recognized as financial liabilities or equity according to the substance of contracts and the definitions of financial liabilities and equity instruments.

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

(2) Treasury shares

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

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

(3) Other financial liabilities

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

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

(4) Derecognition of financial liabilities

The Group 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 Group 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.

(VIII) Inventory

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.

(IX) Investment in associates

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

The Group 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 consolidated 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. 3. When equity changes occur to an associate, which is not related to profit or loss and other comprehensive income, and said changes do not affect the Group's shareholding, the Group recognizes changes in the Group's share of the associate's equity in "capital surplus" in proportion to the Group's shareholding.

The unrealized gains from the transactions between the Group 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 Group'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 to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

(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 Group, 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: 5-50 years
- (2) Machinery and equipment: 1-10 years
- (3) Office and other equipment: 1-10 years

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

(XI) Investment property

Investment property refers to property that is held for earning rent or for asset appreciation or both, rather than for normal business sales, for production, for supply of goods or services, or for administrative purposes. Investment property is initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment. The depreciation method, useful life and residual value are treated in accordance with the provisions of the property, plant and equipment.

The gain or loss on the disposal of investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognized in profit or loss.

Rental income from investment property is recognized in other income using the straight-line method over the lease period. The lease incentives given to them are recognized as part of the lease income during the lease term.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

(XII) Lease

The Group assesses whether a contract is about or including leasing on the day when the contract is established. If the contract entails the transfer of the control for use of the identifiable asset after a period of time for a specific consideration, the contract is about or including leasing.

1. Lessee

The Group recognizes right-of-use assets and lease liabilities on the day when the lease commences. Right-of-use assets are measured initially at costs. The costs include the original measured value of the lease liabilities. These are adjusted with any lease payments at or before the commencement of the lease, added with any initial direct cost incurred and the estimated cost in dismantling and removing the underlying asset, restoring the site it is located or restoring the underlying asset and less any lease incentive 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. Meanwhile, the Group periodically assesses whether the right-of-use assets are impaired and handles any impairment losses already incurred. Adjustments to the right-of-use assets are made when the lease liabilities are remeasured.

The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. If it is easy to ascertain the interest rate implicit in the lease, the discount rate shall be that interest rate. If it is not easy to ascertain the interest rate, the Group's incremental borrowing rate shall be used. In general, the Group uses the incremental borrowing rate as the discount rate.

Lease payments included in the lease liability measurement include:

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

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

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

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

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

The Group lists the right-of-use assets and lease liabilities not meeting the definition of investment property in separate lines of the balance sheet.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

The Group chooses not to recognize right-of-use assets and lease liabilities for short-term and low-value leases of transportation equipment and other equipment leases. Rather, these lease payments are recognized as expenses during the lease period in the straight line method.

2. Lessor

If the Group is the lessor, the lease contract will be classified on the lease inception date according to whether almost full risks and returns of the underlying asset ownership are transferred. If yes, it is classified as a finance lease. If not, it is an operating lease. During assessments, the Group should take into consideration metrics such as whether the lease period covers the main part of the economic lives of underlying assets.

If the Group 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.

(XIII) 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 Group, or the Group 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 Group, mainly the costs of computer software, are measured at the cost less accumulated amortization and accumulated impairment.

2. Subsequent expenditure

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

3. Amortization

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

The Group 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.

(XIV) Impairment of non-financial assets

For non-financial assets other than inventories, deferred income tax assets, and assets arising from employee benefits, the Group 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 Group is to estimate the recoverable amount of the respective cash-generating unit, to evaluate the impairment.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

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 Group 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 Group 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.

(XV) Provisions of liabilities

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 Group 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.

(XVI) 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. Income is recognized by the Group when the control of products or services is transferred to customers and the contractual obligation is performed. The Group's main revenue items are described as follows:

(1) Sales of goods

The Group manufactures and processes plastic daily necessities, surface treatment and products related to electronic parts and components, and sells them to customers. The Group 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 Group has objective evidence that all criteria for acceptance have been satisfied.

The Group 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.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

(2) Contracts of project system engineering

The Group 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 Group 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 Group 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 Group 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 Group does not adjust transaction prices for the time value of money.

(XVII) Government grants

When unconditional grants can be received, the Group is recognized such as other income. For other grants related to assets, when the Group 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 Group's expenses or losses and relevant expenses in the same period are recognized in profit or loss on a systematic basis.

(XVIII) Business merger

The consolidated company determines whether a transaction or other event is a business merger, that is, the assets acquired and the liabilities assumed must meet the requirements that legally constitute a business. If the assets acquired by the Company are not a business, the transaction or other matters shall be treated as the acquisition of assets. In this case, the consolidated Company shall identify and record the individually identifiable assets acquired and liabilities assumed; The cost of the asset group shall be amortized to the individually identifiable assets and liabilities based on the relative fair value on the acquisition date. Such transactions or events do not generate goodwill.

The consolidated company adopts the acquisition method for each business merger. Goodwill is the fair value of the consideration paid on the acquisition date, including any non-controlling interests attributable to the acquiree, less identifiable assets acquired and commitments liabilities (usually at fair value). If the balance after deduction is negative, the consolidated company reassesses whether all assets acquired and all liabilities assumed are correctly recognized before recognizing the gains of bargain purchases in profit or loss.

Except for those related to debt issuance or equity instruments, the transaction costs related to the business mergers should be recognized as expenses of the consolidated company immediately upon occurrence.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

In the case where the acquired entity's non-controlling interests represent current ownership interests and the holders are entitled to a proportionate share of the entity's net assets in the event of liquidation, the acquiring company assesses these interests on a transaction basis. This is accomplished by selecting either the fair value at the acquisition date or a proportionate share of the identifiable net assets of the acquired entity already recognized by the instrument of current ownership. Other non-controlling interests are measured at their fair value on the acquisition date or in accordance with other international financial reporting standards approved by the FSC.

(XIX) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

The Group's net obligation to the defined benefit plans is calculated separately for each the plan by discounting the future benefits that employees have earned by rendering services during the current and prior periods to the present value, less the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by qualified actuaries using the projected unit credit method. When the calculation results is favorable to the Group, the asset recognition is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and any change in the effect of the asset ceiling (excluding interest), are recognized immediately as other comprehensive income, and accumulated in retained earnings. The Group determines the net interest expense (income) on the net defined benefit liability (asset) by applying the discount rate used to determine the net defined benefit liability (asset) at the beginning of the annual reporting period. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the plans are changed or curtailed, the resulting change in benefit that relates to past service cost or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3. 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 Group a current statutory or presumed payment obligation and such obligation can be reliably estimated, the amount is recognized as a liability.

(XX) 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 Group 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 IAS37.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

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. Temporary differences due to investments in subsidiaries, associates and joint ventures, the timing of reversal of such temporary differences controlled by the Group and the reversal unlikely to be 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 Group only offsets deferred income tax assets and deferred income tax liabilities when the following conditions 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.

(XXI) Earnings per share

The Group presents the basic earnings per share and the diluted earnings per share attributable to shareholders of its ordinary stocks. The basic earnings per share of the Group are calculated with the profit or loss attributable to holders of the company's common shares divided by the weighted average number of ordinary shares outstanding during the 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 Group are employee remuneration that has not yet been resolved by the board of directors and can be distributed in shares.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

(XXII) Information on Operating Segments

The operating segment is an integral part of the Group and engages in business activities that may earn revenue and incur expenses (including those related to transactions between other entities in the Group). The operating results of all operating segments are regularly reviewed by the Group's chief operating decision maker to make decisions about allocating resources to segments and measure their performance. All operating departments have independent financial information.

V. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

When the management prepares the consolidated 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 consolidated financial statements as below:

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

The Group 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 Group 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 Group had no control over O-View Technology Co., Ltd.

The Group 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

	<u>2024.12.31</u>	<u>2023.12.31</u>
Cash on hand and petty cash	\$ 1,054	1,144
Check and demand deposits	364,356	427,313
Time deposits	<u>131,140</u>	<u>153,525</u>
Cash and cash equivalents	<u><u>\$ 496,550</u></u>	<u><u>581,982</u></u>

Please refer to Note 6(22) for the information on the interest rate risk, exchange rate risk, and sensitivity analysis of the Group's financial assets and liabilities.

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

	<u>2024.12.31</u>	<u>2023.12.31</u>
Financial assets mandatorily measured at fair value through profit or loss:		
Domestic listed stocks	<u><u>\$ 32,195</u></u>	<u><u>93,456</u></u>

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

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

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

2. The profit and loss from the Group's financial asset valuation in 2024 and 2023 were loss of NT\$7,113 thousand and profit of NT\$8,961 thousand, respectively.

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

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

During the period from January 1, 2024, to December 31, 2024, the consolidated company disposed of 1,128 thousand shares of Anli International Co., Ltd. and 10 thousand shares of Speed Tech Machinery Co., Ltd., with total proceeds from the disposals amounting to NT\$54,148 thousand.

4. The aforesaid financial assets were not pledged as collateral for borrowing or financing facilities as of December 31, 2024 and 2023.

(III) Financial assets at fair value through other comprehensive income

	2024.12.31	2023.12.31
Equity instrument at fair value through other comprehensive income:		
Foreign non-listed stocks	<u>\$ -</u>	<u>-</u>

1. Investments in equity instruments at fair value through other comprehensive income

These equity instrument investments held by the Group are for long-term strategic investment and are not held for trading purposes, so they have been designated as measured at fair value through other comprehensive income.

The Group's unrealized gains and losses of financial assets measured at fair value through other comprehensive income for 2024 and 2023 were NT\$0 thousand.

The Group did not dispose of any strategic investment in 2024 or 2023 and there was no transfer of the cumulative gain or loss within equity during these periods.

2. Please refer to Note 6 (22) for information on credit risks and market risks.

3. The aforesaid financial assets were not pledged as collateral for borrowing or financing facilities as of December 31, 2024 and 2023.

(IV) Notes and accounts receivable (including related parties)

	2024.12.31	2023.12.31
Notes receivable - from operation	\$ 134	693
Accounts receivable at amortized cost	<u>226,478</u>	<u>224,587</u>
	226,612	225,280
Less: Allowance for bad debts	<u>(19,872)</u>	<u>(28,467)</u>
	<u>\$ 206,740</u>	<u>196,813</u>

The Group adopts a simplified approach to estimate expected credit losses for all notes and accounts receivables, which are 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 Group's expected credit loss analysis for the notes and accounts receivable is as follows:

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

	2024.12.31		
	Carrying amount of accounts receivable	Weighted average expected credit loss rate	Allowance for lifetime expected credit losses
Not past due	\$ 200,815	0.51%	1,018
Less than 90 days past due	7,084	2.88%	204
Overdue for 91–180 days	-	%	-
Over 181 days past due	18,713	99.66%	18,650
	\$ 226,612		19,872

	2023.12.31		
	Carrying amount of accounts receivable	Weighted average expected credit loss rate	Allowance for lifetime expected credit losses
Not past due	\$ 186,978	0.58%	1,077
Less than 90 days past due	11,046	2.17%	240
Overdue for 91–180 days	-	0%	-
Over 181 days past due	27,256	99.61%	27,150
	\$ 225,280		28,467

Table of the changes in the Group's allowance for losses on notes receivable and accounts receivable for 2024 and 2023 are as follows:

	2024	2023
Balance at the beginning of the period	\$ 28,467	28,955
Acquired through merger	-	1,784
Reversal of impairment gains recognized	(606)	(2,133)
The Effects of Changes in Foreign Exchange Rates	(8,483)	-
Balance at the end of the period	494	(139)

None of the aforesaid financial assets have been pledged as collateral as of December 31, 2024 and 2023.

(V) Inventory

	2024.12.31	2023.12.31
Merchandise	\$ 11,312	10,096
Project system engineering	4,269	6,773
Finished products	57,411	59,024
Work in progress and semi-finished products	29,470	29,054
Raw materials	20,062	20,419
	\$ 122,524	125,366

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

Details of the costs of sales are as follows:

	<u>2024</u>	<u>2023</u>
Reclassified from inventories sold	\$ 594,048	732,516
Gains on (reversal of reversal of) inventories	2,649	(3,229)
Manufacturing expenses unallocated	30,686	31,804
Proceeds from the sales of scraps	(399)	(685)
	<u><u>\$ 626,984</u></u>	<u><u>760,406</u></u>

In 2023, the consolidated company had scrapped and eliminated slow-moving inventories, and the factors causing the net realizable value of inventories to be lower than the cost had disappeared, so the company recognized profit from recovery from inventory depreciation in the amount of NT\$3,229 thousand.

As of December 31, 2024 and 2023, the Group's inventories were not pledged as collateral.

(VI) Investments using equity method

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

	<u>2024.12.31</u>	<u>2023.12.31</u>
Associates	<u><u>\$ 55,819</u></u>	<u><u>60,038</u></u>

1. Associate

The consolidated company's affiliated companies under the equity method are individually insignificant. The summarized financial information is as follows

The financial information refers to the amount included in the consolidated financial statements of the consolidated company:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Closing summary of equity in affiliated companies that are not material to each other	<u><u>\$ 55,819</u></u>	<u><u>60,038</u></u>
Carrying amount		
	<u>2024</u>	<u>2023</u>
Share attributable to the Company:		
Net loss of continuing operations units for the period	\$ (4,506)	(5,197)
Other comprehensive income	287	381
Total comprehensive income	<u><u>\$ (4,219)</u></u>	<u><u>(4,816)</u></u>

The consolidated company acquired control of Tan Gu and Zhuzhijia in January 2023 and March 2023, respectively, and they became subsidiaries of the consolidated company and included in the consolidated financial statements. Please refer to Notes 4(3) and 6(7).

2. Guarantee

None of the Group's investments under the equity method have been pledged as collateral as of December 31, 2024 and 2023.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

3. Technological shareholding

The sub-subsidiary of the Company, Yongneng Technology Co., Ltd. (Yongneng Technology) was approved to enter into a technology license agreement or related technology transfer agreement with Shangdong Hengli Tianneng Advanced Technology Ltd. (Shangdong Hengli Tianneng) during 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 Group has not concluded the stake transaction.

(VII) Acquisition of subsidiaries

1. Acquisition of subsidiaries

The consolidated company acquired 70% of the shares of Tan Gu in January 2023, 100% of the shares of EXCEL in March 2023 and acquired 100% of the shares of Zhuzhijia indirectly. After assessment, the consolidated company has substantial control over its main business. Please refer to Note (4)3 for details. Since the acquisition of control, the operating results of Tan Gu, Excel and Zhuzhijia have been included in the consolidated statements of comprehensive income of the consolidated company; the operating revenue contributed by them is NT\$0 thousand; the net profits or losses after tax are NT\$7,282 thousand and NT\$1,235 thousand, respectively.

If it is assumed that Tan Gu's acquisition of control occurs on January 1, 2023, the consolidated company's proposed operating revenue from January 1 to December 31, 2023 is NT\$0 thousand. The net loss after tax will be NT\$7,282 thousand.

If it is assumed that Zhuzhijia's acquisition of control occurs on January 1, 2023, the consolidated company's proposed operating revenue from January 1 to December 31, 2023 is NT\$0 thousand. The net loss after tax will be NT\$1,945 thousand.

2. Identifiable assets acquired and liabilities assumed

Since the acquisition of a subsidiary is not a business acquisition, the consolidated company treats it in the same manner as an acquisition of assets. The consolidated company identifies individually identifiable assets acquired and liabilities assumed on the date of acquisition of control, in which the cost of the asset group is based on the relative fair value on the date of acquisition. The details of the amortization to individually identifiable assets and liabilities are as follows:

	Tan Gu	Excel and Zhuzhijia
Cash and cash equivalents	\$ 60	4,162
Accounts receivable	-	371
Other receivables	35,802	2,884
Other current assets	8,273	961
Investment property, net	-	212,153
Intangible assets	6,667	104
Other non-current assets	-	5,951
Short-term borrowings	-	(57,031)
Other payables	(13)	(54,651)
	<u>\$ 50,789</u>	<u>114,904</u>

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

The consolidated company will continue to review the above matters during the measurement period.
If the adjustment to the above-mentioned provisional amount or any additional provision for liabilities existing on the accounting treatment of control.

(VIII) Property, plant and equipment

The details of the movements in cost, depreciation, and impairment loss of the Group's property, plant and equipment are as follows:

	Land	Houses and buildings	Machinery and equipment	Offices equipment and others	Total
Cost or recognized cost:					
Balance on January 1, 2024	\$ 753,367	108,923	609,057	614,468	2,085,815
Addition	-	6,669	11,215	8,049	25,933
Disposal	-	(6,223)	(39,394)	(11,721)	(57,338)
Reclassification	-	-	9,683	4,980	14,663
The Effects of Changes in Foreign	-	-	2,771	8,677	11,448
Exchange Rates					
Balance on December 31, 2024	\$ 753,367	109,369	593,332	624,453	2,080,521
Balance at January 1, 2023	\$ 753,367	108,003	750,767	633,874	2,246,011
Acquisition through business combination(Note 6(7))	-	-	1,350	7,433	8,783
Addition	-	460	942	15,457	16,859
Disposal	-	-	(145,862)	(39,032)	(184,894)
Reclassification	-	460	3,938	2,472	6,870
The Effects of Changes in Foreign	-	-	(2,078)	(5,736)	(7,814)
Exchange Rates					
Balance on December 31, 2023	\$ 753,367	108,923	609,057	614,468	2,085,815
Depreciation and impairment losses:					
Balance on January 1, 2024	\$ -	45,825	535,416	530,089	1,111,330
Depreciation during the year	-	5,589	19,947	24,405	49,941
Disposal	-	(6,223)	(39,394)	(11,721)	(57,338)
The Effects of Changes in Foreign	-	-	2,607	7,929	10,536
Exchange Rates					
Balance on December 31, 2024	\$ -	45,191	518,576	550,702	1,114,469
Balance at January 1, 2023	\$ -	40,118	639,124	541,429	1,220,671
Acquisition through business combination(Note 6(7))	-	-	1,350	7,433	8,783
Depreciation during the year	-	5,707	28,336	24,600	58,643
Disposal	-	-	(131,407)	(38,146)	(169,553)
The Effects of Changes in Foreign	-	-	(1,987)	(5,227)	(7,214)
Exchange Rates					
Balance on December 31, 2023	\$ -	45,825	535,416	530,089	1,111,330
Carrying amount					
December 31, 2024	\$ 753,367	64,178	74,756	73,751	966,052
January 1, 2023	\$ 753,367	67,885	111,643	92,445	1,025,340
December 31, 2023	\$ 753,367	63,098	73,641	84,379	974,485

Please refer to Note 8 for details of the property, plant and equipment provided by the Group as collateral.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

(IX) Investment property

Investment property includes the consolidated Company's own assets, plants leased to third parties under operating leases, and right-of-use assets showing leasehold rights. The original irrevocable period of the leased investment property is one year, and some lease contracts stipulate that the lessee has an extension option at the end of the lease. The rental income of the investment property already leased is a fixed amount.

Changes in the Consolidated Company's investment property are as follows:

	Land, buildings and structures
Cost or recognized cost:	
Balance on January 1, 2024	\$ 289,877
The Effects of Changes in Foreign Exchange Rates	6,303
Balance on December 31, 2024	<u>\$ 296,180</u>
Balance on January 1, 2023	\$ -
Acquired through merger (Note 6(7))	292,162
The Effects of Changes in Foreign Exchange Rates	(2,285)
Balance on December 31, 2023	<u>\$ 289,877</u>
Depreciation and impairment losses:	
Balance on January 1, 2024	\$ 86,091
Depreciation	4,295
The Effects of Changes in Foreign Exchange Rates	6,333
Balance on December 31, 2024	<u>\$ 96,719</u>
Balance on January 1, 2023	\$ -
Acquired through merger (Note 6(7))	80,009
Depreciation	4,922
The Effects of Changes in Foreign Exchange Rates	1,160
Balance on December 31, 2023	<u>\$ 86,091</u>
Carrying amount:	
December 31, 2024	<u>\$ 199,461</u>
January 1, 2023	<u>\$ -</u>
December 31, 2023	<u>\$ 203,786</u>

The fair value of the consolidated company's investment property on December 31, 2024, and December 31, 2023 was NT314,042thousand and NT303,193 thousand, which was assessed by the management based on the actual transaction price of the property in the vicinity with the same nature as the market value.

For the consolidated company's investment property provided as collateral, please refer to Note 8.

(X) Right-of-use assets

The changes in the Group's costs and depreciation of the right-of-use assets, such as leased land, houses & buildings and transportation equipment are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:				
Balance on January 1, 2024	\$ 8,655	79,230	9,198	97,083
Increase	704	65,384	1,225	67,313
Decrease	(704)	(23,295)	(1,211)	(25,210)
The Effects of Changes in Foreign Exchange Rates	-	1,624	-	1,624
Balance on December 31, 2024	<u>\$ 8,655</u>	<u>122,943</u>	<u>9,212</u>	<u>140,810</u>
Balance at January 1, 2023	<u>\$ 6,675</u>	<u>126,201</u>	<u>5,189</u>	<u>138,065</u>
Addition	8,655	49,427	5,097	63,179
Decrease	(6,675)	(95,534)	(1,088)	(103,297)
The Effects of Changes in Foreign Exchange Rates	-	(864)	-	(864)
Balance on December 31, 2023	<u>\$ 8,655</u>	<u>79,230</u>	<u>9,198</u>	<u>97,083</u>
Depreciation of right-of use assets:				
Balance on January 1, 2024	\$ 764	25,405	4,359	30,528
Depreciation in the period	2,295	27,567	2,281	32,143
Decrease	(704)	(3,494)	(1,211)	(5,409)
The Effects of Changes in Foreign Exchange Rates	-	904	-	904
Balance on December 31, 2024	<u>\$ 2,355</u>	<u>50,382</u>	<u>5,429</u>	<u>58,166</u>
Balance at January 1, 2023	<u>\$ 5,629</u>	<u>95,715</u>	<u>3,545</u>	<u>104,889</u>
Depreciation in the period	1,810	25,794	1,902	29,506
Decrease	(6,675)	(95,534)	(1,088)	(103,297)
The Effects of Changes in Foreign Exchange Rates	-	(570)	-	(570)
Balance on December 31, 2023	<u>\$ 764</u>	<u>25,405</u>	<u>4,359</u>	<u>30,528</u>
Carrying amount				
December 31, 2024	<u>\$ 6,300</u>	<u>72,561</u>	<u>3,783</u>	<u>82,644</u>
January 1, 2023	<u>\$ 1,046</u>	<u>30,486</u>	<u>1,644</u>	<u>33,176</u>
December 31, 2023	<u>\$ 7,891</u>	<u>53,825</u>	<u>4,839</u>	<u>66,555</u>

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

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

	<u>2024.12.31</u>	<u>2023.12.31</u>
Other financial assets -current		
Other receivables (including related parties)	\$ 40,037	21,570
Time deposits	3,279	33,776
Restricted assets	16,433	15,382
Total	<u>\$ 59,749</u>	<u>70,728</u>
Other non-current assets		

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

Refundable deposits	\$	494,496	462,104
Net defined benefit assets		20,391	16,910
Prepayments for equipment and others		9,543	22,537
Total	\$	<u>524,430</u>	<u>501,551</u>

The Group and Shangdong Hengli Tianneng Advanced Technology Ltd. (Hengli Tianneng) entered into a 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\$489,939 thousand (USD14,944 thousand) and NT\$458,856 thousand (USD14,944 thousand) for 2024 and 2023, respectively, 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 Note 9(1).

Please refer to Note 8 for the pledged on the Group's other financial assets as collateral.

(XII) Short-term loans

	<u>2024.12.31</u>	<u>2023.12.31</u>
Secured bank loans	\$ <u>165,975</u>	<u>246,358</u>
Undrawn limit	\$ <u>200,000</u>	<u>170,000</u>
Interest Rate	<u>1.985%~3.05%</u>	<u>1.86%~3.35%</u>

Please refer to Note 8 for the pledged on the Group's assets as collateral for short-term borrowings and limits.

(XIII) Long-term loans

<u>Lender banks</u>	<u>Year in which borrowings are due</u>	<u>2024.12.31</u>	<u>2023.12.31</u>
Land Bank of Taiwan	2027	\$ 93,000	-
Bank SinoPac	2040	517,125	549,958
Less: Long-term loans due within one year		(32,833)	(32,833)
		\$ <u>517,125</u>	<u>577,292</u>
Undrawn limit		\$ -	\$ -
Interest Rate		<u>2.125%~2.20%</u>	<u>2.00%~2.25%</u>

The consolidated company had no new long-term loan amount in 2024 and 2023, and the amount repaid was NT\$39,833 thousand and NT\$44,833 thousand, respectively.

Please refer to Note 8 for the pledged on the Group's assets as collateral for long-term borrowings.

(XIV) Lease liabilities

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

	<u>2024.12.31</u>	<u>2023.12.31</u>
Current	\$ <u>26,983</u>	<u>20,467</u>
Non-current	\$ <u>57,303</u>	<u>46,438</u>

Please refer to Note 6(22) Financial Instruments for maturity analysis.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

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

	2024	2023
Interest expense on lease liabilities	<u>\$ 5,944</u>	<u>591</u>
Income from subleased right-of-use assets	<u>\$ (18,952)</u>	<u>(18,783)</u>
Expense on short-term leases	<u>\$ 825</u>	<u>817</u>
Expense relating to leases of low-value assets (excluding short-term low-value leases)	<u>\$ 187</u>	<u>187</u>

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

	2024	2023
Total cash outflow from leases	<u>\$ 37,736</u>	<u>31,663</u>

1. Leases of land, houses and buildings

The Group 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 Group are one to five years. As such leases are short-term or low-value leases, the Group elects to apply the exemption from recognition and does not recognize the relevant right-of-use assets and lease liabilities thereof.

(XV) Employee benefits

1. Defined benefit plan

The reconciliation between the present value of the defined benefit obligation and the fair value of the plan assets is as follows:

	2024.12.31	2023.12.31
Present value of defined benefit obligation	\$ 1,807	4,857
Fair value of plan assets	<u>(22,198)</u>	<u>(21,767)</u>
Net defined benefit assets	<u>\$ (20,391)</u>	<u>(16,910)</u>

The Group contributes to the labor retirement reserve account with the Bank of Taiwan for the defined benefit plan. Pension payment for each employee under the pension scheme of the Labor Standards Act is calculated based on the number of units obtained for the length of services and the average salary for the six months prior to retirement.

(1) Components of plan assets

The labor retirement fund contributed by the Group in accordance with the Labor Standards Act are managed by the Bureau of Labor Funds, Ministry of Labor. In accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the annual minimum income from the investments with the funds shall not be lower than the interest rates for two-year time deposits offered by local banks.

As of the reporting date, the balance of the Group's labor retirement reserve account at Bank of Taiwan was NT\$22,198 thousand. Please refer to the information published on the website of the Bureau of Labor Funds, for the information on the use of the labor retirement fund asset, including the fund's yield and the fund asset allocation.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

(2) Movements in the present value of defined benefit obligations

The movements in the present values of the Group's defined benefit obligations during 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Defined benefit obligation on January 1	\$ 4,857	5,400
Current service cost and interest	76	94
Remeasurement of net defined benefit obligations	(675)	(637)
Settled and Extinguished Liabilities	(2,150)	-
Planned Benefit Payments	(301)	-
Defined benefit obligation on December 31	<u><u>\$ 1,807</u></u>	<u><u>4,857</u></u>

(3) Movements in fair value of plan assets

The movements in the fair value of the Group's defined benefit plan assets during 2023 and 2022 are as follows:

	<u>2024</u>	<u>2023</u>
Fair value of plan assets on January 1	\$ 21,767	21,122
Interest revenue	352	372
Remeasurement of defined benefit assets	1,832	78
Actual Return on Plan Assets	(1,756)	-
Amount contributed to the plan	156	195
Benefits Paid by the Plan	(153)	-
Fair value of plan assets on December 31	<u><u>\$ 22,198</u></u>	<u><u>21,767</u></u>

(4) Expenses recognized in profit or loss

The details of the Group's amounts recognized in expenses for 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Net interest on net defined benefit liabilities (assets)	<u><u>\$ (276)</u></u>	<u><u>(278)</u></u>
Operating expenses (incomes)	<u><u>\$ (276)</u></u>	<u><u>(278)</u></u>

(5) Actuarial assumptions

The significant actuarial assumptions adopted by the Group to determine the present value of the defined benefit obligations at the end of the reporting date are as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Discount rate	2.125%	1.625%
Future salary increases	3.000%	2.000%

The Group estimates it will contribute \$149 thousand to the defined benefit plan within one year after the 2024 balance sheet date.

The weighted average duration of the Group's defined benefit plan is 15.44 years

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

(6) Sensitivity analysis

The effect of changes in the main actuarial assumptions adopted on December 31, 2024 and 2023 on the present values of the defined benefit obligations is as follows:

	Effect on defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2024		
Discount rate	\$ (61)	63
Future salary increases	62	(60)
December 31, 2023		
Discount rate	(121)	104
Future salary increases	122	128

The sensitivity analysis above is based on the analysis of the effect of a change in a single assumption while other assumptions remain unchanged. In practice, many assumptions may change at the same time. The method of analyzing sensitivity and the method of calculating net pension liability (asset) in the balance sheet are the same.

The methods and assumptions adopted in sensitivity analysis in this period are the same as those in the prior period.

2. Defined contribution plans

The Company and the domestic subsidiaries' 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 these defined contribution plans, the Group contributes pensions at fixed percentage to the Bureau of Labor Insurance without additional legal or constructive obligation to pay any extras. The Company and the domestic subsidiaries' pension expenses under the defined contribution plan for 2024 and 2023 were NT\$9,493 thousand and NT\$10,245 thousand, respectively.

The total recognized pension expenses, basic endowment insurance premiums and social welfare expenses of other subsidiaries included in the preparation of the consolidated financial report for 2024 and 2023 were NT\$260 thousand and NT\$287 thousand, respectively.

(XVI) Income tax

1. Income tax expense

The details of income tax expenses of the consolidated company for 2024 and 2023 are as follows:

	2024	2023
Current income tax expense		
Occurred during the period	\$ -	-
Deferred tax expense		
Temporary differences incurred or reversed	-	-
Income tax	<u>\$ -</u>	<u>-</u>

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

The income tax expenses (gains) of the Group recognized under other comprehensive income in 2024 and 2023 are detailed below:

	<u>2024</u>	<u>2023</u>
Items that may subsequently be reclassified to profit or loss:		
Exchange differences on translation of the financial statements of foreign operations	<u>\$ -</u>	<u>-</u>

The reconciliation of income tax expenses (income) and net loss before tax of the Group for 2024 and 2023 is shown below:

	<u>2024</u>	<u>2023</u>
Net loss before income tax	\$ (171,244)	(203,460)
Income taxes calculated at the domestic tax rates of the countries where the consolidated entities are located	(35,306)	(50,486)
Tax-free income	(6,497)	3,741
Tax loss from unrecognized deferred income tax assets	41,123	45,120
Changes not recognized in temporary differences	680	1,625
	<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 Group are as below:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Deductible temporary differences	\$ 257,163	256,483
Tax loss	377,390	440,299
	<u>\$ 634,553</u>	<u>696,782</u>

For the tax losses, pursuant to the Income Tax Act, the losses in the previous ten years assessed by the tax collection authority are deducted from the net income of the year, and then the income tax will be assessed. The aforesaid deductible temporary differences and tax losses not recognized as deferred income tax assets are because the Group is unlikely to have sufficient taxable income in the coming year to use the temporary differences and tax losses.

As of December 31, 2024, the tax losses not yet recognized as deferred income tax assets by the Group, and the deduction period are as follows:

Year of loss	Un-deducted loss	The final year entitled to the deduction
The Company		
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 (assessed figure)	95,466	2032
2023 (reported figure)	107,727	2033
2024 (estimated figure)	151,377	2034
Aqua Ways:		
2015 (assessed figure)	26,364	2025
2016 (assessed figure)	24,196	2026
2017 (assessed figure)	20,811	2027
2018 (assessed figure)	6,744	2028
2019 (assessed figure)	20,830	2029
2020 (assessed figure)	13,569	2030
2022 (assessed figure)	13,283	2032
2023 (reported figure)	22,664	2033
2024 (estimated figure)	20,454	2034
Nano Bit:		
2015 (assessed figure)	89,995	2025
2016 (assessed figure)	100,171	2026
2017 (assessed figure)	90,363	2027
2018 (assessed figure)	92,168	2028
2019 (assessed figure)	89,325	2029
2020 (assessed figure)	37,710	2030
2021 (assessed figure)	34,361	2031
2022 (assessed figure)	21,641	2032
2023 (reported figure)	19,746	2033
2024 (estimated figure)	2,590	2034

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

Mega-Power:		
2021 (assessed figure)	17,699	2032
2022 (assessed figure)	4,210	2033
	1,698,561	
Other consolidated entity		
2020 (reported figure)	24,544	2025
2021 (reported figure)	20,929	2026
2022 (reported figure)	46,495	2027
2023 (reported figure)	33,785	2028
2024 (estimated figure)	<u>24,955</u>	2029
	<u>150,708</u>	
	<u>\$ 1,849,269</u>	

(2) Deferred tax assets and liabilities recognized

The changes in deferred income tax assets and liabilities for 2024 and 2023 were as follows:

	<u>Others</u>
Deferred income tax liabilities:	
Balance on January 1, 2024	
(i.e. balance on December 31, 2024)	<u>\$ 17</u>
Balance on January 1, 2023	
(i.e. balance on December 31, 2023)	<u>\$ 17</u>

3. Income tax assessments

The income taxes of the Company, Aqua Ways, Mega-Power and Nano Bit have been approved up to 2022.

(XVII) Capital and other equity

1. Share capital

As of December 31, 2024 and 2023, the Company's authorized capital was NT\$2,000,000 thousand, divided into 200,000 thousand shares, at a face value of \$10 per share. The issued shares were 104,312 thousand shares and 102,142 thousand shares, and the payment for all issued shares has been received.

The reconciliation schedule of the Company's outstanding shares in 2024 and 2023 are as follows:

	Common Stock	
	2024	2023
Beginning balance on January 1	104,312	102,142
Private placement of common shares	-	2,170
Ending balance on December 31	104,312	104,312

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.

The Company resolved at the shareholders' meeting on June 17, 2022 to issue ordinary shares through private placement to expand its operations and enhance its operating funds. The number of privately placed shares shall not exceed 17,835 thousand shares. On March 22, 2022, the Board of Directors resolved to issue 2,170 thousand shares of privately placed ordinary shares at a price of NT\$40 per share, totaling NT\$86,800 thousand. The change of registration was completed on April 21, 2023. In addition, according to the resolution of the Board of Directors on May 4, 2023, the unissued 15,665 thousand shares will no longer be pursued.

The Company resolved at the shareholders' meeting on June 27, 2024 to issue ordinary shares through private placement to expand its operations and enhance its operating funds. The number of privately placed shares shall not exceed 17,835 thousand shares, the total amount of the private placement is pending calculation by the board of directors based on the actual pricing date of the issuance.

2. Capital surplus

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

	2024.12.31	2023.12.31
Shares premium from issuance	\$ 2,071,577	2,071,577
Treasury shares traded	40,088	40,088
Changes in the net worth of equity of associates accounted for using equity method	51	51
Others	1,460	1,460
	\$ 2,113,176	2,113,176

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 IASs 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, 2024 and 2023, respectively.

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

(3) Earnings distribution

The 2023 and 2021 deficit compensation proposals were resolved by the annual general shareholders' meeting on June 27, 2024 and June 19, 2023, respectively. No dividend to be distributed.

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

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

4. Treasury shares

Reason for recovery	Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies	Parent's shares held by subsidiaries (thousand shares)	Total (thousand shares)
January 1, 2024	1,614	1,076	2,690
Increase (decreased) during the period	-	-	-
Balance as of December 31, 2024	1,614	1,076	2,690
January 1, 2023	1,614	1,076	2,690
Increase (decreased) during the period	-	-	-
Balance at December 31, 2023	1,614	1,076	2,690

As of December 31, 2024, 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 2024 and 2023. As of December 31, 2024 and 2023, the market price per share was NT\$28.20 and NT\$28.50, respectively.

In 2020, the cumulative treasury shares repurchased to maintain the Company's credit and shareholders' equity due to Article 28-2 of the Securities Exchange Act, was 1,614 thousand shares both, and the acquisition cost was NT\$31,102 thousand both. As of December 31, 2023, the number of uncanceled shares was 1,614 thousand shares.

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

5. Other interests (net of tax)

	Exchange differences on translation of the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2024	\$ (15,225)	(8,995)	(24,220)
Exchange differences in translation of net assets of foreign operations	11,055	-	11,055
Balance on December 31, 2024	\$ (4,170)	(8,995)	(13,165)
Balance at January 1, 2023	\$ (17,209)	(4,600)	(21,809)
Exchange differences in translation of net assets of foreign operations	1,984	-	1,984
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(4,395)	(4,395)
Balance on December 31, 2023	\$ (15,225)	(8,995)	(24,220)

(XVIII) Earnings per share

The basic earnings per share of the Group for 2024 and 2023 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:

	<u>2024</u>	<u>2023</u>
Basic earnings (losses) per share		
Net income (loss) attributable to the Company	<u>\$ (167,249)</u>	<u>(196,946)</u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>101,622</u>	<u>100,957</u>
	<u>\$ (1.65)</u>	<u>(1.95)</u>

(XIX) Revenue from customer contracts

1. Details of revenue

	<u>2024</u>		
	Business groups in Taiwan	Business groups in China	Total
Main region/market:			
Taiwan	\$ 526,025	-	526,025
Mainland China	6,015	105,235	111,250
Others	11,917	-	11,917
	<u>\$ 543,957</u>	<u>105,235</u>	<u>649,192</u>
Main products			
Touch panel modules	\$ 58,325	-	58,325
3C product processing and assembly and other income	485,632	105,235	590,867
	<u>\$ 543,957</u>	<u>105,235</u>	<u>649,192</u>
Timing of revenue recognition:			
Products transferred at some point of time	<u>\$ 543,957</u>	<u>105,235</u>	<u>649,192</u>

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

	2023		
	Business groups in Taiwan	Business groups in China	Total
Main region/market:			
Taiwan	\$ 588,847	-	588,847
Mainland China	43,421	131,790	175,211
Others	5,988	-	5,988
	<u>\$ 638,256</u>	<u>131,790</u>	<u>770,046</u>
Main products			
Touch panel modules	\$ 45,591	-	45,591
3C product processing and assembly and other income	592,665	131,790	724,455
	<u>\$ 638,256</u>	<u>131,790</u>	<u>770,046</u>
Timing of revenue recognition:			
Products transferred at some point of time	<u>\$ 1,009,496</u>	<u>197,576</u>	<u>1,207,072</u>

The Group entered into a contract of system engineering project 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 Group recognized the revenue from the system engineering project for both NT\$0 thousand in 2024 and 2023. As of December 31, 2024 and 2023, the Group recognized income from the project in the amount of NT\$5,220 thousand for each year. Please refer to Note 9(1).

2. Contract balance

	2024.12.31	2023.12.31	2023.1.1
Notes and accounts receivable (related parties included)	\$ 226,612	225,280	273,789
Less: Allowance for bad debts	(19,872)	(28,467)	(28,955)
	<u>\$ 206,740</u>	<u>196,813</u>	<u>244,834</u>
Contract liability - project system engineering	\$ 842,427	842,427	842,427
Contract liability - product for sales	31,928	37,969	23,724
	<u>\$ 874,355</u>	<u>880,396</u>	<u>866,151</u>

Please refer to Note 6(4) for the disclosures of accounts receivable and the impairment thereof.

The opening balances of contract liabilities on January 1, 2024 and 2023 recognized in revenue, were NT\$28,273 thousand and NT\$23,507 thousand, respectively. For the contract liabilities from system engineering project contract, please refer to Note 9 (1).

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

(XX) Remuneration to employees, directors and supervisors

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.

For the fiscal years 2024 and 2023, the company incurred accumulated losses and therefore did not estimate or accrue employee bonuses or director remuneration. If there is a discrepancy between the actual distribution amount in the following year and the estimated amount, it will be treated as a change in accounting estimate, and the difference will be recognized in the profit or loss of the subsequent year. In the event that the board of directors resolves to distribute employee bonuses in the form of shares, the number of shares to be issued as compensation will be calculated based on the closing price of the company's ordinary shares on the day preceding the board's resolution.

For both 2024 and 2023, the Company suffered accumulated loss, and no remuneration of employees and directors was distributed. Related information is available for inquiries via the Market Observation Post System website.

(XXI) Non-operating income and expenses

1. Other income

The details of the Group's other incomes are as follows:

	<u>2024</u>	<u>2023</u>
Rental income	\$ 39,886	37,350
Government grants	4,527	317
Dividend income and others	<u>20,965</u>	<u>15,984</u>
Total	<u><u>\$ 65,378</u></u>	<u><u>53,651</u></u>

2. Other gains and losses

The details of the Group's other gains and losses are as follows:

	<u>2024</u>	<u>2023</u>
Net gain from foreign currency exchange	\$ 35,915	524
Net loss from disposal of property, plant and equipment	2,149	(2,392)
Others	<u>(796)</u>	<u>(17)</u>
Total	<u><u>\$ 37,268</u></u>	<u><u>(1,885)</u></u>

Please refer to Note 6 (22) for information on credit risks of financial assets.

(XXII) 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 Group's operating revenue, their sales amount accounted for 45% and 50% of the sales revenue of the Group in 2024 and 2023, respectively. To reduce credit risk, the Group 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,

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

and has assessed and provided appropriate allowance for losses.

(3) Credit risks of accounts receivable

Please refer Note 6 (4) 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 Group determines low credit risk, please refer to Note 4(7)).

The bank deposits and fixed income investments held by the Group 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.

The changes in loss allowance for other financial assets - current in 2024 and 2023 are as follows:

	Other financial assets -current
Balance on January 1, 2024 (i.e. balance on December 31, 2024)	\$ 2,404
Balance on January 1, 2023 (i.e. balance on December 31, 2023)	\$ 2,404

2. Liquidity risk

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

	Carrying amount	Contractual cash flow	Less than 1 year	1 - 2 years	2 years or more
December 31, 2024					
Non-derivative financial liabilities					
Secured bank loans	\$ 776,100	(779,863)	(221,279)	(52,369)	(506,215)
Notes and accounts payable (related parties included)	203,249	(203,249)	(203,249)	-	-
Other payables	269,416	(269,416)	(269,416)	-	-
Lease liabilities	84,286	(90,230)	(29,593)	(21,798)	(38,839)
Guarantee deposits received (accounted in the other non-current liabilities)	1	(1)	(1)	-	-
	\$ 1,333,052	(1,342,759)	(723,538)	(74,167)	(545,054)

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

	Carrying amount	Contractual cash flow	Less than 1 year	1 - 2 years	2 years or more
December 31, 2023					
Non-derivative financial liabilities					
Secured bank loans	\$ 796,316	(855,875)	(287,550)	(39,109)	(529,216)
Notes and accounts payable (related parties included)	193,372	(193,372)	(193,372)	-	-
Other payables	236,939	(236,939)	(236,939)	-	-
Lease liabilities	66,905	(68,744)	(21,354)	(16,885)	(30,505)
Guarantee deposits received (accounted in the other non-current liabilities)	1,149	(1,149)	(1,149)	-	-
	\$ 1,294,681	(1,356,079)	(740,364)	(55,994)	(559,721)

The Group does not expect the timing of cash flows to be significantly early or the amount to be significantly different from the maturity analysis.

3. Exchange rate risks

(1) Exposure to exchange rate risks

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

	2024.12.31			2023.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
US dollars	\$	12,477 USD/TWD =32.785	409,048	17,948 USD/TWD =30.705		551,101
US dollars		35 USD/CNY =7.3213	1,153	98 USD/CNY =7.0827		3,001
JPY		77,375 JPY/TWD =0.2099	16,241	107,732 JPY/TWD =0.2172		23,399
Financial liabilities						
US dollars		2,512 USD/TWD =32.785	82,354	2,778 USD/TWD =30.705		85,290
US dollars		6,241 USD/CNY =7.3213	204,620	6,104 USD/CNY =7.0827		187,057

(2) Sensitivity analysis

The Group's exchange rate risk mainly arises from cash and cash equivalents, accounts receivable and other receivables, as well as accounts payable and other payables, all denominated in foreign currencies, from which foreign currency exchange gains and losses arise during translation. All else being equal, a 5% depreciation or appreciation of USD and JPY against NTD or CNY on December 31, 2024 and 2023, the increase (decrease) of the net loss before tax for 2024 and 2023 is as follows. The same basis is applied to both years.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

	2024.12.31 Net loss before income tax	2023.12.31 Net loss before income tax
USD (relative to NTD)		
Appreciation for 5%	\$ (16,335)	(23,291)
Depreciation for 5%	16,335	23,291
USD (relative to CNY)		
Appreciation for 5%	10,173	9,203
Depreciation for 5%	(10,173)	(9,203)
JPY (relative to NTD)		
Appreciation for 5%	(812)	(1,170)
Depreciation for 5%	812	1,170

(3) Foreign exchange gain and loss on monetary items

As the Group uses numerous functional currencies, the information on foreign exchange gain (loss) of monetary items is disclosed by the total amount. For years 2024 and 2023, foreign exchange gains and losses (including realized and unrealized portions) were NT\$35,915 thousand of gain and NT\$524 thousand of gain, respectively.

4. Interest rate analysis

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

	Carrying amount	
	2024.12.31	2023.12.31
Variable interest instruments:		
Financial assets	\$ 494,492	579,842
Financial liabilities	(776,100)	(796,316)
	<u>\$ (281,608)</u>	<u>(216,474)</u>

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. The sensitivity to 25 basis points of change in interest rate is used when reporting the interest rate risk internally to key management personnel and also represents the management's assessment of the reasonably possible change in interest rates.

All else being equal, if the interest rate had increased or decreased by 1%, the Company's profit before tax for 2024 and 2023 would have increased by NT\$704 thousand or decreased by NT\$541 thousand, primarily due to the Company's deposits and borrowings in variable interest rates.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

5. Fair value

(1) Valuation process

The Group's accounting policies and disclosures include the adoption of fair value to measure its financial assets and liabilities. The Group'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 Group 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 Group measures fair values on a recurring basis for financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income. 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:

	2024.12.31				
	Carrying amount	Fair value			
		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	\$ 32,195	32,195	-	-	32,195
Financial assets at fair value through other comprehensive income:					
Equity instruments without open quotation at fair value through profit or loss	-	-	-	-	-
Financial assets at amortized cost:					
Cash and cash equivalents	496,550	-	-	-	-
Notes and accounts receivable (including related parties)	206,740	-	-	-	-
Other financial assets -current	59,749	-	-	-	-
Refundable deposits (accounted in the other non-current liabilities)	494,496	-	-	-	-
Subtotal	1,257,535				
Total	\$ 1,289,730				

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

		2024.12.31				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost:						
Short-term borrowings	\$	165,975	-	-	-	-
Notes and accounts payable (related parties included)		203,249	-	-	-	-
Other payables		269,416	-	-	-	-
Lease liabilities		84,286	-	-	-	-
Long-term liabilities due within a year		32,833	-	-	-	-
Long-term borrowings		577,292	-	-	-	-
Guarantee deposits received (accounted in the other non-current liabilities)		1	-	-	-	-
Total		<u>\$ 1,333,052</u>				
		2023.12.31				
		Carrying amount	Fair value			
			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 fair value through other comprehensive income:						
Equity instruments without open quotation at fair value through profit or loss		-	-	-	-	-
Financial assets at amortized cost:						
Cash and cash equivalents		581,982	-	-	-	-
Notes and accounts receivable (including related parties)		196,813	-	-	-	-
Other financial assets -current		70,728	-	-	-	-
Refundable deposits (accounted in the other non-current liabilities)		462,104	-	-	-	-
Subtotal		1,311,627				
Total		<u>\$ 1,405,083</u>				
Financial liabilities at amortized cost:						
Short-term borrowings	\$	246,358	-	-	-	-
Notes and accounts payable (related parties included)		193,372	-	-	-	-
Other payables		236,939	-	-	-	-
Lease liabilities		66,905	-	-	-	-
Long-term liabilities due within a year		32,833	-	-	-	-
Long-term borrowings		517,125	-	-	-	-
Guarantee deposits received (accounted in the other non-current liabilities)		1,149	-	-	-	-
Total		<u>\$ 1,294,681</u>				

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

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

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

A. Financial assets and liabilities measured at amortized cost

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

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

A. Non-derivative financial instruments

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

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

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

If a financial instrument held by the Group 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 sin 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 2024 and 2023.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

(6) Details of changes in Level 3:

	At fair value through other comprehensive income
	Equity instruments without quoted prices
Balance on January 1, 2024	\$ -
(i.e. balance on December 31, 2024)	
January 1, 2023	\$ 4,408
Recognized in other comprehensive income	(4,395)
The Effects of Changes in Foreign Exchange Rates	(13)
December 31, 2023	\$ -

The total profit or loss mentioned above are the gains or losses from the unrealized valuation of financial assets FVTOCI, and the relevant comprehensive income of assets still held on December 31, 2024 and 2023 were NT\$0 and NT\$4,395 thousand.

(7) Quantitative information on measurement of significant unobservable fair value input (Level 3)

The Group's financial instruments whose fair values are measured with Level 3 inputs are primarily financial assets measured at fair value through other comprehensive income – equity investments.

Most of the fair values of the Group are classified as Level 3, with only a single significant unobservable input value, and only investments in equity instrument without active markets have multiple significant unobservable input values. Significant unobservable input values of investments in equity instrument without active markets are independent of each other, so there is no interrelationship.

Quantitative information on significant unobservable inputs is listed as follows:

Item	Valuation technique	Significant unobservable input	Significant unobservable input and relations with fair value
Financial assets at fair value through other comprehensive income – investments in equity instruments without active markets	Comparable TWSE/TPEX listed companies method	<ul style="list-style-type: none"> · Price-book ratio multiplier (3.26 and 1.85, respectively for 2024.12.31 and 2023.12.31) · Liquidity discount (20% on both 2024.12.31 and 2023.12.31) 	<ul style="list-style-type: none"> · The higher the multiple, the higher the fair value · The higher the liquidity discount, the lower the fair value

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

(8) Analysis of sensitivity of Level 3 fair value to reasonably possible alternative assumptions

The Group's fair value measurements of financial instruments are reasonable. However, the use of different valuation models or parameters may result in different valuation outcomes. If the valuation parameters for financial instruments classified as Level 3 change, the effect on other comprehensive income is as follows:

			Changes in fair value reflected in other comprehensive income	
		Up/down movements	Favorable change	Unfavorable change
	Input	changes		
December 31, 2024				
Financial assets at fair value through other comprehensive income – investments in equity instruments without active markets	Price-book ratio	5%	\$ -	-
Financial assets at fair value through other comprehensive income – investments in equity instruments without active markets	Discount for lack of marketability	5%	\$ -	-
December 31, 2023				
Financial assets at fair value through other comprehensive income – investments in equity instruments without active markets	Price-book ratio	5%	\$ -	-
Financial assets at fair value through other comprehensive income – investments in equity instruments without active markets	Discount for lack of marketability	5%	\$ -	-

The favorable and unfavorable movements referred to by the Group indicate the volatility of fair values. Fair values are calculated with valuation techniques with different levels of unobservable inputs. If the fair value of a financial instrument is affected by more than one input, the above table only reflects the effect of changes in a single input without taking into account the correlation and variability between the inputs

(XXIII) Financial risk management

1. Summary

The Group is exposed to the following risks due to the use of financial instruments:

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

This note represents the Group's exposure to the aforesaid risks, as well as its target, policy and procedures for measuring and managing these risks. Please refer to individual notes to the consolidated financial statements for further quantitative disclosure.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

2. Risk management framework

The Group's Financial Department provides services for each business, coordinates operations in domestic and international financial markets, and monitors and manages the financial risks related to the Group's operations as per the internal risk report on the analysis of internal risk exposures based on risk levels and breadth. The Group 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 Group does not trade financial instruments for speculative purposes.

3. Credit risks

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

(1) Accounts receivable and other receivables

The Group has established a credit policy, as per which the Group analyzes each new client's credit rating before setting standard payment and delivery terms and conditions for them. The Group'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 Group's standard credit rating can only conduct transactions with the Group on an advance receipt basis.

Due to the concentration of customers of the Group, accounts receivable have a significant concentration of credit risk. Therefore, the Group 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 Group's management. As the Group'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 Group, via the deployment of Group's capital, private placement, 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 Group's management personnel supervise the use of bank financing facilities and ensure compliance with the terms of the loan contracts.

Bank borrowings are a source of liquidity for the Group. Please refer to Note 6 (12) for the undrawn short-term bank financing limits of the Group as of December 31, 2024 and 2023.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

5. Market risks

Market risk refers to the risk that affects the Group'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 Group is exposed to exchange rate risk arising from sales, procurement, and borrowings that are not denominated in its functional currencies. The functional currencies of the entities in the Group is mainly NTD, as well as USD and CNY. These transactions are primarily denominated in the NTD, the CNY and USD. The Group adopts the principle of natural hedging for the foreign currency assets and liabilities exposed to the risk of market exchange rate fluctuations in the existing and future cash flows, and applies financial instruments when necessary to avoid exchange rate risks.

(2) Interest rate risks

Because the cash flow risks are generated from borrowed funds at floating interest rates and bank deposits with floating rates of entities in the Group, the Group regularly evaluates and adopts cost-effective hedging strategies.

(3) Other price risks

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

(XXIV) Capital management

Based on the characteristics of the industry in which the Group current operates, and the future development of the Company, while considering factors such as changes in the external environment, the Group 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 Group. On the premise of maintaining solid capital foundation, it is sought to improve the shareholders' return via the optimization of debt and equity.

The Group monitors funds through regular review of the asset-liability ratio. The ratio of assets and liabilities of the consolidated company as of December 31, 2024 and 2023 is as follows:

	2024.12.31	2023.12.31
Total Liabilities	\$ 2,217,027	2,188,282
Total assets	2,779,556	2,908,146
Liability ratio	80 %	75 %

As of December 31, 2024, the Group's capital management strategy has not changed materially.

(XXV) Non-cash transactions in investing and financing activities

1. The Group's investing and financing activities via non-cash transactions were the acquisitions of right-of-use assets. Please refer to Note 6 (10) for details.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

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

			Non-cash movement			2024.12.31
			Acquisition through business combination	Addition	Exchange rate changes and others	
	2024.1.1	Cash Flow				
Short-term borrowings	\$ 246,358	(82,227)	-	-	1,844	165,975
Long-term borrowings	549,958	60,167	-	-	-	610,125
Other payables	37,404	3,129	-	-	-	40,533
Lease liabilities	66,905	(30,780)	67,313	(19,888)	736	84,286
Deposits received	1,149	(1,148)	-	-	-	1
Total liabilities from financing activities	\$ 901,774	(50,859)	67,313	(19,888)	2,580	900,920

			Non-cash movement			2023.12.31
			Addition	Decrease	Exchange rate changes and others	
	2023.1.1	Cash Flow				
Short-term borrowings	\$ -	190,000	57,031	-	(673)	246,358
Long-term borrowings	594,791	(44,833)	-	-	-	549,958
Other payables	36,433	971	-	-	-	37,404
Lease liabilities	34,126	(30,068)	-	63,179	(332)	66,905
Deposits received	2,502	(1,353)	-	-	-	1,149
Total liabilities from financing activities	\$ 667,852	114,717	57,031	63,179	(1,005)	901,774

VII. Related Party Transactions

(I) Name of related party and relations

Name of related party	Relation with the Group
Shanghai Zhuzhijia Electronic Technology Co., Ltd. (Shanghai Zhuzhijia)	Associates to the Group (Note 1)
Shih-Wen Liao	Chairman of the Group
Guo-Wei Liang	Substantive Related Parties
VIET NAM EUROCHARM WAYS PLASTICS COMPANY LIMITED (located in Vietnam)	Associates to the Group

Note 1: The Company acquired control over the Company in March 2023 and became a subsidiary of the consolidated company and included in the consolidated financial statements.

Note 2: The Chairman of Shanghai Zhuzhijia, has been a substantive related party of the consolidated company since March 2023..

(II) Significant transactions with related parties

1. Loans to related parties

To meet the capital needs of the associates' working capital, the Group has loaned funds to the associates, and accounted as receivable from related parties under the current items of other financial assets-, which are detailed as below:

		2023			
	Maximum Balance	Ending balance of receivables	Interest rate	Interest income of the period	Interest receivable at the end of period
Associates					
- Shanghai Zhuzhijia	\$ 42,538	-	6%	426	-

Shanghai Zhuzhijia has been included in the consolidation since March 2023 and has been eliminated in the preparation of the consolidated financial statements.

2. Borrowings from related parties

To meet the capital needs of the associates' working capital, the Group has borrowed from the related parties, and accounted as payables to related parties, as described below:

2024				
	Ending balance of payables	Interest rate	Current interest expense	Interest payable at the end of period
Chairman of Ways Technical	\$ 28,615	5%	1,417	11,918
2023				
	Ending balance of payables	Interest rate	Current interest expense	Interest payable at the end of period
Chairman of Ways Technical	\$ 27,409	5%	1,418	9,995

As of December 31, 2024 and 2023, the Group provided the guarantee notes of NT\$32,528 thousand as the collaterals of borrowings from related parties for the both years.

(III) Transactions with key management personnel

1. Key management personnel's remuneration:

	2024	2023
Short-term employee benefits	\$ 10,480	9,634
Post-employment benefits	73	73
	<u>\$ 10,553</u>	<u>9,707</u>

VIII. Assets Pledged

The carrying amounts of the assets pledged by the Group as collateral are detailed below:

Name of asset	Asset pledged as collateral	2024.12.31	2023.12.31
Other financial assets — current (pledged CD)	Bond for custom and foreign forward L/C limit	\$ 16,433	15,382
Property, plant and equipment	Limits for short- and long-term borrowings	817,545	883,159
Investment property	Amount of short-term borrowings	199,461	203,786
		<u>\$ 1,033,439</u>	<u>1,102,327</u>

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) The Group entered a second contract of project system engineering with Hengli Tianneng in June 2017, and the total contract price was USD40,000 thousand. As of December 31, 2024, the Group has received the payment of NT\$842,427 thousand (USD27,775 thousand) in advance. The aforesaid contract was delayed because the customer has changed the planning of the product and the source of funds. The contract can only be performed after the customer obtains the further funds to be invested in the project and provides the funds to the Group, as well as the discussion regarding the change of design with the Group.

To fully perform the project, the Group 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(11)). Both parties agreed that the Group 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 Group may use the performance bond to pay for the commission instead of making another payment. Upon the conclusion of the project system engineering, the performance bond of USD5,000 thousand may be reinvested in specific project companies.

(II) As of December 31, 2024, the consolidated company has entered into procurement contracts for machinery and equipment to fulfill project system contracts, with unrecognized equipment payments amounting to NT\$1,869 thousand (USD 57 thousand).

X. Major Disaster Loss: None.

XI. Significant Subsequent Events

- (I) On March 7, 2025, the Group'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 17,933 thousand shares, and it is yet to be resolved by the shareholders' meeting.

XII. Others

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

By nature	By function	2024			2023		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses							
Salary expense		125,428	109,856	235,284	146,376	91,511	237,887
Labor and health insurance expenses		12,663	9,971	22,634	16,073	11,092	27,165
Pension expenses		4,040	5,437	9,477	4,390	5,864	10,254
Remuneration paid to director		-	683	683	-	753	753
Other employee benefits expenses		9,642	5,397	15,039	7,792	4,303	12,095
Depreciation		28,873	57,506	86,379	31,215	61,856	93,071
Amortization expenses		12	2,785	2,797	116	1,929	2,045

- (II) Assumptions of continuing operations

As of December 31, 2024, 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: In the short term, the company plans to secure the necessary operating funds by increasing short-term bank borrowings, conducting cash capital increases, and issuing corporate bonds. For medium to long-term funding, the consolidated company aims to expand its operating revenue through the development of new technologies and products, thereby increasing its funding sources.
- (2) Increase in operating revenue: The company will progressively establish strong supplier relationships with customers, promote target products (such as organic photovoltaic modules and perovskite solar modules) to target markets, and actively submit samples to customers for certification, thereby expanding its operating revenue.
- (3) Reduction in Manufacturing Costs: The company will continue to develop collaborative relationships with suppliers to reduce manufacturing costs, thereby increasing product gross margins.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

XIII. Additional Disclosures

(I) Information on significant transactions

The material transactions to be disclosed by the Group in 2024 according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers are 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	86,140	76,000	33,000	5%	Short-term financing	-	Working capital	-	Note 3	Note 3	63,631	254,525	Note 1 and 7
1	Guangdong Ways	Shanghai Zhuzhijia	"	Yes	38,959 (CNY 8,700)	36,272 (CNY 8,100)	34,928 (CNY 7,800)	6%	"	-	Working capital	-	-	-	Note 5	Note 5	Note 2, 7
2	Ways Technical	Guangdong Ways	"	Yes	163,925 (USD 5,000)	163,925 (USD 5,000)	150,483 (USD 4,590)	3%	"	-	Working capital	-	-	-	200,641	200,641	Note 2, 7
3	Mega-Power	Nano Bit	"	Yes	70,000	70,000	70,000	3%	"	-	Working capital	-	Note 4	Note 4	70,745	282,983	Note 1 and 7

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

Note 2: Pursuant to the "Operational Procedures for Loaning of Funds" of the lender, the limit of total amount of loans shall not exceed 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\$76,000 thousand.

Note 4: Nano Bit provided the collateral notes for NT\$70,000 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.

Note 7: The transactions at the left have been eliminated when the consolidated financial statements were prepared.

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	Relationship with the issuers	Account	-				Highest shareholding during the period		Note
				Number of shares	Carrying amount	Shareholding percentage	Fair value	Number of shares	%	
The Company	UNION TAYUAN WATER ENGINEERING CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	110	-	1.58%	-	110	1.58%	
"	Anli International Co., Ltd, Taiwan Branch (Cayman)	-	Financial assets at fair value through income statement - non-current	1,035	32,195	2.32%	32,195	2,163	5.00%	
Mega-Power	Ways Technical Corp., Ltd.	Parent company	Financial assets at fair value through other comprehensive income - non-current	1,076	30,354	1.03%	30,354	1,076	1.03%	
Guangdong Ways	Dongguan Junsu Electronic Technology Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	-	-	10.00%	-	-	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.

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 150,483	Note 1	-	-	-	Note 2

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

Note 2: The transactions at the left have been eliminated when the consolidated financial statements were prepared.

9. Trading in derivative instruments: None.

10. Business dealings and important transactions between the parent company and subsidiaries:

Serial No.	Company	Counterparty	Relations with counterparty	Transaction details			As % of total revenues or total assets
				Item	Amount	Transaction terms and conditions	
0	The Company	Nano Bit	1	Other financial assets - current	33,000	Interest rate of 5%, to be repaid within one year since the borrowing date.	1%
"	"	Guangdong Ways	1	Accounts receivable	258	The sales prices and payment terms are not significantly different from other customers	-%
1	Mega-Power	The Company	2	Sales revenue	61,779	The sales prices and payment terms are not significantly different from other customers	10%
"	"	"	2	Accounts receivable	26,801	The sales prices and payment terms are not significantly different from other customers	1%
2	Ways Technical	The Company	2	Accounts receivable	6,557	The sales prices and payment terms are not significantly different from other customers	-%
3	Ways Technical	Guangdong Ways	3	Other financial assets - current	150,483	Interest rate of 3%, to be repaid within three years since the borrowing date.	5%
"	"	"	3	Accounts receivable	8,700	The sales prices and payment terms are not significantly different from other customers	-%
4	Aqua Ways	Nano Bit	3	Sales revenue	2,085	The sales prices and payment terms are not significantly different from other customers	-%
"	"	"	3	Accounts receivable	1,059	The sales prices and payment terms are not significantly different from other customers	-%
6	Mega-Power	Nano Bit	3	Other financial assets - current	70,000	Interest rate of 3%, to be repaid within one year since the borrowing date.	-%
7	Guangdong Ways	Shanghai Zhuzhijia	3	Other financial assets - current	34,928	Interest rate of 6%, to be repaid within one year since the borrowing date.	1%

Note 1: Businesses are coded as follows:

1. The parent company is coded "0".

2. The subsidiaries are coded sequentially beginning from "1" one by one.

Note 2: The types of relations with the counterparty are indicated as follows:

1. Parent company to a subsidiary

2. Subsidiary to the parent company

3. Subsidiary to a subsidiary

Note 3: For the business relationship and significant transactions between parent company and subsidiary, only the sales, accounts receivable and loaning of funds to others are disclosed, and the corresponding transaction accounts are not to be described.

(II) Information on Investees:

Information on the Group's investees in 2024 (excluding the investees in China)

Unit: thousand shares/NT\$ thousand

Investor	Investee	Location	Main businesses	Initial investment amount		Holdings at the end of period			Highest shareholding during the 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	Number of shares	Ratio			
The Company	Ways Technical	Independent State of Samoa	Investment holding company	574,488	574,488	18,469	100%	237,090	18,469	100%	(248)	(248)	Subsidiary, Note 1
"	Ways Holdings	Hong Kong	Investment holding company	663,056	663,056	20,610	100%	(134,239)	20,610	100%	(30,970)	(30,970)	Subsidiary, Note 1
"	Mega-Power	R.O.C.	Manufacturing and processing of plastic products	506,298	506,298	23,500	100%	678,566	23,500	100%	59,005	60,103	Subsidiary, Note 1
"	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%	(231,475)	27,410	76.14%	(9,238)	(6,643)	Subsidiary, Note 1
"	Aqua Ways	R.O.C.	Sales, manufacturing and processing of daily necessities, plumbing materials, coating materials and plastic products.	131,000	121,000	19,049	100%	(34,098)	19,049	100%	(22,167)	(22,166)	Subsidiary, Note 1
"	O-VIEW TECHNOLOGY	R.O.C.	Machinery and equipment, mold manufacturing and wholesale	22,202	22,202	1,767	21.66%	42,600	1,767	21.66%	(10,471)	(2,268)	
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%	13,219	900	45%	(4,974)	(2,238)	
"	Yong Wei Technology	Independent State of Samoa	Investment holding company	-	-	-	100%	-	-	100%	-	-	Subsidiary, Note 1
"	Yong Neng Technology	Independent State of Samoa	Investment holding company	-	-	-	100%	-	-	100%	-	-	Subsidiary, Note 1
Mega-Power	Excel	Independent State of Samoa	Investment holding company	107,272	107,272	3,045	100%	102,408	3,045	100%	705	(2,868)	Subsidiary, Note 1

Note 1: The transactions at the left have been eliminated when the consolidated financial statements were prepared.

Notes to the consolidated financial statements of Ways Technical Corp. Ltd. and its subsidiaries (continued)

(III) Information on Investment in Mainland China:

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

Unit: NT\$ thousand

Investee	Principal business	Paid-in capital	Investment method	Cumulative investment remitted from Taiwan at the beginning of period	Cumulative amount of investment remitted or recovered in current period		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	Highest shareholding during the 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	557,345 (USD 17,000)	Indirectly invested through the investments at third places	557,345 (USD 17,000)	-	-	557,345 (USD 17,000)	(31,226)	100.00%	(31,226)	(147,553)	100.00%	-
Shanghai Zhuzhijia	3C hardware stamping parts	446,925 (USD 10,360)	Indirect investment by investor in a third place and indirect investment by subsidiaries or sub-subsidiaries	(Note 3)	-	-	(Note 3)	1,410	100.00%	(2,163)	111,609	100.00%	-
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	41,793 (CNY 9,333)	"	(Note 4)	-	-	(Note 4)	(5,969)	70.00%	(5,523)	25,639	70.00%	-
Junsu Electronic	Engaging in research and development, production, and sales of mobile phone panels, molds, plastic products, hardware products and electronic parts and components, communication terminal products, and mobile phones	44,780 (CNY 10,000)	"	(Note 4)	-	-	(Note 4)	-	10.00%	-	-	10.00%	-
Guangdong Ways	Research and experimental development	(Note 5)	Direct investment from the parent company's own funds	(Note 5)	-	-	(Note 5)	-	77.50%	-	-	77.50%	-

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 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.	1,326,776 (USD40,469)	1,422,869 (USD43,400)	381,787 (註2)
Mega-Power	344,243 (USD10,500)	396,535 (USD12,095)	452,675

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" and "Business relations and important transactions between parent company and subsidiaries" for the direct or indirect significant transactions between the Group and the investees in China during 2024, which have been written off when the consolidated financial statements were prepared.

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

XIV. Information on Operating Segments

(I) General information

The Group has two reportable departments: the Taiwan Business Group and the China Business Group, engaging in related businesses described in Note 1 by region.

(II) Information on reportable segment income, segment assets, and their measurement basis

- The amounts of the reportable departments of the Group are consistent to the reports used by the operation decision-maker. Please refer to Note 4 for the accounting policy of the operating departments. The profit and loss before tax of the operating departments are provided to operation decision-makers as a measurement basis for evaluating performance.
- The information and adjustment of the Group's operating segments are as follows:

2024				
	Taiwan Business Group	China Business Group	Adjustment and elimination	Total
Revenue				
Revenue from external customers	\$ 543,957	105,235	-	649,192
Revenue from other segments	-	-	-	-
	<u>\$ 543,957</u>	<u>105,235</u>	<u>-</u>	<u>649,192</u>
Departmental profit and loss before tax	<u>\$ (139,267)</u>	<u>(31,977)</u>	<u>-</u>	<u>(171,244)</u>
Departmental total assets				<u>\$ 2,779,566</u>

	2023			
	Taiwan Business Group	China Business Group	Adjustment and elimination	Total
Revenue				
Revenue from external customers	\$ 638,256	131,790	-	770,046
Revenue from other segments	-	-	-	-
	<u>\$ 638,256</u>	<u>131,790</u>	<u>-</u>	<u>770,046</u>
Departmental profit and loss before tax	<u>\$ (174,093)</u>	<u>(29,367)</u>	<u>-</u>	<u>(203,460)</u>
Departmental total assets				<u>\$ 2,908,146</u>

3. Information by geographic areas:

The Group's information by geographic areas is as follows. The information on revenues is based on the geographical locations of customers. The information on non-current assets is based on the geographical location of assets.

(1) Revenue from external customers:

<u>Area</u>	2024	2023
Taiwan	\$ 526,025	588,847
China	111,250	175,211
Others	11,917	5,988
	<u>\$ 649,192</u>	<u>770,046</u>

(2) Non-current assets:

<u>Area</u>	2024.12.31	2023.12.31
Taiwan	\$ 1,185,856	1,225,264
China	76,293	47,752
	<u>\$ 1,262,149</u>	<u>1,273,016</u>

4. Information of major customers:

The details of sales to customers accounting for more than 10% of the sales revenue from external customers in the statement of income are as follows:

	2024	2023
Company B	\$ 290,188	304,085
Company J	25,244	78,448
	<u>\$ 315,432</u>	<u>382,533</u>