

## Attachment 3

### Independent Auditors' Report and Financial Statements

#### Independent Auditors' Report

To the Board of Directors of GlobalWafers Co., Ltd.:

#### Opinion

We have audited the consolidated financial statements of GlobalWafers Co., Ltd. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC"), and the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' 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 Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

##### 1. Revenue recognition

Please refer to note 4(15) "Revenue recognition" for accounting policy and note 6(19) "Revenue from contracts with customers" of the consolidated financial statements for further information.

Description of key audit matter:

The Group's revenues are derived from the sales of semiconductor materials and components. Revenue recognition is also dependent on whether the specified sales terms in each individual contract are met. In consideration of the high volume of sales transactions generated from world-wide operations, and because of different sales terms and the triangular trade within the group companies, it is more important to identify the timing of revenue recognition. As such, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding of revenue recognition policies and assessing whether revenue recognition policies are appropriate based on sales terms and revenue recognition criteria; understanding the design and process of implementation of internal controls and testing operating effectiveness; testing selected sales samples and agreeing to customer orders, delivery note and related documentation supporting sales recognition; testing sales cut-off, on a sample basis, for transactions incurred within a certain period before or after the balance sheet date by reviewing related sales terms, inspecting delivery documents, and other related supporting document to evaluate whether the revenue was recorded in proper period.

2. Goodwill impairment assessment

Please refer to the note 4(13) "Impairment of non-financial assets" for accounting policy, note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" for goodwill impairment assessment, and note 6(9) "Intangible assets" for further details.

Description of key audit matter:

The Group is in a capital intensive industry, with goodwill arising from business combinations. Moreover, the Group operates in an industry in which the operations are easily influenced by various external factors, such as market conditions and governmental policies. Therefore, the assessment of impairment of goodwill is critical. The assessment procedures, including identification of cash-generating units, valuation models, selection of key assumptions and calculations of recoverable cash inflows, depend on the management's subjective judgments, which contained uncertainty in accounting estimations. Consequently, this is one of the key areas in our audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included assessing triggering events identified by the management for impairment indicators existing in a cash-generating unit, assessing whether the assumptions used for evaluating the recoverable amount are reasonable; evaluating the achievement of prior year financial forecasts; inspecting the calculations of recoverable amounts; assessing the assumptions used for calculating recoverable amounts and cash flow projections; performing sensitivity analysis based on key factors; assessing whether the accounting policies for goodwill impairment test and other relevant information have been appropriately disclosed.

**Other Matter**

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion.

## **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 with the IFRSs, IASs, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit 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. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partners on the audit resulting in this independent auditors' report are An-Chin Cheng and Mei-Yu Tseng.

KPMG

Taipei, Taiwan (Republic of China)  
March 14, 2023

#### **Notes to Readers**

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

**GlobalWafers Co., Ltd. and subsidiaries**

**Consolidated Balance Sheets**

**December 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

		<b>December 31, 2022</b>		<b>December 31, 2021</b>				<b>December 31, 2022</b>		<b>December 31, 2021</b>	
<b>Assets</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>			<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>											
1100	Cash and cash equivalents (note 6(1))	\$ 80,490,723	48	65,894,422	44			\$ 6,544,000	4	6,264,000	4
1110	Financial assets at fair value through profit or loss — current (note 6(2))	32,415	-	3,450	-	2100	Short-term borrowings (note 6(11))	-	-	198,479	-
1170	Notes and accounts receivable, net (note 6(4))	10,074,844	6	9,048,069	6	2120	Financial liabilities at fair value through profit or loss — current (note 6(2))	10,311,903	6	7,322,051	5
1180	Accounts receivable due from related parties, net (note 7)	85,299	-	69,645	-	2130	Contract liabilities — current (note 6(19))	4,038,089	2	4,032,930	3
130X	Inventories (note 6(5))	8,535,236	5	7,295,021	5	2170	Notes and accounts payable	138,112	-	307,520	-
1476	Other financial assets — current (notes 6(1) and 9)	8,473,643	5	3,753,000	2	2180	Accounts payable to related parties (note 7)	2,702,368	1	2,403,861	2
1479	Other current assets (notes 6(10) and 7)	<u>1,905,571</u>	<u>1</u>	<u>2,600,908</u>	<u>2</u>	2201	Payroll and bonus payable	2,829,041	2	3,481,896	3
	<b>Total current assets</b>	<u>109,597,731</u>	<u>65</u>	<u>88,664,515</u>	<u>59</u>	2216	Dividends payable	4,887,206	3	2,111,964	1
<b>Non-current assets:</b>						2230	Current tax liabilities	<u>4,342,929</u>	<u>3</u>	<u>4,935,594</u>	<u>3</u>
1513	Financial assets at fair value through profit or loss — non-current (note 6(2))	9,331,720	6	18,368,712	12	2399	Other current liabilities (note 6(13))	<u>35,793,648</u>	<u>21</u>	<u>31,058,295</u>	<u>21</u>
1517	Financial assets at fair value through other comprehensive income — non-current (note 6(3))	159,347	-	185,073	-		<b>Total current liabilities</b>				
1550	Investments accounted for using equity method (note 6(6))	941,383	1	1,691,344	1	2527	<b>Non-Current liabilities:</b>				
1600	Property, plant and equipment (notes 6(7), 7 and 8)	39,487,086	23	33,943,256	23	2500	Contract liabilities — non-current (note 6(19))	28,015,908	17	21,312,889	14
1755	Right-of-use assets (note 6(8))	606,754	-	705,346	-		Financial liabilities at fair value through profit or loss — non-current (notes 6(2), (12) and 8)	466,831	-	178,637	-
1780	Intangible assets (note 6(9))	2,370,157	1	2,365,551	2	2530	Convertible bonds payable (note 6(12))	23,793,835	14	26,143,969	17
1840	Deferred tax assets (note 6(15))	2,545,436	1	1,887,241	1	2531	Ordinary bonds payable (note 6(12))	18,986,110	11	18,980,771	13
1980	Other financial assets — non-current (notes 7, 8 and 9)	178,366	-	1,328,297	1	2570	Deferred tax liabilities (note 6(15))	4,588,911	3	4,797,611	3
1900	Other non-current assets (note 6(10))	<u>4,277,998</u>	<u>3</u>	<u>1,505,641</u>	<u>1</u>	2670	Other non-current liabilities (note 6(13))	1,987,402	1	705,286	1
	<b>Total non-current assets</b>	<u>59,898,247</u>	<u>35</u>	<u>61,980,461</u>	<u>41</u>	2640	Net defined benefit liabilities (note 6(14))	<u>1,539,328</u>	<u>1</u>	<u>1,836,015</u>	<u>1</u>
							<b>Total non-current liabilities</b>	<u>79,378,325</u>	<u>47</u>	<u>73,955,178</u>	<u>49</u>
							<b>Total liabilities</b>	<u>115,171,973</u>	<u>68</u>	<u>105,013,473</u>	<u>70</u>
							<b>Equity (note 6(16)):</b>				
							Equity attributable to shareholders of GlobalWafers Co., Ltd.:				
						3110	Ordinary share	<u>4,352,370</u>	<u>3</u>	<u>4,372,500</u>	<u>3</u>
						3200	Capital surplus	<u>23,819,388</u>	<u>14</u>	<u>25,174,389</u>	<u>16</u>
							Retained earnings:				
						3310	Legal reserve	6,550,566	4	5,349,684	4
						3320	Special reserve	6,135,557	3	1,734,138	1
						3350	Unappropriated retained earnings	<u>20,012,822</u>	<u>12</u>	<u>15,713,128</u>	<u>10</u>
								<u>32,698,945</u>	<u>19</u>	<u>22,796,950</u>	<u>15</u>
								<u>(6,546,698)</u>	<u>(4)</u>	<u>(6,135,557)</u>	<u>(4)</u>
						3400	Other equity interest	-	-	(576,779)	-
						3500	Treasury shares				
							<b>Total equity</b>	<u>54,324,005</u>	<u>32</u>	<u>45,631,503</u>	<u>30</u>
<b>Total assets</b>		<u><u>\$ 169,495,978</u></u>	<u><u>100</u></u>	<u><u>150,644,976</u></u>	<u><u>100</u></u>		<b>Total liabilities and equity</b>	<u><u>\$ 169,495,978</u></u>	<u><u>100</u></u>	<u><u>150,644,976</u></u>	<u><u>100</u></u>

See accompanying notes to consolidated financial statements.

**GlobalWafers Co., Ltd. and subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2022 and 2021**

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

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue</b> (notes 6(19) and 7)	\$ 70,286,871	100	61,130,592	100
5000	<b>Operating costs</b> (notes 6(5), (20) and 7)	<u>39,945,282</u>	<u>57</u>	<u>37,844,704</u>	<u>62</u>
	<b>Gross profit from operations</b>	<u>30,341,589</u>	<u>43</u>	<u>23,285,888</u>	<u>38</u>
	<b>Operating expenses</b> (notes 6(20) and 7):				
6100	Selling expenses	1,651,407	2	1,440,578	2
6200	Administrative expenses	1,608,417	2	2,082,733	4
6300	Research and development expenses	2,089,325	3	2,069,507	3
6450	Expected credit losses (gains) (note 6(4))	<u>9,427</u>	<u>-</u>	<u>(322)</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>5,358,576</u>	<u>7</u>	<u>5,592,496</u>	<u>9</u>
	<b>Net operating income</b>	<u>24,983,013</u>	<u>36</u>	<u>17,693,392</u>	<u>29</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (note 6(21))	1,143,269	2	142,808	-
7020	Other gains and losses (notes 6(21) and 7)	(5,537,537)	(8)	(1,083,006)	(2)
7050	Finance costs (notes 6(12), (21) and 7)	<u>(481,817)</u>	<u>(1)</u>	<u>(307,741)</u>	<u>(1)</u>
		<u>(4,876,085)</u>	<u>(7)</u>	<u>(1,247,939)</u>	<u>(3)</u>
	<b>Income before income tax</b>	20,106,928	29	16,445,453	26
7950	Less: income tax expense (note 6(15))	<u>4,739,542</u>	<u>7</u>	<u>4,575,416</u>	<u>7</u>
	<b>Net income</b>	<u>15,367,386</u>	<u>22</u>	<u>11,870,037</u>	<u>19</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss:</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	58,985	-	173,476	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>(31,223)</u>	<u>-</u>	<u>83,598</u>	<u>-</u>
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	<u>(746,960)</u>	<u>(2)</u>	<u>453,930</u>	<u>1</u>
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(15))	<u>11,797</u>	<u>-</u>	<u>34,695</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>(730,995)</u>	<u>(2)</u>	<u>676,309</u>	<u>1</u>
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign operations (note 6(6))	406,126	1	(6,158,184)	(10)
8399	Less: income tax related to components of other comprehensive income that may be reclassified to profit or loss (note 6(15))	<u>(39,084)</u>	<u>-</u>	<u>1,219,237</u>	<u>(2)</u>
	Total items that may be reclassified subsequently to profit or loss	<u>367,042</u>	<u>1</u>	<u>(4,938,947)</u>	<u>(8)</u>
8300	<b>Other comprehensive income (after tax)</b>	<u>(363,953)</u>	<u>(1)</u>	<u>(4,262,638)</u>	<u>(7)</u>
	<b>Total comprehensive income</b>	<u>\$ 15,003,433</u>	<u>21</u>	<u>7,607,399</u>	<u>12</u>
	<b>Earnings per share (NT Dollars) (note 6(18))</b>				
	Basic earnings per share	<u>\$ 35.31</u>		<u>27.27</u>	
	Diluted earnings per share	<u>\$ 34.36</u>		<u>25.97</u>	

See accompanying notes to consolidated financial statements.

**GlobalWafers Co., Ltd. and subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to shareholders of GlobalWafers Co., Ltd.										
	Retained earnings						Other equity interest				
							Exchange differences on translation of foreign financial statements	Gains (losses) from equity instrument measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings					
<b>Balance at January 1, 2021</b>	<u>\$ 4,372,500</u>	<u>23,470,919</u>	<u>4,060,325</u>	<u>2,291,256</u>	<u>12,270,817</u>	<u>18,622,398</u>	<u>(2,591,201)</u>	<u>857,063</u>	<u>(1,734,138)</u>	<u>(576,779)</u>	<u>44,154,900</u>
Net income for the year	-	-	-	-	11,870,037	11,870,037	-	-	-	-	11,870,037
Other comprehensive income for the year	-	-	-	-	138,781	138,781	(4,938,947)	537,528	(4,401,419)	-	(4,262,638)
Comprehensive income for the year	-	-	-	-	12,008,818	12,008,818	(4,938,947)	537,528	(4,401,419)	-	7,607,399
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	1,289,359	-	(1,289,359)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(7,834,266)	(7,834,266)	-	-	-	-	(7,834,266)
Reversal of special reserve	-	-	-	(557,118)	557,118	-	-	-	-	-	-
Equity component of convertible bonds	-	1,703,470	-	-	-	-	-	-	-	-	1,703,470
<b>Balance at December 31, 2021</b>	<u>4,372,500</u>	<u>25,174,389</u>	<u>5,349,684</u>	<u>1,734,138</u>	<u>15,713,128</u>	<u>22,796,950</u>	<u>(7,530,148)</u>	<u>1,394,591</u>	<u>(6,135,557)</u>	<u>(576,779)</u>	<u>45,631,503</u>
Net income for the year	-	-	-	-	15,367,386	15,367,386	-	-	-	-	15,367,386
Other comprehensive income for the year	-	-	-	-	47,188	47,188	367,042	(778,183)	(411,141)	-	(363,953)
Comprehensive income for the year	-	-	-	-	15,414,574	15,414,574	367,042	(778,183)	(411,141)	-	15,003,433
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	1,200,882	-	(1,200,882)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	4,401,419	(4,401,419)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(5,216,142)	(5,216,142)	-	-	-	-	(5,216,142)
Additional paid-in capital resulting from assets donated	-	6	-	-	-	-	-	-	-	-	6
Distribution of cash dividends using capital surplus	-	(1,094,795)	-	-	-	-	-	-	-	-	(1,094,795)
Cancellation of treasury shares	(20,130)	(260,212)	-	-	(296,437)	(296,437)	-	-	-	576,779	-
<b>Balance at December 31, 2022</b>	<u>\$ 4,352,370</u>	<u>23,819,388</u>	<u>6,550,566</u>	<u>6,135,557</u>	<u>20,012,822</u>	<u>32,698,945</u>	<u>(7,163,106)</u>	<u>616,408</u>	<u>(6,546,698)</u>	<u>-</u>	<u>54,324,005</u>

See accompanying notes to consolidated financial statements.

**GlobalWafers Co., Ltd. and subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 20,106,928	16,445,453
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expenses	5,883,062	5,686,691
Amortization expenses	197,447	210,393
Expected credit losses (gains)	9,427	(322)
Net loss on financial assets or liabilities at fair value through profit or loss	9,745,073	341,769
Interest expense	481,817	307,741
Interest income	(1,143,269)	(142,808)
Dividend income	(404,218)	(284,293)
Shares of profit of associates accounted for using equity method	(60,359)	(68,396)
Gain on disposal of property, plant and equipment	(109,323)	(15,269)
Impairment loss on non-financial assets	37,776	-
Provisions for inventory valuation (reversal of gains)	10,490	(19,493)
Gain on lease modification	(26)	-
<b>Total adjustments</b>	<u>14,647,897</u>	<u>6,016,013</u>
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable (including related parties)	(1,052,173)	(1,079,657)
Inventories	(1,259,059)	(18,577)
Prepayments for purchase of materials	1,682,120	(2,680,114)
Other operating assets	(426,475)	24,643
Other financial assets	1,322	(8,739)
<b>Total changes in operating assets</b>	<u>(1,054,265)</u>	<u>(3,762,444)</u>
Contract liabilities	7,096,975	12,544,383
Notes and accounts payable (including related parties)	4,998	382,470
Net defined benefit liabilities	(240,007)	(428,837)
Other operating liabilities	(1,476,875)	927,065
<b>Total changes in operating liabilities</b>	<u>5,385,091</u>	<u>13,425,081</u>
<b>Total changes in operating assets and liabilities</b>	<u>4,330,826</u>	<u>9,662,637</u>
<b>Total adjustments</b>	<u>18,978,723</u>	<u>15,678,650</u>
Cash inflow generated from operations	39,085,651	32,124,103
Interest received	1,062,056	120,737
Dividends received	404,218	284,293
Interest paid	(139,885)	(62,258)
Income taxes paid	(2,845,660)	(3,165,314)
<b>Net cash flows from operating activities</b>	<u>37,566,380</u>	<u>29,301,561</u>

(Continued)

See accompanying notes to consolidated financial statements.



**GlobalWafers Co., Ltd. and subsidiaries**  
**Consolidated Statements of Cash Flows(Continued)**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	\$ (3,677)	-
Acquisition of financial assets at fair value through profit or loss	(28,578)	(13,579,261)
Proceeds from disposal of financial assets at fair value through profit or loss	8,572	124
Cash dividends from associates accounted for using equity method	61,529	33,158
Acquisition of property, plant and equipment, and prepayments of equipment	(12,358,186)	(5,590,544)
Proceeds from disposal of property, plant and equipment	116,282	64,104
Acquisition of intangible assets	(6,479)	(6,256)
Decrease (increase) in other financial assets	(3,490,821)	798,254
<b>Net cash flows used in investing activities</b>	<u>(15,701,358)</u>	<u>(18,280,421)</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	280,000	(3,607,000)
Proceeds from issuing bonds	-	46,812,845
Repayments of bonds	(2,748,404)	-
Increase (decrease) in guarantee deposits received	1,403,599	(35,031)
Payment of lease liabilities	(167,566)	(180,213)
Cash dividends paid	(6,963,792)	(7,834,266)
Additional paid-in capital resulting from assets donated	6	-
<b>Net cash flows from (used in) financing activities</b>	<u>(8,196,157)</u>	<u>35,156,335</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>927,436</u>	<u>(2,722,534)</u>
<b>Net increase in cash and cash equivalents</b>	14,596,301	43,454,941
<b>Cash and cash equivalents at beginning of period</b>	<u>65,894,422</u>	<u>22,439,481</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>\$ 80,490,723</u></u>	<u><u>65,894,422</u></u>

## **Independent Auditors' Report**

To the Board of Directors of GlobalWafers Co., Ltd. :

### **Opinion**

We have audited the parent-company-only financial statements of GlobalWafers Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

#### **1. Revenue recognition**

Please refer to note 4(15) "Revenue recognition" for accounting policy and note 6(17) "Revenue from contracts with customers" of the parent-company-only financial statements for further information.

Description of key audit matter:

The Company's revenues are derived from the sales of semiconductor materials and components. Revenue recognition is also dependent on whether the specified sales terms in each individual contract are met. In consideration of the high volume of sales transactions generated from world-wide operations, and because of different sales terms and the triangular trade within the group companies, it is more important to identify the timing of revenue recognition. As such, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding of revenue recognition policies and assessing whether revenue recognition policies are appropriate based on sales terms and revenue recognition criteria; understanding the design and process of implementation of internal controls and testing operating effectiveness; testing selected sales samples and agreeing to customer orders, delivery note and related documentation supporting sales recognition; testing sales cut-off, on a sample basis, for transactions incurred within a certain period before or after the balance sheet date by reviewing related sales terms, inspecting delivery documents, and other related supporting document to evaluate whether the revenue was recorded in proper period.

2. Evaluation of investments accounted for using equity method

Please refer to the note 4(9) "Investment in subsidiaries" for accounting policy; note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" for evaluation of investments accounted for using equity method; and note 6(6) "Investments accounted for using equity method" for further details.

Description of key audit matter:

The Company's investments accounted for using equity method were mainly the investments in subsidiaries acquired from business combinations. Moreover, the Company operates in an industry in which the operations are easily influenced by various external factors, such as market conditions. The assessment of subsidiaries' revenue recognition and impairment of goodwill arising from business combinations is crucial; therefore, it is considered to be one of the key areas in our audit.

How the matter was addressed in our audit:

Our audit procedures mainly included assessing triggering events identified by the management for impairment indicators existing in a cash generating unit; assessing whether the assumptions used for evaluating the recoverable amount are reasonable; evaluating the achievement of prior year's financial forecasts; reviewing the calculations of recoverable amounts of cash generating units; evaluating the assumptions used for calculating recoverable amounts and cash flow projections and performing sensitivity analysis based on key factors.

**Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit 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. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partners on the audit resulting in this independent auditors' report are An-Chih Cheng and Mei-Yu Tseng.

KPMG

Taipei, Taiwan (Republic of China)

March 14, 2023

#### **Notes to Readers**

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

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

**Balance Sheets**  
**December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

See accompanying notes to parent-company-only financial statements.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)  
GlobalWafers Co., Ltd.

**Statements of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

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

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue</b> (notes 6(17) and 7)	\$ 30,292,412	100	25,572,294	100
5000	<b>Operating costs</b> (notes 6(5), (18) and 7)	<u>16,261,985</u>	<u>54</u>	<u>14,997,282</u>	<u>59</u>
	<b>Gross profit from operations</b>	<u>14,030,427</u>	<u>46</u>	<u>10,575,012</u>	<u>41</u>
	<b>Operating expenses</b> (notes 6(18) and 7):				
6100	Selling expenses	574,393	2	487,616	2
6200	Administrative expenses	312,920	1	683,158	3
6300	Research and development expenses	1,333,853	4	1,269,218	5
6450	Expected credit loss (note 6(4))	-	-	-	-
	<b>Total operating expenses</b>	<u>2,221,166</u>	<u>7</u>	<u>2,439,992</u>	<u>10</u>
	<b>Net operating income</b>	<u>11,809,261</u>	<u>39</u>	<u>8,135,020</u>	<u>31</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (notes 6(19) and 7)	575,837	2	95,815	-
7020	Other gains and losses (notes 6(19) and 7)	3,955,756	13	(1,424,292)	(5)
7050	Finance costs (notes 6(11), (19) and 7)	(518,977)	(2)	(399,228)	(1)
	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method (note 6(6))	<u>1,640,402</u>	<u>5</u>	<u>7,790,051</u>	<u>30</u>
		<u>5,653,018</u>	<u>18</u>	<u>6,062,346</u>	<u>24</u>
	<b>Income before income tax</b>	<u>17,462,279</u>	<u>57</u>	<u>14,197,366</u>	<u>55</u>
7950	Less: income tax expense (note 6(13))	<u>2,094,893</u>	<u>7</u>	<u>2,327,329</u>	<u>9</u>
	<b>Net income</b>	<u>15,367,386</u>	<u>50</u>	<u>11,870,037</u>	<u>46</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss:</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(12))	42,657	-	8,242	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(31,223)	-	83,598	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method — components of other comprehensive income that will not be reclassified to profit or loss	(730,632)	(2)	619,164	2
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(13))	<u>11,797</u>	<u>-</u>	<u>34,695</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>(730,995)</u>	<u>(2)</u>	<u>676,309</u>	<u>2</u>
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign operations	406,126	1	(6,158,184)	(24)
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(13))	<u>39,084</u>	<u>-</u>	<u>(1,219,237)</u>	<u>(5)</u>
	Total items that may be reclassified subsequently to profit or loss	<u>367,042</u>	<u>1</u>	<u>(4,938,947)</u>	<u>(19)</u>
8300	<b>Other comprehensive income (after tax)</b>	<u>(363,953)</u>	<u>(1)</u>	<u>(4,262,638)</u>	<u>(17)</u>
	<b>Total comprehensive income</b>	<u>\$ 15,003,433</u>	<u>49</u>	<u>7,607,399</u>	<u>29</u>
	<b>Earnings per share (NT Dollars)</b> (note 6(16))				
	Basic earnings per share	<u>\$ 35.31</u>		<u>27.27</u>	
	Diluted earnings per share	<u>\$ 34.36</u>		<u>25.97</u>	

See accompanying notes to parent-company-only financial statements.

(English Translation of the Parent-Company-Only Financial Statements Originally Issued in Chinese)  
GlobalWafers Co., Ltd.

**Statements of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings						Other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Gains (losses) from equity instrument measured at fair value through other comprehensive income	Total	Treasury shares	Total equity
<b>Balance at January 1, 2021</b>	\$ 4,372,500	23,470,919	4,060,325	2,291,256	12,270,817	18,622,398	(2,591,201)	857,063	(1,734,138)	(576,779)	44,154,900
Net income for the year	-	-	-	-	11,870,037	11,870,037	-	-	-	-	11,870,037
Other comprehensive income for the year	-	-	-	-	138,781	138,781	(4,938,947)	537,528	(4,401,419)	-	(4,262,638)
Comprehensive income for the year	-	-	-	-	12,008,818	12,008,818	(4,938,947)	537,528	(4,401,419)	-	7,607,399
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	1,289,359	-	(1,289,359)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(7,834,266)	(7,834,266)	-	-	-	-	(7,834,266)
Reversal of special reserve	-	-	-	(557,118)	557,118	-	-	-	-	-	-
Equity component of convertible bonds	-	1,703,470	-	-	-	-	-	-	-	-	1,703,470
<b>Balance at December 31, 2021</b>	4,372,500	25,174,389	5,349,684	1,734,138	15,713,128	22,796,950	(7,530,148)	1,394,591	(6,135,557)	(576,779)	45,631,503
Net income for the year	-	-	-	-	15,367,386	15,367,386	-	-	-	-	15,367,386
Other comprehensive income for the year	-	-	-	-	47,188	47,188	367,042	(778,183)	(411,141)	-	(363,953)
Comprehensive income for the year	-	-	-	-	15,414,574	15,414,574	367,042	(778,183)	(411,141)	-	15,003,433
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	1,200,882	-	(1,200,882)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	4,401,419	(4,401,419)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(5,216,142)	(5,216,142)	-	-	-	-	(5,216,142)
Additional paid-in capital resulting from assets donated	-	6	-	-	-	-	-	-	-	-	6
Distribution of cash dividends using capital surplus	-	(1,094,795)	-	-	-	-	-	-	-	-	(1,094,795)
Cancellation of treasury shares	(20,130)	(260,212)	-	-	(296,437)	(296,437)	-	-	-	576,779	-
<b>Balance at December 31, 2022</b>	<b>\$ 4,352,370</b>	<b>23,819,388</b>	<b>6,550,566</b>	<b>6,135,557</b>	<b>20,012,822</b>	<b>32,698,945</b>	<b>(7,163,106)</b>	<b>616,408</b>	<b>(6,546,698)</b>	<b>-</b>	<b>54,324,005</b>

See accompanying notes to parent-company-only financial statements.