

GlobalWafers Co., Ltd. and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of GlobalWafers Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of GlobalWafers Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



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

KPMG

Taipei, Taiwan (Republic of China)
May 2, 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Balance Sheets

March 31, 2023, December 31, 2022, and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2023		December 31, 2022		March 31, 2022				March 31, 2023		December 31, 2022		March 31, 2022	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(1))	\$ 74,200,194	42	80,490,723	48	70,353,708	47	2100	Short-term borrowings (note 6(11))	\$ 7,723,950	4	6,544,000	4	6,384,000	4
1110	Financial assets at fair value through profit or loss—current (note 6(2))	9,295	-	32,415	-	2,425	-	2120	Financial liabilities at fair value through profit or loss—current (note 6(2))	2,037	-	-	-	87,128	-
1170	Notes and accounts receivable, net (note 6(4))	10,176,017	6	10,074,844	6	9,380,597	6	2130	Contract liabilities—current (note 6(20))	9,763,554	6	10,311,903	6	8,228,399	5
1180	Accounts receivable due from related parties, net (note 7)	76,582	-	85,299	-	55,413	-	2170	Notes and accounts payable	4,757,686	3	4,038,089	2	3,847,860	3
130X	Inventories (note 6(5))	9,233,274	5	8,535,236	5	7,495,675	5	2180	Accounts payable to related parties (note 7)	235,234	-	138,112	-	105,404	-
1476	Other financial assets—current (notes 6(1) and 9)	16,078,161	9	8,473,643	5	3,496,229	2	2201	Payroll and bonus payable	2,964,257	2	2,702,368	1	2,507,370	2
1479	Other current assets (notes 6(10) and 7)	<u>1,791,690</u>	<u>1</u>	<u>1,905,571</u>	<u>1</u>	<u>2,584,766</u>	<u>2</u>	2216	Dividends payable	-	-	2,829,041	2	-	-
	Total current assets	<u>111,565,213</u>	<u>63</u>	<u>109,597,731</u>	<u>65</u>	<u>93,368,813</u>	<u>62</u>	2230	Current tax liabilities	5,565,629	3	4,887,206	3	2,689,500	2
Non-current assets:								2322	Long-term borrowings, current portion (notes 6(12) and 8)	187,158	-	-	-	-	-
1513	Financial assets at fair value through profit or loss—non-current (note 6(2))	9,343,908	5	9,331,720	6	12,461,799	8	2399	Other current liabilities (note 6(14))	<u>5,166,738</u>	<u>3</u>	<u>4,342,929</u>	<u>3</u>	<u>3,242,824</u>	<u>2</u>
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(3))	175,397	-	159,347	-	199,677	-		Total current liabilities	<u>36,366,243</u>	<u>21</u>	<u>35,793,648</u>	<u>21</u>	<u>27,092,485</u>	<u>18</u>
1550	Investments accounted for using equity method (note 6(6))	1,093,639	1	941,383	1	1,260,326	1	Non-Current liabilities:							
1600	Property, plant and equipment (notes 6(7), 7 and 8)	42,873,364	24	39,487,086	23	34,994,814	24	2527	Contract liabilities—non-current (note 6(20))	27,332,594	16	28,015,908	17	24,878,434	17
1755	Right-of-use assets (note 6(8))	956,903	1	606,754	-	662,542	-	2540	Long-term borrowings (notes 6(12) and 8)	4,388,842	2	-	-	-	-
1780	Intangible assets (note 6(9))	2,332,025	1	2,370,157	1	2,365,616	2	2500	Financial liabilities at fair value through profit or loss—non-current (notes 6(2) and (13))	282,756	-	466,831	-	555,449	-
1840	Deferred tax assets	2,513,022	2	2,545,436	1	1,887,361	1	2530	Convertible bonds payable (note 6(13))	21,858,982	12	23,793,835	14	26,222,290	18
1980	Other financial assets—non-current (notes 7, 8 and 9)	183,471	-	178,366	-	1,092,246	1	2531	Ordinary bonds payable (note 6(13))	18,987,445	11	18,986,110	11	18,982,105	12
1900	Other non-current assets (note 6(10))	<u>4,933,969</u>	<u>3</u>	<u>4,277,998</u>	<u>3</u>	<u>1,512,433</u>	<u>1</u>	2570	Deferred tax liabilities	4,781,313	3	4,588,911	3	2,271,799	2
	Total non-current assets	<u>64,405,698</u>	<u>37</u>	<u>59,898,247</u>	<u>35</u>	<u>56,436,814</u>	<u>38</u>	2670	Other non-current liabilities (note 6(14))	2,288,489	1	1,987,402	1	686,911	-
								2640	Net defined benefit liabilities—non-current	<u>1,515,567</u>	<u>1</u>	<u>1,539,328</u>	<u>1</u>	<u>1,830,341</u>	<u>1</u>
									Total non-current liabilities	<u>81,435,988</u>	<u>46</u>	<u>79,378,325</u>	<u>47</u>	<u>75,427,329</u>	<u>50</u>
									Total liabilities	<u>117,802,231</u>	<u>67</u>	<u>115,171,973</u>	<u>68</u>	<u>102,519,814</u>	<u>68</u>
								Equity (note 6(17)):							
								Equity attributable to shareholders of GlobalWafers Co., Ltd.:							
								3110	Ordinary share	4,352,370	2	4,352,370	3	4,372,500	3
								3200	Capital surplus	23,819,388	14	23,819,388	14	25,174,389	17
								3300	Retained earnings	37,699,173	21	32,698,945	19	24,542,786	16
								3400	Other equity interest	(7,702,251)	(4)	(6,546,698)	(4)	(6,227,083)	(4)
								3500	Treasury shares	-	-	-	-	(576,779)	-
									Total equity	<u>58,168,680</u>	<u>33</u>	<u>54,324,005</u>	<u>32</u>	<u>47,285,813</u>	<u>32</u>
Total assets		<u>\$ 175,970,911</u>	<u>100</u>	<u>169,495,978</u>	<u>100</u>	<u>149,805,627</u>	<u>100</u>	Total liabilities and equity		<u>\$ 175,970,911</u>	<u>100</u>	<u>169,495,978</u>	<u>100</u>	<u>149,805,627</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2023 and 2022

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

		For the three months ended March 31,			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(20) and 7)	\$ 18,616,154	100	16,306,525	100
5000	Operating costs (notes 6(5), (21) and 7)	11,064,868	59	9,358,700	57
	Gross profit from operations	7,551,286	41	6,947,825	43
	Operating expenses (notes 6(21) and 7):				
6100	Selling expenses	373,291	2	398,040	2
6200	Administrative expenses	529,746	3	170,778	2
6300	Research and development expenses	525,367	3	486,993	3
6450	Expected credit losses (note 6(4))	20,252	-	707	-
	Total operating expenses	1,448,656	8	1,056,518	7
	Net operating income	6,102,630	33	5,891,307	36
	Non-operating income and expenses:				
7100	Interest income (note 6(22))	741,002	4	80,006	-
7020	Other gains and losses (notes 6(13), (22) and 7)	198,937	1	(5,553,119)	(34)
7050	Finance costs (notes 6(13), (22) and 7)	(157,141)	(1)	(114,507)	-
		782,798	4	(5,587,620)	(34)
	Income before income tax	6,885,428	37	303,687	2
7950	Less: income tax expense (benefit) (note 6(16))	1,885,200	10	(1,442,149)	(9)
	Net income	5,000,228	27	1,745,836	11
8300	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	16,032	-	14,604	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method (note 6(6))	128,031	1	(457,809)	(3)
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(16))	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	144,063	1	(443,205)	(3)
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign operations	(1,587,344)	(9)	424,099	3
8399	Less: income tax related to components of other comprehensive income that may be reclassified to profit or loss (note 6(16))	287,728	2	(72,420)	(1)
	Total items that may be reclassified subsequently to profit or loss	(1,299,616)	(7)	351,679	4
8300	Other comprehensive income (after tax)	(1,155,553)	(6)	(91,526)	1
	Total comprehensive income	\$ 3,844,675	21	1,654,310	12
	Earnings per share (NT Dollars) (note 6(19))				
9750	Basic earnings per share	\$ 11.49		4.01	
9850	Diluted earnings per share	\$ 10.69		4.01	

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

GlobalWafers Co., Ltd. and subsidiaries
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to shareholders of GlobalWafers Co., Ltd.										
	Retained earnings						Other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	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
Balance at January 1, 2022	\$ 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 period	-	-	-	-	1,745,836	1,745,836	-	-	-	-	1,745,836
Other comprehensive income for the period	-	-	-	-	-	-	351,679	(443,205)	(91,526)	-	(91,526)
Comprehensive income for the period	-	-	-	-	1,745,836	1,745,836	351,679	(443,205)	(91,526)	-	1,654,310
Balance at March 31, 2022	<u>\$ 4,372,500</u>	<u>25,174,389</u>	<u>5,349,684</u>	<u>1,734,138</u>	<u>17,458,964</u>	<u>24,542,786</u>	<u>(7,178,469)</u>	<u>951,386</u>	<u>(6,227,083)</u>	<u>(576,779)</u>	<u>47,285,813</u>
Balance at January 1, 2023	\$ 4,352,370	23,819,388	6,550,566	6,135,557	20,012,822	32,698,945	(7,163,106)	616,408	(6,546,698)	-	54,324,005
Net income for the period	-	-	-	-	5,000,228	5,000,228	-	-	-	-	5,000,228
Other comprehensive income for the period	-	-	-	-	-	-	(1,299,616)	144,063	(1,155,553)	-	(1,155,553)
Comprehensive income for the period	-	-	-	-	5,000,228	5,000,228	(1,299,616)	144,063	(1,155,553)	-	3,844,675
Balance at March 31, 2023	<u>\$ 4,352,370</u>	<u>23,819,388</u>	<u>6,550,566</u>	<u>6,135,557</u>	<u>25,013,050</u>	<u>37,699,173</u>	<u>(8,462,722)</u>	<u>760,471</u>	<u>(7,702,251)</u>	<u>-</u>	<u>58,168,680</u>

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2023	2022
Cash flows from operating activities:		
Income before income tax	\$ 6,885,428	303,687
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	1,600,981	1,414,911
Amortization expenses	4,165	49,324
Expected credit losses	20,252	707
Net (gains) loss on financial assets or liabilities at fair value through profit or loss	(64,095)	6,430,064
Interest expense	157,141	114,507
Interest income	(741,002)	(80,006)
Dividend income	(2,081)	-
Shares of profit of associates accounted for using equity method	(24,224)	(26,792)
Loss (gain) on disposal of property, plant and equipment	12,785	(46,842)
Provisions for inventory valuation	93,795	8,685
Total adjustments	<u>1,057,717</u>	<u>7,864,558</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(112,657)	(319,051)
Inventories	(789,399)	(210,039)
Prepayments for purchase of materials	169,264	144,120
Other operating assets	(179,356)	(123,413)
Other financial assets	21,174	23,918
Total changes in operating assets	<u>(890,974)</u>	<u>(484,465)</u>
Contract liabilities	(1,036,092)	3,655,483
Notes and accounts payable (including related parties)	(1,310,386)	(339,737)
Net defined benefit liabilities	(23,760)	(5,674)
Other operating liabilities	(113,202)	(1,962,596)
Total changes in operating liabilities	<u>(2,483,440)</u>	<u>1,347,476</u>
Total changes in operating assets and liabilities	<u>(3,374,414)</u>	<u>863,011</u>
Total adjustments	<u>(2,316,697)</u>	<u>8,727,569</u>
Cash inflow generated from operations	4,568,731	9,031,256
Interest received	698,865	73,182
Dividends received	2,081	-
Interest paid	(68,549)	(6,275)
Income taxes paid	(699,088)	(577,435)
Net cash flows from operating activities	<u>4,502,040</u>	<u>8,520,728</u>

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)
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GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows(Continued)

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$ -	(12,212)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,575	-
Acquisition of property, plant and equipment, and prepayments of equipment	(5,116,015)	(1,857,014)
Proceeds from disposal of property, plant and equipment	41,980	49,881
Acquisition of intangible assets	(1,317)	(1,501)
Decrease (increase) in other financial assets	(7,588,660)	475,727
Net cash flows used in investing activities	(12,661,437)	(1,345,119)
Cash flows from financing activities:		
Increase in short-term borrowings	1,179,950	120,000
Repayments of bonds	(2,029,803)	-
Increase in long-term borrowings	4,593,264	-
Increase in guarantee deposits received	7,324	-
Payment of lease liabilities	(43,343)	(45,961)
Cash dividends and capital surplus distribution	(2,829,041)	(3,481,896)
Net cash flows from (used in) financing activities	878,351	(3,407,857)
Effect of exchange rate changes on cash and cash equivalents	990,517	691,534
Increase (decrease) in cash and cash equivalents	(6,290,529)	4,459,286
Cash and cash equivalents at beginning of period	80,490,723	65,894,422
Cash and cash equivalents at end of period	\$ 74,200,194	70,353,708

See accompanying notes to consolidated financial statements.

GlobalWafers Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements
March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

GlobalWafers Co., Ltd. (the “Company”) had been a semiconductor operating unit of Sino-American Silicon Products Inc. (“SAS”) and the Company, along with its assets and liabilities, was spun off from SAS on October 1, 2011. The Company was incorporated in October 18, 2011, and authorized by the Hsinchu Science Park Bureau (HSPB). Its registered office is located at No. 8, Industrial East Road 2, Science-Based Park, Hsinchu, Taiwan (R.O.C.). As of March 31, 2023, the consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”). The Group engages mainly in the research, development, production, design, and sales of semiconductor ingots and wafers, and is also engaged in the technology and management consulting service for related products.

On December 2, 2016, the Group acquired the entire outstanding shares of SunEdison Semiconductor Limited (“SunEdison”), who was a semiconductor wafer fabrication and supplier, and had been leading silicon wafer designs since its inception. SunEdison's R&D and manufacturing strongholds spread over the United States, Europe and Asia, and also dedicated to developing the next generation high-performance semiconductor wafers. The Company expands its sales network and upgrades its research and development capability through this acquisition.

In order to simplify the operating structure of the Group, the Company merged with Taisil Electronic Materials Corporation (Taisil), a 99.99% equity held subsidiary, on February 1, 2020, wherein the Company became the existing company and Taisil as the dissolved entity, based on the resolution approved during the board meeting of the Company held on December 27, 2019.

The Company’s common shares have been listed on Taipei Exchange (“TPEX”) since September 25, 2015, and were delisted from the Emerging Market at the same date.

2. Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on May 2, 2023.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

GlobalWafers Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements

- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

- (2) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.</p> <p>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.</p>	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

GlobalWafers Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements

4. Summary of significant accounting policies:

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(2) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

Principles of preparation of the consolidated financial statements were the same as those of the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 4(3) of the consolidated financial statements for the year ended December 31, 2022.

B. List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	GlobalSemiconductor Inc. (GSI)	Investment activities	100%	100%	100%	
The Company	GlobalWafers Inc. (GWI)	Investment activities	- %	- %	100%	note (4)
The Company	GlobalWafers Japan Co., Ltd. (GWJ)	Manufacturing and trading of silicon wafers	100%	100%	100%	
The Company	GWafers Singapore Pte. Ltd. (GWafers Singapore)	Investment activities	- %	100%	100%	note (7)
The Company	Sunrise PV Four Co., Ltd. (SPV4)	Electricity activities	100%	100%	100%	

GlobalWafers Co., Ltd. and subsidiaries
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Name of Investor	Name of Subsidiary	Business	Percentage of Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	Sunrise PV Electric Power Five Co., Ltd. (SPVE5)	Electricity activities	100%	100%	100%	
The Company	GWC Captial Co., Ltd. (GWH)	Investment activities	100%	100%	100%	
The Company	GlobalWafers GmbH (GW GmbH)	Manufacturing and trading of silicon wafers	100%	100%	99.95%	note (2)
The Company	GlobalWafers B.V. (GWBV)	Investment activities	100%	100%	- %	note (6)
GSI	Kunshan Sino Silicon Technology Co., Ltd. (SST)	Processing and trading of ingots and wafers	100%	100%	100%	
GWJ	MEMC Japan Ltd. (MEMC Japan)	Manufacturing and trading of silicon wafers	100%	100%	100%	
SST	MEMC Electronic Materials Sdn Bhd (MEMC Sdn Bhd)	Research and development, manufacturing and trading of silicon wafers	100%	100%	100%	
SST	Kunshan SST Trading Co., Ltd. (KST)	Sales, marketing and trading activities	100%	100%	- %	note (3)
Gwafers Singapore	GlobalWafers Singapore Pte Ltd. (GWS)	Investment, marketing and trading activities	100%	100%	100%	note (1) and (7)
GWS	GWBV	Investment activities	- %	- %	100%	note (6)
GWBV	MEMC Electronic Materials, SpA (MEMC SpA)	Manufacturing and trading of silicon wafers	100%	100%	100%	
MEMC SpA	MEMC Electronic Materials France SarL (MEMC SarL)	Trading	100%	100%	100%	
GWBV	MEMC Korea Company (MEMC Korea)	Manufacturing and trading of silicon wafers	100%	100%	100%	

GlobalWafers Co., Ltd. and subsidiaries
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Name of Investor	Name of Subsidiary	Business	Percentage of Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
GWBV	MEMC Ipoh Sdn Bnd (MEMC Ipoh)	Manufacturing and trading of silicon wafers	100%	100%	100%	
GWBV	GlobiTech Incorporated (GTI)	Manufacturing and trading of epitaxial wafers and silicon wafers	100%	100%	100%	
GWBV	Topsil Globalwafers A/S (Topsil A/S)	Manufacturing and trading of silicon wafers	100%	100%	100%	
GWBV	GW GmbH	Manufacturing and trading of silicon wafers	- %	- %	0.05%	note (2)
GTI	MEMC LLC	Research and development, manufacturing and trading of silicon wafers	100%	100%	100%	
GTI	GlobalWafers America, LLC (GWA)	Manufacturing and trading of silicon wafers	100%	100%	- %	note (5)
Topsil A/S	Topsil Semiconductor sp z o.o. (Topsil PL)	Manufacturing and trading of silicon wafers	100%	100%	100%	

Note: The Group's organizational restructuring was as follows:

- (1) The original name was SunEdison.
- (2) GW GmbH was originally fully owned by GWBV. Based on the resolution approved during the board meeting of the Company held on March 15, 2022, the Company obtained the 99.95% equity of GW GmbH by directly increasing the capital of GW GmbH. In addition, the Company acquired the 0.05% equity of GW GmbH from GWBV on September 30, 2022. All related registration procedures and full payment concerning the above transaction had been completed and made, respectively, as of the reporting date.
- (3) KST was set up in May, 2022.
- (4) The liquidation of GWI has been completed in November, 2022.
- (5) GWA was set up in August, 2022.

GlobalWafers Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements

(6) In order to adjust the operating structure of the Group, the Company acquired the entire equity interests of GWBV held by GWS, based on the resolution approved during the board meeting of the Company held on September 1, 2022. The above transaction had been completed on November 7, 2022.

(7) GWafers Singapore and GWS merged on January 1, 2023. GWafers Singapore is the surviving company and was renamed to GWS.

C. Subsidiaries excluded from the consolidated financial statements: None.

(3) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(4) Income tax

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

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

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6. Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 6 of consolidated financial statements for the year ended December 31, 2022.

(1) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 7,294	11,779	6,142
Demand deposits	26,400,623	45,024,647	17,919,264
Time deposits	46,821,219	35,383,976	51,830,937
Repurchase agreement	971,058	70,321	597,365
	\$ 74,200,194	80,490,723	70,353,708

As of March 31, 2023, December 31, 2022, and March 31, 2022, the Group transferred time deposits to other financial assets— current due to liquidity considerations amounting to \$13,006,682 thousand, \$5,194,689 thousand and \$868,610 thousand.

Please refer to note 6(23) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(2) Financial assets and liabilities at fair value through profit or loss

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets measured at fair value through profit or loss— current:			
Forward exchange contracts	\$ 9,295	32,415	2,425
Financial assets measured at fair value through profit or loss— non-current:			
Privately offered funds	\$ 207,848	185,793	224,156
Overseas securities held	9,136,060	9,145,927	12,237,643
	\$ 9,343,908	9,331,720	12,461,799
Financial liabilities designated as at fair value through profit or loss— current:			
Forward exchange contracts	\$ 2,037	-	87,128

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	March 31, 2023	December 31, 2022	March 31, 2022
Financial liabilities designated as at fair value through profit or loss—non-current:			
Embedded derivatives of convertible bonds	\$ <u>282,756</u>	<u>466,831</u>	<u>555,449</u>

Please refer to note 6(23) for the amount remeasured at fair value through profit or loss.

For the three months ended March 31, 2023 and 2022, the dividends of \$2,081 thousand and \$0 thousand, respectively, were received from investments in financial assets mandatorily measured at fair value through profit or loss.

The Group uses derivative instruments to hedge certain currency risk arising from the Group's operating activities. The Group held the following derivative instruments, which were not qualified for hedge accounting, and accounted them as mandatorily measured at fair value through profit or loss financial assets and held-for-trading financial liabilities as of March 31, 2023, December 31, 2022, and March 31, 2022:

March 31, 2023			
	Contract amount (in thousands)	Currency	Maturity date
Forward exchange contracts sold	USD 36,450	USD to EUR	April 27, 2023~ June 28, 2023
December 31, 2022			
	Contract amount (in thousands)	Currency	Maturity date
Forward exchange contracts sold	USD 33,500	USD to EUR	January 27, 2023~ March 29, 2023
March 31, 2022			
	Contract amount (in thousands)	Currency	Maturity date
Forward exchange contracts sold	USD 29,550	USD to EUR	April 28, 2022~ May 27, 2022
Forward exchange contracts sold	USD 4,330	USD to KRW	April 29, 2022
Forward exchange contracts purchased	JPY 50,000	JPY to EUR	April 28, 2022
Forward exchange contracts purchased	JPY 198,557	JPY to KRW	April 29, 2022

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March 31, 2022			
	Contract amount (in thousands)	Currency	Maturity date
Forward exchange contracts purchased	EUR 492	EUR to KRW	April 29, 2022
Forward exchange contracts purchased	JPY 5,000,000	JPY to NTD	April 13, 2022~ May 26, 2022

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

	March 31, 2023	December 31, 2022	March 31, 2022
Equity investment in domestic entities	\$ 170,217	153,850	199,677
Equity investment in foreign entities	5,180	5,497	-
	\$ 175,397	159,347	199,677

The Group designated the equity investments shown above as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

The Group did not dispose its strategic investments for the three months ended March 31, 2023 and 2022; therefore, there were no transfers of any cumulative gain or loss within equity relating to these investments.

For market risk, please refer to note 6(23).

The financial assets mentioned above were not pledged as collateral.

(4) Notes and accounts receivable, net

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	\$ 117,810	116,617	128,826
Accounts receivable	10,094,871	9,974,690	9,259,246
Less: allowance for sales discounts and returns	(36,664)	(16,463)	(7,475)
	\$ 10,176,017	10,074,844	9,380,597

The Group applied the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

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The credit loss provision of power plant segment was determined as follows:

March 31, 2023			
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	\$ <u>8,535</u>	0%	<u>-</u>
December 31, 2022			
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	\$ <u>16,940</u>	0%	<u>-</u>
March 31, 2022			
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	\$ <u>15,288</u>	0%	<u>-</u>

The credit loss provision of semiconductor segment (including related parties) was determined as follows:

March 31, 2023			
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	\$ 10,104,090	0%	-
1 to 30 days past due	123,088	0%	-
31 to 60 days past due	17,343	6%	1,121
61 to 90 days past due	-	0%	-
91 to 120 days past due	3	0%	-
121 to 150 days past due	-	0%	-
151 to 180 days past due	24,459	100%	24,459
More than 181 days past due	11,084	100%	11,084
	<u>\$ 10,280,067</u>		<u>36,664</u>

GlobalWafers Co., Ltd. and subsidiaries
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	December 31, 2022		
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	\$ 9,885,215	0%	-
1 to 30 days past due	225,637	0%	-
31 to 60 days past due	12,273	0%	36
61 to 90 days past due	25,002	21%	5,335
91 to 120 days past due	4,353	99%	4,324
121 to 150 days past due	-	0%	-
151 to 180 days past due	-	0%	-
More than 181 days past due	6,768	100%	6,768
	\$ 10,159,248		16,463

	March 31, 2022		
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	\$ 9,329,767	0%	-
1 to 30 days past due	85,389	0%	-
31 to 60 days past due	5,499	13%	707
91 to 120 days past due	-	0%	-
121 to 150 days past due	-	0%	-
151 to 180 days past due	-	0%	-
More than 181 days past due	6,768	100%	6,768
	\$ 9,427,423		7,475

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

	2023	2022
Balance on January 1	\$ 16,463	6,768
Impairment losses recognized	20,252	707
Foreign exchange gains	(51)	-
Balance on March 31	\$ 36,664	7,475

The notes and accounts receivable mentioned above were not pledged as collateral.

GlobalWafers Co., Ltd. and subsidiaries
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(5) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	\$ 2,203,410	2,023,790	1,535,449
Work in progress	2,742,160	2,704,943	2,389,788
Raw materials	<u>4,287,704</u>	<u>3,806,503</u>	<u>3,570,438</u>
	<u>\$ 9,233,274</u>	<u>8,535,236</u>	<u>7,495,675</u>

Components of operating costs were as follows:

	For the three months ended March 31,	
	2023	2022
Cost of sales	\$ 10,938,485	9,324,388
Provisions for inventory valuation loss	93,795	8,685
Unallocated fixed manufacturing expense	<u>32,588</u>	<u>25,627</u>
	<u>\$ 11,064,868</u>	<u>9,358,700</u>

The inventories mentioned above were not pledged as collateral.

(6) Investments accounted for using equity method

A summary of financial information for investments accounted for using the equity method at the reporting date is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Associates	<u>\$ 1,093,639</u>	<u>941,383</u>	<u>1,260,326</u>

A. Associates

The associates of the Group accounted for using the equity method were individually insignificant, and their summarized financial information included in the consolidated financial statements of the Group was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
The carrying amount of investments in the individually insignificant associates	<u>\$ 1,093,639</u>	<u>941,383</u>	<u>1,260,326</u>

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	For the three months ended March 31,	
	2023	2022
Amount of individually insignificant associates' interests attributable to the Group:		
Net income	\$ 24,224	26,792
Other comprehensive income (loss)	128,031	(457,809)
Total	<u><u>\$ 152,255</u></u>	<u><u>(431,017)</u></u>

B. Collateral

The investments accounted for using equity method mentioned above were not pledged as collateral as of March 31, 2023 and 2022.

(7) Property, plant and equipment

A. The movements of cost and depreciation of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:						
Balance at January 1, 2023	\$ 2,709,962	17,277,541	45,740,095	6,190,254	6,502,735	78,420,587
Additions	4	4,198	8,068	198,107	5,328,965	5,539,342
Disposals	-	(21,398)	(267,846)	(13,866)	-	(303,110)
Reclassification	1,193	20,622	526,833	90,706	(559,927)	79,427
Transfer and others	-	-	8,003	(3,911)	-	4,092
Effect of changes in exchange rates	(67,829)	(237,181)	(1,046,510)	(59,173)	(59,900)	(1,470,593)
Balance at March 31, 2023	<u><u>\$ 2,643,330</u></u>	<u><u>17,043,782</u></u>	<u><u>44,968,643</u></u>	<u><u>6,402,117</u></u>	<u><u>11,211,873</u></u>	<u><u>82,269,745</u></u>
Balance at January 1, 2022	\$ 2,490,807	16,447,283	40,964,398	5,112,550	3,545,039	68,560,077
Additions	-	3,689	105,306	200,851	1,905,306	2,215,152
Disposals	-	(11,028)	(409,781)	(8,479)	-	(429,288)
Reclassification	-	75,569	1,322,218	22,470	(1,432,797)	(12,540)
Transfer and others	-	141	(6,299)	(25,536)	2,535	(29,159)
Effect of changes in exchange rates	10,480	19,949	(57,394)	42,000	6,558	21,593
Balance at March 31, 2022	<u><u>\$ 2,501,287</u></u>	<u><u>16,535,603</u></u>	<u><u>41,918,448</u></u>	<u><u>5,343,856</u></u>	<u><u>4,026,641</u></u>	<u><u>70,325,835</u></u>

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	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and equipment awaiting inspection	Total
Depreciation and impairment losses :						
Balance at January 1, 2023	\$ -	8,993,929	26,888,314	3,012,392	38,866	38,933,501
Depreciation for the year	-	164,506	1,285,043	110,699	-	1,560,248
Disposals	-	(18,935)	(254,140)	(13,857)	-	(286,932)
Reclassification and transfer	-	-	813	-	-	813
Effect of changes in exchange rates	-	(115,515)	(666,049)	(29,356)	(329)	(811,249)
Balance at March 31, 2023	<u>\$ -</u>	<u>9,023,985</u>	<u>27,253,981</u>	<u>3,079,878</u>	<u>38,537</u>	<u>39,396,381</u>
Balance at January 1, 2022	\$ -	8,325,376	23,745,674	2,545,771	-	34,616,821
Depreciation for the year	-	160,011	1,102,916	109,463	-	1,372,390
Disposals	-	(5,488)	(408,406)	(8,353)	-	(422,247)
Reclassification and transfer	-	-	(1)	-	-	(1)
Effect of changes in exchange rates	-	(48,573)	(207,910)	20,541	-	(235,942)
Balance at March 31, 2022	<u>\$ -</u>	<u>8,431,326</u>	<u>24,232,273</u>	<u>2,667,422</u>	<u>-</u>	<u>35,331,021</u>
Carrying amounts:						
Balance at January 1, 2023	<u>\$ 2,709,962</u>	<u>8,283,612</u>	<u>18,851,781</u>	<u>3,177,862</u>	<u>6,463,869</u>	<u>39,487,086</u>
Balance at March 31, 2023	<u>\$ 2,643,330</u>	<u>8,019,797</u>	<u>17,714,662</u>	<u>3,322,239</u>	<u>11,173,336</u>	<u>42,873,364</u>
Balance at January 1, 2022	<u>\$ 2,490,807</u>	<u>8,121,907</u>	<u>17,218,724</u>	<u>2,566,779</u>	<u>3,545,039</u>	<u>33,943,256</u>
Balance at March 31, 2022	<u>\$ 2,501,287</u>	<u>8,104,277</u>	<u>17,686,175</u>	<u>2,676,434</u>	<u>4,026,641</u>	<u>34,994,814</u>

B. Collateral

For the three months ended March 31, 2023 and 2022, the property, plant and equipment was pledged as collateral for credit lines. Please refer to note 8.

(8) Right-of-use assets

The Group leases many assets including land, buildings, machinery and other equipment. The carrying amounts of right-of-use assets were presented below:

	Land	Buildings	Machinery	Other equipment	Total
Carrying amounts:					
Balance at January 1, 2023	<u>\$ 468,834</u>	<u>62,964</u>	<u>112</u>	<u>74,844</u>	<u>606,754</u>
Balance at March 31, 2023	<u>\$ 459,454</u>	<u>55,838</u>	<u>71</u>	<u>441,540</u>	<u>956,903</u>
Balance at January 1, 2022	<u>\$ 510,281</u>	<u>72,289</u>	<u>243</u>	<u>122,533</u>	<u>705,346</u>
Balance at March 31, 2022	<u>\$ 500,216</u>	<u>65,111</u>	<u>214</u>	<u>97,001</u>	<u>662,542</u>

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There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the three months ended March 31, 2023 and 2022. Information on depreciation for the period is discussed in note 6(8). Please refer to note 6(8) to the 2022 annual consolidated financial statements for other related information.

(9) Intangible assets

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2023 and 2022. Information on amortization for the period is discussed in note 6(9). Please refer to note 6(9) to the 2022 annual consolidated financial statements for other related information.

(10) Other assets—current and non-current

	March 31, 2023	December 31, 2022	March 31, 2022
Prepayment for materials	\$ 1,410,420	1,579,684	3,117,684
Refundable tax and overpaid tax	876,953	701,430	556,698
Prepayments for equipment-non-current	3,903,731	3,376,588	-
Others	534,555	525,867	422,817
	<u><u>\$ 6,725,659</u></u>	<u><u>6,183,569</u></u>	<u><u>4,097,199</u></u>

(11) Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured borrowings	<u>\$ 7,723,950</u>	<u>6,544,000</u>	<u>6,384,000</u>
Unused credit lines	<u>\$ 34,892,224</u>	<u>35,256,279</u>	<u>28,510,028</u>
Range of interest rates at year end	<u>3.42%~3.51%</u>	<u>1.7%</u>	<u>0.2%</u>

The Group did not provide the bank with assets pledged as collateral for its short-term borrowings.

(12) Long-term borrowings

	March 31, 2023			
	Currency	Rate	Maturity	Amount
Secured bank loans	JPY	0.16%~0.28%	2026.1~2026.3	\$ 4,576,000
Less: current portion				(187,158)
Total				<u><u>\$ 4,388,842</u></u>

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(13) Bonds payable

The details of bonds payable were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured ordinary bonds	\$ 18,987,445	18,986,110	18,982,105
Unsecured convertible bonds	21,858,982	23,793,835	26,222,290
Total	<u><u>\$ 40,846,427</u></u>	<u><u>42,779,945</u></u>	<u><u>45,204,395</u></u>

- A. On April 21, 2021, the Group's Board of Directors resolved to issue the first unsecured ordinary bonds for the year ended December 31, 2021, and issued through the Taipei Fubon Commercial Bank Co., Ltd. on May 11, 2021. The Group issued the five-year unsecured ordinary bonds, amounting to \$6,500,000 thousand and the coupon rate is consistent with a fixed rate of 0.62% and with the maturity date on May 11, 2026.
- B. On April 21, 2021, the Group's Board of Directors resolved to issue the second unsecured ordinary bonds for the year ended December 31, 2021, and issued through the Taipei Fubon Commercial Bank Co., Ltd. on August 19, 2021. The Group issued the three-year and five-year unsecured ordinary bonds, amounting to \$12,500,000 thousand, which were divided into A and B bonds, depending on the different issuance conditions. The issuance amounts were \$7,100,000 thousand and \$5,400,000 thousand, respectively, with coupon rate 0.5% and 0.6%, and the maturity dates were August 19, 2024 and August 19, 2026, respectively.
- C. On April 21, 2021, the Group's Board of Directors resolved to issue the first unsecured overseas convertible bonds on the Singapore Exchange Limited, which had been approved by the Financial Supervisory Commission with approval No.1100342091 on May 19, 2021. The Group issued the five-year unsecured convertible bond, amounting to US\$1,000,000 thousand without coupon rate, with the maturity date on June 1, 2026.

The details of unsecured convertible bonds were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Total convertible bonds issued	\$ 22,703,268	24,787,249	27,565,891
Unamortized discounted convertible bonds payable	(844,286)	(993,414)	(1,343,601)
Cumulative converted amount	-	-	-
Convertible bonds balance at period-end	<u><u>\$ 21,858,982</u></u>	<u><u>23,793,835</u></u>	<u><u>26,222,290</u></u>
Embedded derivative – call and put options, included in financial liabilities at fair value through profit or loss	<u><u>\$ 282,756</u></u>	<u><u>466,831</u></u>	<u><u>555,449</u></u>

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	For the three months ended March 31,	
	2023	2022
Embedded derivatives – gain and losses of re-measurement of buy back rights and sell back rights based on fair value (listed on other gains and losses)	\$ <u>171,203</u>	<u>(376,812)</u>
Interest expense	\$ <u>68,057</u>	<u>78,320</u>

Except for early redemptions, repurchases and cancellations, exercise of conversion rights by the bondholders, statutory requirements and the cessation of transfer period as otherwise provided in the Trust Deed, from the day following the three months after the issuance of the bonds to (1) ten days before the maturity date or (2) the fifth business day prior to the date of early redemption of the bonds (hereinafter referred to as the "conversion period"), the bondholders may request the issuing company to convert the bonds into shares of common stock newly issued by the issuing company in accordance with the provisions of the relevant laws and the Trust Deed.

The conversion price was 140% of the closing price of the Company's common shares on the Taipei Exchange on the pricing date, which was NT\$1,040.20. The number of common shares to be delivered upon conversion of any bond will be determined by the principal amount of the bonds multiplied by the fixed exchange rate, which is NT\$27.912 to US\$1, which was determined on the pricing date and divided by the conversion price in effect on the date of conversion. After the issuance of the bonds, the conversion price shall be adjusted in accordance with the relevant anti-dilution provisions of the contract. However, due to the distribution of cash dividends by the Company, the conversion prices of the bonds have been adjusted from NT\$1,040.20 to NT\$1,028.46, NT\$1,028.46 to NT\$1,018.54, and NT\$1,018.54 to NT\$1,003.09 on July 22, 2021, January 13, 2022, and July 19, 2022, respectively, the days after the ex-dividend base dates, in accordance with the aforementioned provisions.

As of March 31, 2022, the adjustment to the conversion price of the bonds had been executed four times.

The above-mentioned convertible bonds included liabilities and equity components. The equity component was recognized as the capital surplus. The effective interest rate originally recognized for the liability component was 1.2%.

The Group redeemed the first unsecured overseas convertible bonds of US\$75,600 thousand and US\$0 thousand in three months ended March 31, 2023 and 2022, resulting in the invalid conversion right of \$128,782 thousand and \$0 thousand to be reclassified from capital surplus – share options to capital surplus – others. As of March 31, 2023, December 31, 2022, and March 31, 2022, the balance of the Group's first unsecured overseas convertible bonds amounted to US\$823,600 thousand, US\$899,200 thousand and US\$1,000,000 thousand.

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(14) Lease liabilities

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

	March 31, 2023	December 31, 2022	March 31, 2022
Current	\$ <u>144,027</u>	<u>87,167</u>	<u>124,546</u>
Non-current	\$ <u>817,772</u>	<u>523,261</u>	<u>542,122</u>

For the maturity analysis, please refer to note 6(23) "Financial instruments".

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2023	2022
Interest on lease liabilities	\$ <u>3,887</u>	<u>2,007</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>1,625</u>	<u>1,231</u>
Expenses relating to short-term leases	\$ <u>6,513</u>	<u>3,992</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>2,197</u>	<u>1,263</u>

The amounts recognized in the statement of cash flows were as follows:

	For the three months ended March 31,	
	2023	2022
Total cash outflow for leases	\$ <u>53,678</u>	<u>52,447</u>

Land leases' additional rent payments that are based on changes in local price indices and the public facilities construction costs re-invested annually in each park will be adjusted after being assessed.

(15) Employee benefits

A. Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

The expenses recognized in profit or loss for the Group were \$66,713 thousand and \$86,993 thousand for the three months ended March 31, 2023 and 2022.

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B. Defined contribution plans

The Company's domestic subsidiaries' pension costs incurred from contributions to the defined contribution plan were \$18,610 thousand and \$16,832 thousand for the three months ended March 31, 2023 and 2022, respectively. Such contributions were made to the Bureau of the Labor Insurance.

The total periodic pension costs of other subsidiaries were recognized as current expenses in accordance with the local regulations of their respective jurisdictions where they are domiciled.

The Group recognized the pension costs of \$73,133 thousand and \$63,928 thousand for its overseas subsidiaries three months ended March 31, 2023 and 2022, respectively.

(16) Income tax

The income tax expense of the Group is calculated by the profit before tax of interim reporting period multiply by the best estimated measurement of the expected effective tax rate by the management in all the year.

A. Income tax expense

The components of income tax expenses were as follows:

	For the three months ended March 31,	
	2023	2022
Income tax expense (benefit)	\$ <u><u>1,885,200</u></u>	<u><u>(1,442,149)</u></u>

The amounts of income tax (benefit) recognized in other comprehensive income were as follows:

	For the three months ended March 31,	
	2023	2022
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign financial statements	\$ <u><u>(287,728)</u></u>	<u><u>72,420</u></u>

B. Assessment of tax filings

As of March 31, 2023, income tax returns of the Company for the years through 2021 were assessed by the tax authority.

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(17) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to March 31, 2023 and 2022. For the related information, please refer to note 6(16) to the consolidated financial statements for the year ended December 31, 2022.

A. Ordinary shares

As of March 31, 2023, December 31, 2022, and March 31, 2022, the authorized ordinary shares of the Company amounted to \$6,000,000 thousand, which was divided into 600,000 thousand shares, with a par value of \$10 per share, of which \$200,000 thousand was reserved for employee stock options, convertible preferred stock, and convertible corporate bonds. Based on the resolution approved during the board meeting of the Company held on November 1, 2022, the treasury stocks amounting to \$20,130 thousand had been cancelled on November 2, 2022. The Company's issued and outstanding ordinary shares amounted to \$4,352,370 thousand, \$4,352,370 thousand and \$4,372,500 thousand as of March 31, 2023, December 31, 2022, and March 31, 2022, respectively.

The Company increased capital in GDRs of \$680,000 thousand, and issued 68,000 thousand shares of ordinary shares on the Luxembourg on April 26, 2017. The price issued per share was US\$6.9. The total issuance amount is US\$469,200 thousand. The cash increase was approved by the Financial Supervisory Commission and the record date of capital increase was on April 26, 2017. All shares issued were paid and registered. The total amount issued was equivalent to \$14,141,688 thousand on the day's closing exchange rates. The total premium amounting to \$13,355,424 thousand was recognized on capital surplus after deducting the related issuance cost of \$106,264 thousand.

B. Capital surplus

The balances of capital surplus were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Additional paid-in capital	\$ 22,206,259	22,206,259	23,406,252
Employee stock options	60,727	60,727	60,727
Equity component of convertible bonds	1,402,978	1,531,760	1,703,470
Difference between the consideration and the carrying amount of subsidiaries' share acquired or disposed	3,940	3,940	3,940
Additional paid-in capital resulting from assets donated	6	6	-
Other	145,478	16,696	-
	<u>\$ 23,819,388</u>	<u>23,819,388</u>	<u>25,174,389</u>

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According to the R.O.C. Company Act, capital surplus can firstly be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary shares or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus arising from premium on issuance of capital stock and the fair value of donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, to increase ordinary shares by transferring paid-in capital in excess of par value should not exceed 10% of the total ordinary shares outstanding.

According to the R.O.C Company Act Section 241, the capital surplus may be distributed as cash dividends or stock dividends to the shareholders in proportion to the number of shares held. Distribution of capital surplus, by way of cash dividends, should be approved by the Board of Directors in a meeting attended by two-thirds of the total number of directors, with half of the directors' agreement, and reported during the shareholders' meeting. The distribution of earnings through issuance of new shares shall be resolved during the stockholders' meeting.

Based on the resolutions approved during the board meetings held on December 6, 2022 and May 3, 2022, the cash dividends of \$537,518 thousand and \$557,277 thousand, at \$1.235 per share and \$1.2804 per share, respectively, had been distributed out of capital surplus. Related information is available at the Market Observation Post System.

C. Retained earnings

According to the Company's Articles of Incorporation. The proposal of surplus earning distribution or loss off-setting for the first half fiscal year, together with the business report and financial statements, shall be forwarded to the audit committee for auditing before the end of the second half of the fiscal year; thereafter, be submitted to the Board of Directors for approval.

Distribution of earnings, by way of cash, shall be approved in the Board of Directors meeting. The distribution of earnings through issuance of new shares shall be resolved in the stockholders' meeting.

According to the Company's Articles of Incorporation, earnings distribution on a semiannual basis shall be distributed in the following order:

- (a) Offset the cumulative deficits;
- (b) 10% of the current-period earning should be set aside for legal reserve, until the accumulated legal reserve equals the Company's issued capital;
- (c) Set aside special reserve in accordance with relevant laws or regulations or as requested by the authorities;

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- (d) After deducting items (a), (b), and (c) above from the earnings, the remaining undistributed earnings of current and previous years, if any, will be proposed for distribution by the Board of Directors. According to the R.O.C. Company Act Section 240(5), it was authorized that the distribution of earnings, in whole or in part by way of cash dividends, shall be made after a resolution has been approved by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors and the resolution is reported to shareholders in their meeting. If the distribution of earnings is made by issuance of new shares, wherein the resolution will be approved during the shareholders meeting.

After considering both the long-term development of the business and the goal of stable growth of earnings per share, the distribution of dividends to shareholders should not be less than 50% of the distributable earnings, which is calculated using the net income of the current year, minus, legal reserve and special reserve. Distribution of cash dividends should not be less than 50% of the total dividends.

Earnings distribution

The distribution of cash dividends for the year of 2022 and the first half of 2022, were approved by the Board of Directors on May 2, 2023, and December 6, 2022, as follows:

	2022	
	Dividends per share (NT dollar)	Amount
Dividend distributed to owners of common stock		
Interim earnings distribution	\$ 5.265	2,291,523
Annual earnings distribution	9.5	4,134,751
Total	<u><u>\$ 14.765</u></u>	<u><u>6,426,274</u></u>

The distribution of cash dividends for the year of 2021 and the first half of 2021, were approved by the Board of Directors on May 3, 2022, and December 7, 2021, as follows:

	2021	
	Dividends per share (NT dollar)	Amount
Dividend distributed to owners of common stock		
Interim earnings distribution	\$ 8	3,481,896
Annual earnings distribution	6.7196	2,924,619
Total	<u><u>\$ 14.7196</u></u>	<u><u>6,406,515</u></u>

The above-mentioned relevant information can be inquired through channel such as Market Observation Post System.

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D. Treasury shares

In 2018, in accordance with the requirements under section 28-2 of the Securities and Exchange Act, the Company repurchased 2,013 thousand shares at an amount of \$576,779 thousand as treasury shares. Based on the resolution during the board meeting of the Company held on November 1, 2022, the treasury stocks were cancelled on November 2, 2022. As of March 31, 2023, December 31, 2022, and March 31, 2022, a total of 0 thousand shares, 0 thousand shares and 2,013 thousand shares, respectively, have yet to be transferred.

In accordance with the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the amount of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital surplus. In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

E. Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	Total
January 1, 2023	\$ (7,163,106)	616,408	(6,546,698)
Foreign exchange differences (net of tax)	(1,299,616)	-	(1,299,616)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	16,032	16,032
Disposition of equity instruments measured at fair value through other comprehensive income	-	128,031	128,031
March 31, 2023	<u><u>\$ (8,462,722)</u></u>	<u><u>760,471</u></u>	<u><u>(7,702,251)</u></u>
January 1, 2022	(7,530,148)	1,394,591	(6,135,557)
Foreign exchange differences (net of tax)	351,679	-	351,679
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	14,604	14,604
Unrealized gains from financial assets measured at fair value through other comprehensive income of associates accounted for using equity method	-	(457,809)	(457,809)
March 31, 2022	<u><u>\$ (7,178,469)</u></u>	<u><u>951,386</u></u>	<u><u>(6,227,083)</u></u>

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(18) Share-based payment

Except for the following disclosure, there were no significant changes in share-based payment during the periods from January 1 to March 31, 2023 and 2022. For the related information, please refer to note 6(17) to the consolidated financial statements for the year ended December 31, 2022.

(19) Earnings per share (“EPS”)

A. Basic earnings per share

	For the three months ended March 31,	
	2023	2022
Net income attributable to the shareholders of the Company	\$ <u>5,000,228</u>	<u>1,745,836</u>
Weighted-average number of ordinary shares outstanding during the period (in thousands of shares)	<u>435,237</u>	<u>435,237</u>
Basic earnings per share (dollars)	\$ <u>11.49</u>	<u>4.01</u>

B. Diluted earnings per share

	For the three months ended March 31,	
	2023	2022
Net income attributable to the shareholders of the Company	\$ 5,000,228	1,745,836
Interest expense on convertible bonds, net of tax	(71,300)	-
Net income attributable to the shareholders of the Company (diluted)	\$ <u>4,928,928</u>	<u>1,745,836</u>
Weighted-average number of ordinary shares outstanding during the period (in thousands of shares)	435,237	435,237
Effect of the conversion of convertible bonds (in thousands of shares)	24,442	-
Effect of the employee remuneration issued by stock (in thousands of shares)	1,258	610
	<u>460,937</u>	<u>435,847</u>
Diluted earnings per share (dollars)	\$ <u>10.69</u>	<u>4.01</u>

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(20) Revenue from contracts with customers

A. Disaggregation of revenues

	For the three months ended March 31, 2023			For the three months ended March 31, 2022		
	Semiconductor Segment	Power plant Segment	Total	Semiconductor Segment	Power plant Segment	Total
Primary geographical markets:						
Taiwan	\$ 3,408,001	15,610	3,423,611	2,910,421	9,577	2,919,998
Northeast Asia (Japan and Korea)	5,169,600	-	5,169,600	5,019,460	-	5,019,460
Asia - others	4,184,873	-	4,184,873	3,491,085	-	3,491,085
America	2,045,230	-	2,045,230	2,036,193	-	2,036,193
Europe	3,661,527	-	3,661,527	2,734,702	-	2,734,702
Other areas	131,313	-	131,313	105,087	-	105,087
Total	\$ 18,600,544	15,610	18,616,154	16,296,948	9,577	16,306,525
Major product categories:						
Semiconductor wafers	\$ 18,270,960	-	18,270,960	16,157,320	-	16,157,320
Semiconductor ingot	283,670	-	283,670	95,989	-	95,989
Electricity revenue	-	15,610	15,610	-	9,577	9,577
Others	45,914	-	45,914	43,639	-	43,639
	\$ 18,600,544	15,610	18,616,154	16,296,948	9,577	16,306,525

B. Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022
Contract liabilities	<u>\$ 37,096,148</u>	<u>38,327,811</u>	<u>33,106,833</u>

For details on accounts receivables and allowance for impairment, please refer to note 6(4).

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the three months ended March 31, 2023 and 2022, which was included in the contract liability balance at the beginning of the period, was \$1,781,040 thousand and \$1,186,582 thousand, respectively.

(21) Remuneration to employees and directors

In accordance with the Articles of Incorporation, the Company should contribute between 3% and 15% of the profit as employee compensation and no higher than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and compensation for employees is approved by the Board of Directors. Remuneration to directors is paid in cash. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. A resolution for employee remuneration in the form of shares has to be approved first in the Board of Directors meeting, wherein at least half of the votes are needed, and two thirds of the members are present during the meeting; thereafter, to be reported during the shareholders' meeting.

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For the three months ended March 31, 2023, the Company accrued and recognized its employee remuneration amounting to \$192,193 thousand and directors' remuneration amounting to \$19,220 thousand. For the three months ended March 31, 2022 the Company did not accrued and recognized its employee and directors' remuneration when there was loss for the period. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's Articles of Incorporation, and expensed under operating costs or expenses. If there would be any changes in accounting estimates the changes shall be accounted for as profit or loss in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through issuance of shares, the calculation of distributable shares shall be calculated using the stock price on the day before a resolution was made by the Board of Directors.

The amounts recognized for employee remuneration were \$543,508 thousand and \$440,456 thousand, respectively, and for directors' remuneration were \$54,360 thousand and \$45,000 thousand, respectively, in the 2022 and 2021 consolidated financial statements and were not significantly different from those approved in the Board of Directors meetings.

(22) Non-Operating income and expenses

A. Interest income

	For the three months ended March 31,	
	2023	2022
Interest income		
Interest from bank deposits	\$ <u>741,002</u>	<u>80,006</u>

B. Other gains and losses

	For the three months ended March 31,	
	2023	2022
Foreign exchange gains, net	\$ 99,983	915,841
Gains (loss) on disposal of property, plant and equipment	(12,785)	46,842
Realized gains (losses) on financial assets (liabilities) measured at fair value through profit or loss	91,136	(6,567,563)
Dividend income	2,081	-
Others	18,522	51,761
	\$ <u>198,937</u>	<u>(5,553,119)</u>

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C. Finance costs

	For the three months ended March 31,	
	2023	2022
Interest expense—borrowings	\$ (57,182)	(6,166)
Interest expense—bonds	(96,072)	(106,334)
Interest expense—lease liabilities	(3,887)	(2,007)
	\$ (157,141)	(114,507)

(23) Financial instruments

Except for the following, there is no significant change in the fair value of the consolidated company's financial instruments and exposure to credit risk, liquidity risk, and market risk due to financial instruments. For relevant information, please refer to note 6(22) of consolidated financial statement of 2022.

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The main customers of the Group are from the silicon wafer and related industries. The Group generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Group is mainly influenced by the silicon wafer industry. As of March 31, 2023, December 31, 2022, and March 31, 2022, 48% , 48% and 50%, respectively, of the Group's accounts receivable (including related parties) were from the top 10 customers. Although there is a potential for concentration of credit risk, the Group routinely assesses the collectability of the accounts receivable and makes a corresponding allowance for doubtful accounts.

(c) Credit risk of receivables

For credit risk exposure on notes and accounts receivables, please refer to note 6(4).

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B. Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
March 31, 2023							
Non-derivative financial liabilities							
Short-term borrowings \$	7,723,950	(7,749,875)	(7,749,875)	-	-	-	-
Notes and accounts payable (including related parties)	4,992,920	(4,992,920)	(4,965,418)	(27,502)	-	-	-
Accrued payroll and bonus	2,964,257	(2,964,257)	(1,680,215)	(1,284,042)	-	-	-
Accrued remuneration of directors (other current liabilities)	73,580	(73,580)	(54,360)	(19,220)	-	-	-
Long-term borrowings	4,576,000	(4,603,859)	-	(200,871)	(2,204,397)	(2,198,591)	-
Lease liabilities	961,799	(1,000,842)	(79,095)	(75,279)	(124,816)	(245,152)	(476,500)
Ordinary bonds	18,987,445	(19,361,800)	(108,200)	-	(7,208,200)	(12,045,400)	-
Convertible bonds	21,858,982	(22,703,268)	-	-	-	(22,703,268)	-
Derivative financial instruments							
Forward exchange contracts:							
Inflows		(1,119,461)	(1,119,461)	-	-	-	-
Outflows	7,258	1,126,719	1,126,719	-	-	-	-
	<u>\$ 62,146,191</u>	<u>(63,443,143)</u>	<u>(14,629,905)</u>	<u>(1,606,914)</u>	<u>(9,537,413)</u>	<u>(37,192,411)</u>	<u>(476,500)</u>
December 31, 2022							
Non-derivative financial liabilities							
Short-term borrowing \$	6,544,000	(6,548,326)	(6,548,326)	-	-	-	-
Notes and accounts payable (including related parties)	4,176,201	(4,176,201)	(4,157,546)	(18,655)	-	-	-
Accrued payroll and bonus	2,702,368	(2,702,368)	(1,512,118)	(1,190,250)	-	-	-
Other accrued expenses (other current liabilities)	64,710	(64,710)	(10,350)	(54,360)	-	-	-
Lease liabilities	610,428	(650,127)	(50,368)	(44,080)	(76,516)	(152,466)	(326,697)
Ordinary bonds	18,986,110	(19,361,800)	(40,300)	(67,900)	(7,208,200)	(12,045,400)	-
Convertible bonds	23,793,835	(24,787,249)	-	-	-	(24,787,249)	-
Dividends payable	2,829,041	(2,829,041)	(2,829,041)	-	-	-	-
Derivative financial instruments							
Forward exchange contracts:							
Outflows	-	(1,053,481)	(1,053,481)	-	-	-	-
Inflows	32,415	1,085,896	1,085,896	-	-	-	-
	<u>\$ 59,739,108</u>	<u>(61,087,407)</u>	<u>(15,115,634)</u>	<u>(1,375,245)</u>	<u>(7,284,716)</u>	<u>(36,985,115)</u>	<u>(326,697)</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
March 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings	\$ 6,384,000	(6,390,384)	(6,390,384)	-	-	-	-
Notes and accounts payable (including related parties)	3,953,264	(3,953,264)	(3,936,238)	(17,026)	-	-	-
Accrued payroll and bonus	2,507,370	(2,507,370)	(1,616,964)	(890,406)	-	-	-
Accrued remuneration of directors (other current liabilities)	45,000	(45,000)	(45,000)	-	-	-	-
Lease liabilities	666,668	(711,076)	(80,653)	(51,093)	(64,835)	(157,559)	(356,936)
Ordinary bonds	18,982,105	(19,470,000)	(108,200)	-	(108,200)	(19,253,600)	-
Convertible bonds	26,222,290	(27,565,891)	-	-	-	(27,565,891)	-
Derivative financial instruments:							
Forward exchange contracts:							
Outflows	84,703	(1,893,884)	(1,893,884)	-	-	-	-
Inflows	-	1,809,181	1,809,181	-	-	-	-
	<u>\$ 58,845,400</u>	<u>(60,727,688)</u>	<u>(12,262,142)</u>	<u>(958,525)</u>	<u>(173,035)</u>	<u>(46,977,050)</u>	<u>(356,936)</u>

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

C. Currency risk

(a) Exposure to foreign currency risk

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

	March 31, 2023		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$	633,104	30.45
JPY		7,700,062	0.2288
EUR		194,271	33.15
CNY		34,345	4.431
<u>Non-Monetary Items</u>			
USD		23,950	30.45
			Note

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March 31, 2023			
	Foreign currency	Exchange rate	NTD
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	146,396	30.45	4,457,762
JPY	14,059,594	0.2288	3,216,835
EUR	218,539	33.15	7,244,572
CNY	62,065	4.431	275,009
<u>Non-Monetary Items</u>			
USD	12,500	30.45	Note
December 31, 2022			
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$ 1,210,954	30.71	37,188,403
JPY	5,650,048	0.2324	1,313,071
EUR	106,017	32.72	3,468,865
CNY	28,959	4.408	127,652
<u>Non-Monetary Items</u>			
USD	33,500	30.71	Note
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	1,367,572	30.71	41,998,124
JPY	9,956,970	0.2324	2,314,000
EUR	98,511	32.72	3,223,273
CNY	44,809	4.408	197,516

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March 31, 2022			
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$ 1,137,335	28.625	32,556,223
JPY	5,999,032	0.2353	1,411,572
EUR	99,948	31.92	3,190,328
CNY	609,639	4.506	2,747,035
<u>Non-Monetary Items</u>			
USD	12,250	28.625	Note
JPY	198,557	0.2353	Note
EUR	492	31.92	Note
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	442,970	28.625	12,680,023
JPY	16,153,439	0.2353	3,800,904
EUR	116,289	31.92	3,711,940
CNY	64,508	4.506	290,672
<u>Non-Monetary Items</u>			
USD	21,330	28.625	Note
JPY	5,050,000	0.2353	Note

Note: The fair value of forward exchange contracts was measured at the reporting date. For related information, please refer to note 6(2).

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, borrowings, and accounts payable, that are denominated in foreign currencies. A weakening (strengthening) of 1% of the NTD against the USD, JPY, EUR and CNY as of March 31, 2023 and 2022, would have decrease or increase the net income before income tax by \$124,379 thousand and increased or decreased by \$194,216 thousand, respectively. The analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis was performed on the same basis for comparative years.

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(c) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currencies, the information on foreign exchange gains (losses) on monetary items is disclosed by an aggregate amount. For the three months ended March 31, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$99,983 thousand and \$915,841 thousand, respectively.

D. Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Group's financial liabilities.

The following sensitivity analysis is based on the exposure to interest rates. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the period.

If the interest rate had increased or decreased by 0.25%, the Group's net income before income tax would have increased or decreased by \$8,813 thousand and \$7,210 thousand, for the three months ended March 31, 2023 and 2022, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's bank deposits and borrowings with variable rates.

E. Other price risk

For the three months ended March 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the three months ended March 31,			
	2023		2022	
	Other comprehensive income before tax	Net income before income tax	Other comprehensive income before tax	Net income before income tax
Prices of securities at the reporting date				
Increasing 5%	\$ 8,770	456,803	9,984	611,882
Decreasing 5%	(8,770)	(456,803)	(9,984)	(611,882)

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F. Fair value of financial instruments

(a) Fair value hierarchy

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

		March 31, 2023				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Forward exchange contract	\$	9,295	-	9,295	-	9,295
Privately offered fund		207,848	-	-	207,848	207,848
Overseas securities held		9,136,060	9,136,060	-	-	9,136,060
	\$	<u>9,353,203</u>	<u>9,136,060</u>	<u>9,295</u>	<u>207,848</u>	<u>9,353,203</u>
Financial assets at fair value through other comprehensive income						
Stock listed on domestic market	\$	170,217	170,217	-	-	170,217
Stock listed on foreign market		5,180	5,180	-	-	5,180
	\$	<u>175,397</u>	<u>175,397</u>	<u>-</u>	<u>-</u>	<u>175,397</u>
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	74,200,194	-	-	-	-
Notes and accounts receivable (including related parties)		10,252,599	-	-	-	-
Other financial assets—current and non-current		16,261,632	-	-	-	-
	\$	<u>100,714,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss						
Forward exchange contract	\$	2,037	-	2,037	-	2,037
Embedded derivatives of convertible bonds		282,756	-	282,756	-	282,756
	\$	<u>284,793</u>	<u>-</u>	<u>284,793</u>	<u>-</u>	<u>284,793</u>

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March 31, 2023					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 7,723,950	-	-	-	-
Notes and accounts payable (including related parties)	4,992,920	-	-	-	-
Long-term borrowings	4,576,000	-	-	-	-
Accrued remuneration of directors (other current liabilities)	73,580	-	-	-	-
Ordinary bonds	18,987,445	-	-	-	-
Convertible bonds	21,858,982	-	-	-	-
Lease liabilities-current and non-current	961,799	-	-	-	-
	<u>\$ 59,174,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2022					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Forward exchange contract	\$ 32,415	-	32,415	-	32,415
Privately offered fund	185,793	-	-	185,793	185,793
Overseas securities held	9,145,927	9,145,927	-	-	9,145,927
	<u>\$ 9,364,135</u>	<u>9,145,927</u>	<u>32,415</u>	<u>185,793</u>	<u>9,364,135</u>
Financial assets at fair value through other comprehensive income					
Stock listed on domestic market	\$ 153,850	153,850	-	-	153,850
Stock listed on foreign market	5,497	5,497	-	-	5,497
	<u>\$ 159,347</u>	<u>159,347</u>	<u>-</u>	<u>-</u>	<u>159,347</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 80,490,723	-	-	-	-
Notes and accounts receivable (including related parties)	10,160,143	-	-	-	-
Other financial assets — current and non-current	8,652,009	-	-	-	-
	<u>\$ 99,302,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at fair value through profit or loss					
Embedded derivatives of convertible bonds	\$ 466,831	-	466,831	-	466,831

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		December 31, 2022				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost						
Short-term borrowings	\$	6,544,000	-	-	-	-
Notes and accounts payable (including related parties)		4,176,201	-	-	-	-
Accrued remuneration of directors (other current liabilities)		64,710	-	-	-	-
Dividends payable		2,829,041	-	-	-	-
Ordinary bonds		18,986,110	-	-	-	-
Convertible bonds		23,793,835	-	-	-	-
Lease liabilities-current and non-current		610,428	-	-	-	-
	\$	57,004,325	-	-	-	-
March 31, 2022						
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Forward exchange contract	\$	2,425	-	2,425	-	2,425
Overseas securities held		12,237,643	12,237,643	-	-	12,237,643
Privately offered fund		224,156	-	-	224,156	224,156
	\$	12,464,224	12,237,643	2,425	224,156	12,464,224
Financial assets at fair value through other comprehensive income						
Stock listed on domestic market	\$	199,677	199,677	-	-	199,677
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	70,353,708	-	-	-	-
Notes and accounts receivable (including related parties)		9,436,010	-	-	-	-
Other financial assets—current and non-current		4,588,475	-	-	-	-
	\$	84,378,193	-	-	-	-
Financial liabilities at fair value through profit or loss						
Forward exchange contract	\$	87,128	-	87,128	-	87,128
Embedded derivatives of convertible bonds		555,449	-	555,449	-	555,449
	\$	642,577	-	642,577	-	642,577

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		March 31, 2022				
		Carrying amount	Fair value			Total
			Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost						
Short-term borrowings	\$	6,384,000	-	-	-	-
Notes and accounts payable (including related parties)		3,953,264	-	-	-	-
Accrued remuneration of director (other current liabilities)		45,000	-	-	-	-
Ordinary bonds		18,982,105	-	-	-	-
Convertible bonds		26,222,290	-	-	-	-
Lease liabilities - current and non - current		666,668	-	-	-	-
	\$	56,253,327	-	-	-	-

(b) Valuation techniques for financial instruments not measured at fair value

The methods and assumptions used by the Group to estimate its financial assets not measured at fair value are as follows:

i. Financial assets measured at amortized cost

If the quoted prices in active markets are available, the fair value will be based on the market price. Otherwise, the estimated valuation or prices used by competitors are adopted.

ii. Financial assets and financial liabilities measured at amortized cost

If there is a quoted price deriving from a transaction, the recent transaction price and quoted price data will be used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(c) Valuation techniques for financial instruments measured at fair value

i. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

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Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments in an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique, including a model using observable market data at the reporting date.

ii. Derivative financial instruments

Measurements of the fair value of derivative instruments are based on the valuation techniques generally accepted by market participants, such as the discounted cash flow or option pricing models. The fair value of forward currency is usually determined based by the forward currency exchange rate.

(d) Transfer between Level1 and Level 2: None.

(e) Reconciliation of Level 3 fair value

	Financial assets measured at fair value through profit or loss
January 1, 2023	\$ 185,793
Recognized in profit or loss	24,630
Return of investment	(2,575)
March 31, 2023	<u><u>\$ 207,848</u></u>
January 1, 2022	\$ 195,163
Recognized in profit or loss	28,993
March 31, 2022	<u><u>\$ 224,156</u></u>

(f) The fair value of the Group's financial instruments that use Level 3 inputs to measure fair value was based on the price of the third party. The Group did not disclose quantified information and sensitivity analysis on significant unobservable inputs because the unobservable inputs used in fair value measurement were not established by the Group.

(g) For the three months ended March 31, 2023 and 2022, there was no transfer at fair value level.

(24) Financial risk management

The disclosed objectives and policies of financial risk management of the Group and the notes the consolidated financial statements for the year 2022 show no significant changes.

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(25) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to Note 6(24) of the consolidated financial statements for the year ended December 31, 2022 for related information.

(26) Cash flow information

A. For acquiring right-of-use assets by lease, please refer to note 6(8).

B. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Foreign exchange movement and others	March 31, 2023
Short-term borrowings	\$ 6,544,000	1,179,950	-	7,723,950
Long-term borrowings	-	4,593,264	(17,264)	4,576,000
Lease liabilities	610,428	(43,343)	394,714	961,799
Bonds payable	42,779,945	(2,029,803)	96,285	40,846,427
Guarantee deposit received	1,403,599	7,324	-	1,410,923
Total liabilities from financing activities	<u>\$ 51,337,972</u>	<u>3,707,392</u>	<u>473,735</u>	<u>55,519,099</u>

	January 1, 2022	Cash flows	Foreign exchange movement and others	March 31, 2022
Short-term borrowings	\$ 6,264,000	120,000	-	6,384,000
Lease liabilities	711,173	(45,961)	1,456	666,668
Bonds payable	45,124,740	-	79,655	45,204,395
Total liabilities from financing activities	<u>\$ 52,099,913</u>	<u>74,039</u>	<u>81,111</u>	<u>52,255,063</u>

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Sino-American Silicon Product Inc. ("SAS") is both the parent company and the ultimate controlling party of the Group. As of March 31, 2023, it owns 51.17% of all shares outstanding of the Company and has issued the consolidated financial statements available for public use.

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(2) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Sino-American Silicon Product Inc. (“SAS”)	The parent company
Taiwan Specialty Chemical Co., Ltd.	Subsidiary of SAS
Sustainable Energy Solution Corp.	Subsidiary of SAS
Actron Technology Corp.	Associate of the parent company
Crystalwise Technology Inc. (“CWT”)	Associate of the parent company

(3) Key management personnel compensation

Key management personnel compensation comprised of:

	For the three months ended March 31,	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 99,299	27,860
Post-employment benefits	180	173
	<u><u>\$ 99,479</u></u>	<u><u>28,033</u></u>

The Group provided a car costing \$1,500 thousand, for key management use for the three months ended March 31, 2023 and 2022, respectively.

(4) Significant transactions with related parties

A. Sales

The amounts of significant sales by the Group to related parties were as follows:

	For the three months ended March 31,	
	<u>2023</u>	<u>2022</u>
Parent company	\$ 11,896	5,011
Other related parties	79,352	68,748
	<u><u>\$ 91,248</u></u>	<u><u>73,759</u></u>

The sales price for sales to the related parties was determined by market price and adjusted according to the sales area and sales volume.

The credit terms for third parties were 0 to 120 days after month-end both for the three months ended March 31, 2023 and 2022, while those for related parties were 30 to 90 days after month-end both in the period ended March 31, 2023 and 2022.

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B. Purchases and process outsourcing

The amounts of purchases and process outsourcing by the Group from related parties were as follows:

Related parties	For the three months ended March 31,	
	2023	2022
Parent company	<u>\$ 343,598</u>	<u>273,087</u>

The prices of purchases and process outsourcing were determined by market rates.

The payment terms to third parties were 0 to 150 days after month-end both in the period ended March 31, 2023 and 2022, while those of related parties were 30 to 90 days after the following month-end both in the period ended March 31, 2023 and 2022.

C. Receivables from related parties

The receivables from related parties were as follows:

Items	Categories	March 31, 2023	December 31, 2022	March 31, 2022
Receivable from related parties	Parent company	\$ 10,334	6,966	2,571
Receivable from related parties	Other related parties	65,587	77,915	52,068
		<u>\$ 75,921</u>	<u>84,881</u>	<u>54,639</u>

D. Payables to related parties

The payables to related parties were as follows:

Items	Categories	March 31, 2023	December 31, 2022	March 31, 2022
Payable to related parties	Parent company	\$ 178,133	27,560	30,591
Payable to related parties	Other related parties	105	138	646
		<u>\$ 178,238</u>	<u>27,698</u>	<u>31,237</u>

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E. Prepayments

The prepayments to the parent company were for material purchases which were paid in full. As of March 31, 2023, December 31, 2022, and March 31, 2022, the balance of prepayments, which were recognized as other current assets, amounted to \$257,171 thousand, \$432,419 thousand and \$1,581,656 thousand, respectively.

F. Payment on behalf of others

The receivables from related parties and payables to related parties generated from material purchases, insurance and utilities payments and manpower support of related parties as of March 31, 2023 and 2022 were as follows:

Related parties	March 31, 2023	December 31, 2022	March 31, 2022
Parent company	\$ 6	7	56
Parent company	(179)	-	(200)
	<u>\$ (173)</u>	<u>7</u>	<u>(144)</u>

G. Transactions of property, plant and equipment

Purchase amounts of property, plant and equipment from related parties were summarized as follows:

Related parties	For the three months ended March 31,	
	2023	2022
Parent company	<u>\$ 22,771</u>	<u>21,982</u>

As of March 31, 2023, December 31, 2022, and March 31, 2022, the payables were \$23,036 thousand, \$77,772 thousand and \$50,863 thousand, respectively.

H. Leases

The Group rented a plant from the parent company. A two-year lease contract was signed. The total value of the contract was \$21,579 thousand, please refer to note 6(14). For the three months ended March 31, 2023 and 2022, the Group recognized the amount of \$10 thousand and \$44 thousand as the interest expense. As of March 31, 2023, December 31, 2022, and March 31, 2022, the balance of lease liabilities amounted to \$2,718 thousand, \$5,431 thousand and \$13,532 thousand.

I. Refundable deposits

The Group signed an offshore wind power purchase contract with other related parties in response to the sustainable green energy implementation plan. As of March 31, 2023, December 31, 2022, and March 31, 2022, the deposits of \$23,500 thousand, \$23,500 thousand and \$0 thousand had been classified under the other financial assets-noncurrent.

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J. Others

- (a) The Group provides other services for related parties, including service support, machine usage, human resources and plant lease, etc. Details of related other income and receivables from related parties were as follows:

		For the three months ended March 31,		
		2023	2022	
Related parties				
Parent Company and other related parties		\$ 777		3,589
Items	Categories	March 31, 2023	December 31, 2022	March 31, 2022
Receivable from related parties	Parent company	\$ 593	349	694
Receivable from related parties	Other related parties	62	62	24
		\$ 655	411	718

- (b) The related parties charged the Group for their services, including administrative assistance, technical service, legal work appointment, and plant lease. Details of related other expenses and payables to related parties were as follows:

		For the three months ended March 31,		
		2023	2022	
Related parties				
Parent company and other related parties		\$ 30,077		36,802
Items	Categories	March 31, 2023	December 31, 2022	March 31, 2022
Payable to related parties	Parent company	\$ 33,708	31,534	23,091
Payable to related parties	Other related parties	73	1,108	13
		\$ 33,781	32,642	23,104

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8. Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Purpose of pledge</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Property, plant and equipment	Credit lines of borrowings	\$ 2,410,659	2,393,814	2,244,850
Time deposits (recognized in other financial assets – non-current)	Guarantee for gas consumption from CPC Corporation	2,000	2,000	2,000
Time deposits (recognized in other financial assets – non-current)	Guarantee payment for import VAT	14,000	14,000	17,000
Time deposits (recognized in other financial assets – non-current)	Guarantee for the lease contract with the Hsinchu Science Industrial Park Bureau	40,727	40,723	40,691
Time deposits (recognized in other financial assets – non-current)	Guarantee for bank financing projects	106,924	107,836	143,125
Time deposits (recognized in other financial assets – non-current)	Guarantee for bank tenders	8,000	8,000	-
		<u><u>\$ 2,582,310</u></u>	<u><u>2,566,373</u></u>	<u><u>2,447,666</u></u>

9. Commitments and contingencies:

(1) Significant unrecognized contractual commitments

- A. As of March 31, 2023, December 31, 2022, and March 31, 2022, the purchase amounts for future procurement from suppliers under the existing agreements were \$15,927,177 thousand, \$12,947,863 thousand and \$14,825,728 thousand, respectively.
- B. As of March 31, 2023, December 31, 2022, and March 31, 2022, the Group's unused letters of credit amounted to \$118,599 thousand, \$157,689 thousand and \$96,189 thousand, respectively.
- C. As of March 31, 2023, December 31, 2022, and March 31, 2022, the significant outstanding commitments for construction and purchase of property, plant and equipment amounted to \$16,771,956 thousand, \$22,500,648 thousand and \$15,856,174 thousand, respectively.
- D. As of March 31, 2023, December 31, 2022, and March 31, 2022, a guarantee letter for the Customs Administration and research and development projects issued by the bank amounted to \$92,099 thousand, \$92,099 thousand and \$48,000 thousand, respectively.

GlobalWafers Co., Ltd. and subsidiaries
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- E. The Group signed a long-term sales contract with certain customers and received advance payments. The customer is required to order minimum quantity according to the contract. As of March 31, 2023, December 31, 2022, and March 31, 2022, a guarantee letter for the customer issued by the bank amounted to \$4,653,249 thousand, \$4,685,036 thousand and \$590,257 thousand, respectively.
- F. The Company has made an application of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act to the tax authorities on November 28, 2019 and February 21, 2020. The application was approved and the fund was repatriated. Up to 5% of the funds could be withdrawn and freely utilized. The remaining 95% can only be withdrawn for the investments approved by the Ministry of Economic Affairs, R.O.C. upon the elapse of five full years after the date of depositing the fund into a segregated foreign exchange deposit account. The Company has made an application to utilize the fund for capital investment. The fund is planned to utilize for factory expansion, purchase of factory's facilities and other related capital expenditure. As of March 31, 2023, December 31, 2022, and March 31, 2022, the balances of the account were \$2,736,574 thousand, \$2,967,304 thousand and \$3,404,212 thousand, respectively, recorded as other current financial assets and other non-current financial assets.
- G. GlobalWafers Co., Ltd.'s board resolved to acquire Siltronic AG outstanding shares at EUR125 per share on December 9, 2020. GlobalWafers Co., Ltd. and Siltronic AG signed a business combination agreement on December 10, 2020, wherein the Company issued a EUR50 million letter of payment guarantee through the bank.

The Company also signed an irrevocable undertaking agreement with Wacker Chemie AG (Wacker Chemie). It was approved by German Federal Financial Supervisory Authority (BaFin) on December 21, 2020, to publish the offer document outlining terms of the voluntary public takeover offer for the acquisitions of all no-par value registered shares in Siltronic AG.

On January 22, 2021, the final offer price was adjusted to EUR145 per share. According to the business combination agreement between the Company and Siltronic AG, the Company has to pay Siltronic AG a termination fee of EUR 50 million, recorded in other current liabilities on December 31, 2021, for failing to obtain the required approval from the competent authorities. The amount above had been fully paid in the first quarter of 2022.

- H. The total amount of promissory notes deposited in banks by the Company due to bank financing is as of March 31, 2023, December 31, 2022, and March 31, 2022 \$39,220,835 thousand, \$38,184,773 thousand and \$39,346,048 thousand, respectively.

(2) Contingent liabilities: None.

10. Losses due to major disasters: None.

GlobalWafers Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements

11. Subsequent Events:

- (1) To meet the market demand and expand its production capacity, the Group entered a contract for fab design and construction, as well as project management, with a specific vendor in April 2023. The total price for the design, project management and fab construction was capped at EUR\$41,903 thousand (NT\$14 million).
- (2) On April 23, 2023, the Company acquired all the shares of Shanghai Sawyer Shenkai Technology Materials and submitted for registration to the National Foreign Exchange Administration. As of May 2, 2023, the approval is still pending. Once approved, the relevant payment operations will be carried out.
- (3) On May 2, 2023, the board of directors of the Company resolved that the Company and CWT will engage in mutually beneficial cooperation and synergy, aiming to expand the product line and enhance operational advantages. It is proposed to issue new shares to the shareholders of CWT as consideration and carry out share conversion with CWT allowing the company to acquire 100% ownership of CWT.

12. Other:

A summary of the employee benefits, depreciation, and amortization expenses, by function is as follows:

By item	By function		For the periods ended March 31,			
	2023			2022		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	2,127,929	680,201	2,808,130	1,929,474	476,105	2,405,579
Labor and health insurance	253,073	57,948	311,021	231,442	52,857	284,299
Pension	135,659	22,797	158,456	144,360	23,393	167,753
Others	63,675	19,760	83,435	57,378	16,547	73,925
Depreciation	1,556,886	44,095	1,600,981	1,376,249	38,662	1,414,911
Amortization	3,182	983	4,165	48,152	1,172	49,324

13. Other disclosures:

- (1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- A. Loans to other parties: Please refer to Table 1.
- B. Guarantees and endorsements for other parties: Please refer to Table 2.

GlobalWafers Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements

- C. Securities held as of March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.
 - D. Individual securities acquired or disposed of with accumulated amounts exceeding the lower of NT\$300 million or 20% of the capital stock: None.
 - E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
 - F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
 - G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 4.
 - H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 5.
 - I. Trading in derivative instruments: Please refer to note 6(2).
 - J. Business relationships and significant intercompany transactions: Please refer to Table 6.
- (2) Information on investees: Please refer to Table 7.
- (3) Information on investment in mainland China:
- A. The names of investees in Mainland China, the main businesses and products and other information: Please refer to Table 8(1).
 - B. Limitation on investment in Mainland China: Please refer to Table 8(2).
 - C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in the “Information on significant transactions”.
- (4) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Sino-American Silicon Product Inc.		222,727,000	51.17 %

GlobalWafers Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements

14. Segment information:

The Group operating segment information and reconciliations were as follows:

	For the three months ended March 31, 2023			
	Semiconductor segment	Power plant segment	Reconciliation and elimination	Total
Revenue:				
External customers	\$ 18,600,544	15,610	-	18,616,154
Intersegment	-	-	-	-
Total revenue	<u>\$ 18,600,544</u>	<u>15,610</u>	<u>-</u>	<u>18,616,154</u>
Reportable segment profit or loss	<u>\$ 4,975,258</u>	<u>746</u>	<u>-</u>	4,976,004
Share of profit (loss) of associates accounted for using equity method				24,224
				<u>\$ 5,000,228</u>
	For the three months ended March 31, 2022			
	Semiconductor segment	Power plant segment	Reconciliation and elimination	Total
Revenue:				
External customers	\$ 16,296,948	9,577	-	16,306,525
Intersegment	-	-	-	-
Total revenue	<u>\$ 16,296,948</u>	<u>9,577</u>	<u>-</u>	<u>16,306,525</u>
Reportable segment profit or loss	<u>\$ 1,719,864</u>	<u>(820)</u>	<u>-</u>	1,719,044
Share of profit (loss) of associates accounted for using equity method				26,792
				<u>\$ 1,745,836</u>
	Semiconductor segment	Power plant segment	Reconciliation and elimination	Total
Reportable segment assets:				
March 31, 2023	<u>\$ 173,480,868</u>	<u>1,516,974</u>	<u>(120,570)</u>	174,877,272
Equity method investments				1,093,639
				<u>\$ 175,970,911</u>
December 31, 2022	<u>\$ 167,099,944</u>	<u>1,534,904</u>	<u>(80,253)</u>	168,554,595
Equity method investments				941,383
				<u>\$ 169,495,978</u>
March 31, 2022	<u>\$ 147,131,224</u>	<u>1,434,119</u>	<u>(20,042)</u>	148,545,301
Equity method investments				1,260,326
				<u>\$ 149,805,627</u>
Reportable segment liabilities				
March 31, 2023	<u>\$ 117,735,702</u>	<u>187,099</u>	<u>(120,570)</u>	<u>117,802,231</u>
December 31, 2022	<u>\$ 115,046,449</u>	<u>205,777</u>	<u>(80,253)</u>	<u>115,171,973</u>
March 31, 2022	<u>\$ 102,431,356</u>	<u>108,500</u>	<u>(20,042)</u>	<u>102,519,814</u>

GlobalWafers Co., Ltd. and Subsidiaries

Loans to other parties

For the period ended March 31, 2023

Table 1

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 3)
													Item	Value		
0	The Company	SPVE5	Receivable from related parties	Yes	100,000	100,000	20,000	1.50%	2	-	Operating capital	-	-	-	23,267,472	23,267,472
0	The Company	SPV4	Receivable from related parties	Yes	400,000	400,000	100,000	1.00~1.50%	2	-	Operating capital	-	-	-	23,267,472	23,267,472
1	GWJ	MEMC Japan	Receivable from related parties	Yes	12,560,960	12,446,720	3,798,080	0.56273%	2	-	Operating capital	-	-	-	17,770,604	17,770,604
2	MEMC SpA	GWBV	Receivable from related parties	Yes	1,791,350	-	-	-	2	-	Operating capital	-	-	-	10,686,113	10,686,113
2	MEMC SpA	GWS	Receivable from related parties	Yes	2,585,700	2,585,700	2,020,484	7.475%	2	-	Operating capital	-	-	-	10,686,113	10,686,113
3	GWS	GWBV	Receivable from related parties	Yes	1,031,626	1,030,611	1,030,611	1.20%	2	-	Operating capital	-	-	-	30,273,085	30,273,085
3	GWS	GW GmbH	Receivable from related parties	Yes	4,143,750	4,143,750	4,143,750	2.70%	2	-	Operating capital	-	-	-	30,273,085	30,273,085
4	GTI	MEMC LLC	Receivable from related parties	Yes	5,486,400	5,481,000	207,060	5.41%	2	-	Operating capital	-	-	-	12,097,140	12,097,140
4	GTI	The Company	Receivable from related parties	Yes	1,501,750	-	-	-	2	-	Operating capital	-	-	-	12,097,140	12,097,140
5	GWBV	GW GmbH	Receivable from related parties	Yes	3,745,550	1,989,000	1,657,500	2.70%	2	-	Operating capital	-	-	-	47,380,225	47,380,225

Note 1: The nature of financing purposes:

(1)Code 1 represents entities with business transaction with the Group.

(2)Code 2 represents where an inter-company or inter-firm short-term financing facility is necessary.

Note 2: For entities who have business transactions with the Company, the amount of financing shall not exceed the amount of business transaction for the current year. For the purpose of lending operating capital, the amount of financing offered to a single company and to an investee whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the lender's net worth.

Note 3: The total amount available for financing purposes shall not exceed 40 percent of the lender's net worth. The total amount available for financing to investees whose voting shares, directly or indirectly, owned by the Company shall not exceed 40 percent of the Company's net worth.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd. and Subsidiaries
Guarantees and endorsements for other parties
For the period ended March 31, 2023

Table 2

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3, 4)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	GW GmbH	2	174,506,040	8,287,500	8,287,500	7,723,950	-	14.25 %	174,506,040	Y	N	N
0	The Company	GWH	2	174,506,040	1,300,000	1,300,000	-	-	2.23 %	174,506,040	Y	N	N
0	The Company	SPV4	2	174,506,040	100,000	100,000	-	-	0.17 %	174,506,040	Y	N	N
0	The Company	SPVE5	2	174,506,040	79,800	79,800	79,800	-	0.14 %	174,506,040	Y	N	N
0	The Company	GWS	2	174,506,040	5,196,195	5,196,195	5,104,845	-	8.93 %	174,506,040	Y	N	N
0	The Company	MEMC SpA	2	174,506,040	2,917,200	2,917,200	2,917,200	-	5.02 %	174,506,040	Y	N	N
1	GTI	MEMC LLC	2	60,485,700	457,200	456,750	106,550	-	3.78 %	60,485,700	N	N	N
2	SST	KST	2	14,147,595	1,415,380	1,410,922	1,410,922	-	49.86 %	14,147,595	N	N	Y

Note 1: The characters of guarantees and endorsements are coded as follows:

(1) The issuer is coded "0".

(2) The investee is coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relation between guarantor and guarantee and their endorsement should be disclosed as one of the following:

(1) Ordinary business relationship.

(2) Subsidiary which owned more than 50 percent by the guarantor.

(3) An investee owned more than 50 percent in total by both the guarantor and its subsidiary.

(4) An investee owned more than 90 percent by the guarantor or its subsidiary.

(5) Fulfillment of contractual obligations by providing mutual endorsements and guarantor for peer or joint builders in order to undertake a construction project.

(6) An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.

(7) The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for per-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount of external endorsements and/or guarantees shall worth no more than triple of the Company's net worth.

Note 4: The total amount of external endorsements and/or guarantees for any single company shall not exceed 10 percent of the Company's net worth. However, for subsidiaries shall not exceed 3 times of the Company's net worth.

GlobalWafers Co., Ltd. and Subsidiaries

Securities held as of March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures)

March 31, 2023

Table 3

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	CDIB Capital Growth Partners L.P.	None	Financial assets mandatorily measured at fair value through profit or loss — non-current	-	199,604	3.85 %	199,604	
The Company	Siltronic AG	None	Financial assets at fair value through profit or loss — non-current	650	1,447,992	2.17 %	1,447,992	
GW GmbH	Siltronic AG	None	Financial assets at fair value through profit or loss — non-current	3,101	6,907,269	10.34 %	6,907,269	
GWBV	Siltronic AG	None	Financial assets at fair value through profit or loss — non-current	350	780,799	1.17 %	780,799	
The Company	WT Microelectronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,518	170,217	0.25 %	170,217	
SST	Foreign Securities	None	Financial assets at fair value through other comprehensive income	16	5,180	0.04 %	5,180	
GWH	Foreign Privately Securities	None	Financial assets mandatorily measured at fair value through profit or loss — non-current	-	8,244	1.70 %	8,244	

GlobalWafers Co., Ltd. and Subsidiaries

Related-party transactions for purchases and sales with amounts exceeding the lower than NT\$100 million or 20% of the capital stock

For the period ended March 31, 2023

Table 4

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	SAS	Parent Company	Purchase	343,598	9 %	Net 30 days from the end of the next month upon issuance of invoice	-	-	(178,423)	(4)%	
The Company	GTI	Indirectly held subsidiaries	Purchase	415,583	2 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(330,026)	(3)%	
The Company	SST	Indirectly held subsidiaries	Purchase	404,409	2 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(329,140)	(3)%	
The Company	GWJ	Directly held subsidiaries	Purchase	2,105,479	11 %	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(2,327,825)	(23)%	
The Company	GWS	Indirectly held subsidiaries	Purchase	124,736	1 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(81,900)	(1)%	
The Company	Topsil A/S	Indirectly held subsidiaries	Purchase	364,700	2 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(145,496)	(1)%	
GWS	The Company	Indirectly held subsidiaries	Purchase	1,941,745	10 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(1,337,988)	(13)%	
MEMC Korea	The Company	Indirectly held subsidiaries	Purchase	460,035	2 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(465,145)	(5)%	
MEMC SpA	The Company	Indirectly held subsidiaries	Purchase	220,946	1 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(148,989)	(1)%	
GTI	The Company	Indirectly held subsidiaries	Purchase	783,582	4 %	Net 45 days from the end of the month upon issuance of invoice	-	-	(315,340)	(3)%	
SST	The Company	Indirectly held subsidiaries	Purchase	231,323	1 %	Net 30 days from the end of the month upon issuance of invoice	-	-	(74,197)	(1)%	

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
GWJ	The Company	Directly held subsidiaries	Purchase	708,614	4 %	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(817,762)	(8)%	
Topsil A/S	The Company	Indirectly held subsidiaries	Purchase	182,150	1 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(171,917)	(2)%	
GWS	MEMC LLC	Indirectly held subsidiaries	Purchase	628,716	3 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(184,269)	(2)%	
GWS	MEMC LLC	Indirectly held subsidiaries	Sale	(221,819)	(1) %	Net 60 days from the end of the month upon issuance of invoice	-	-	282,151	3%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Purchase	429,961	2 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(283,510)	(3)%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Sale	(153,856)	(1) %	Net 60 days from the end of the month upon issuance of invoice	-	-	104,256	1%	
GWS	MEMC SpA	Indirectly held subsidiaries	Purchase	1,064,780	6 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(723,169)	(7)%	
GWS	MEMC SpA	Indirectly held subsidiaries	Sale	(2,042,967)	(11)%	Net 60 days from the end of the month upon issuance of invoice	-	-	1,376,873	13%	
GWS	MEMC Korea	Indirectly held subsidiaries	Purchase	548,903	3 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(402,567)	(4)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Purchase	1,164,107	6 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(768,064)	(7)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Sale	(439,994)	(2) %	Net 60 days from the end of the month upon issuance of invoice	-	-	303,348	3%	

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

GlobalWafers Co., Ltd. and Subsidiaries

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

March 31, 2023

Table 5

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	GTI	Indirectly held subsidiaries	315,340	2.43	-		-	-
The Company	GWJ	Directly held subsidiaries	817,762	0.80	-		-	-
The Company	GWS	Indirectly held subsidiaries	1,337,988	5.68	-		-	-
The Company	MEMC Korea	Indirectly held subsidiaries	465,145	4.64	-		-	-
The Company	MEMC SpA	Indirectly held subsidiaries	148,989	5.45	-		-	-
The Company	Topsil A/S	Indirectly held subsidiaries	171,917	1.25	-		-	-
SAS	The Company	Parent Company	178,423	3.45	-		12,292	-
GTI	The Company	Indirectly held subsidiaries	330,026	4.89	-		179,012	-
SST	The Company	Indirectly held subsidiaries	329,140	5.45	-		83,876	-
GWJ	The Company	Directly held subsidiaries	2,327,825	3.82	-		691,004	-
Topsil A/S	The Company	Indirectly held subsidiaries	145,496	11.63	-		140,721	-
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	104,256	6.26	-		51,257	-
GWS	MEMC Japan	Indirectly held subsidiaries	303,348	5.73	-		154,581	-
GWS	MEMC SpA	Indirectly held subsidiaries	1,376,873	6.44	-		655,123	-
GWS	MEMC LLC	Indirectly held subsidiaries	282,151	4.24	-		-	-
MEMC Sdn Bhd	GWS	Indirectly held subsidiaries	283,510	6.19	-		143,783	-
MEMC SpA	GWS	Indirectly held subsidiaries	723,169	5.73	-		332,902	-
MEMC Korea	GWS	Indirectly held subsidiaries	402,567	6.58	-		160,360	-
MEMC Japan	GWS	Indirectly held subsidiaries	768,064	6.03	-		245,818	-
MEMC LLC	GWS	Indirectly held subsidiaries	184,269	8.58	-		37,706	-
The Company	SPV4	Directly held subsidiaries	100,431	-	-		-	-
				(Note 3)				

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
GWJ	MEMC Japan	Indirectly held subsidiaries	3,798,100	- (Note 3)	-		-	-
MEMC SpA	GWS	Indirectly held subsidiaries	2,044,392	- (Note 3)	-		-	-
GWS	GWBV	Indirectly held subsidiaries	1,035,524	- (Note 3)	-		-	-
GWS	GW GmbH	Indirectly held subsidiaries	4,167,391	- (Note 3)	-		-	-
GWBV	GW GmbH	Indirectly held subsidiaries	1,666,895	- (Note 3)	-		-	-

Note 1: The amount received in subsequent period as of April 20, 2023.

Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 3: Receivables from related-party for financing purpose.

GlobalWafers Co., Ltd. and Subsidiaries
Business relationships and significant intercompany transactions
For the period ended March 31, 2023

Table 6

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note 3,4)
0	The Company	SAS	2	Purchase	343,598	Net 30 days from the end of the next month upon issuance of invoice	1.85%
0	The Company	GTI	1	Purchase	415,583	Net 60 days from the end of the month upon issuance of invoice	2.23%
0	The Company	SST	1	Purchase	404,409	Net 60 days from the end of the month upon issuance of invoice	2.17%
0	The Company	GWJ	1	Purchase	2,105,479	Net 60 to 90 days from the end of the month upon issuance of invoice	11.31%
0	The Company	GWJ	1	Accounts payable	2,327,825	Net 60 to 90 days from the end of the month upon issuance of invoice	1.32%
0	The Company	Topsil A/S	1	Purchase	364,700	Net 30 to 60 days from the end of the month upon issuance invoice	1.96%
0	The Company	GTI	1	Sale	783,582	Net 45 days from the end of the month upon issuance of invoice	4.21%
0	The Company	SST	1	Sale	231,323	Net 30 days from the end of the month upon issuance of invoice	1.24%
0	The Company	GWJ	1	Sale	708,614	Net 60 to 90 days from the end of the month upon issuance of invoice	3.81%
0	The Company	MEMC Korea	1	Sale	460,035	Net 30 to 60 days from the end of the month upon issuance of invoice	2.47%
0	The Company	GWS	1	Sale	1,941,745	Net 60 days from the end of the month upon issuance of invoice	10.43%
0	The Company	MEMC SpA	1	Sale	220,946	Net 60 days from the end of the month upon issuance of invoice	1.19%
1	GWS	MEMC LLC	3	Sale	221,819	Net 60 days from the end of the month upon issuance of invoice	1.19%
1	GWS	MEMC LLC	3	Purchase	628,716	Net 60 days from the end of the month upon issuance of invoice	3.38%
1	GWS	MEMC SpA	3	Purchase	1,064,780	Net 60 days from the end of the month upon issuance of invoice	5.72%
1	GWS	MEMC SpA	3	Sale	2,042,967	Net 60 days from the end of the month upon issuance of invoice	10.97%
1	GWS	MEMC Korea	3	Purchase	548,903	Net 60 days from the end of the month upon issuance of invoice	2.95%
1	GWS	MEMC Japan	3	Sale	439,994	Net 60 days from the end of the month upon issuance of invoice	2.36%

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note 3,4)
1	GWS	MEMC Japan	3	Purchase	1,164,107	Net 60 days from the end of the month upon issuance of invoice	6.25%
1	GWS	MEMC Sdn Bhd	3	Purchase	429,961	Net 60 days from the end of the month upon issuance of invoice	2.31%
2	GWJ	MEMC Japan	3	Intercompany Loan	3,798,100	—	2.16%
3	MEMC SpA	GWS	3	Intercompany Loan	2,044,392	—	1.16%
4	GWS	GW GmbH	3	Intercompany Loan	4,167,391	—	2.37%

Note 1: The characters of business transactions between parent company and its subsidiaries are coded as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationships with transactions are as follows:

- (1) Parent company to its subsidiaries.
- (2) Subsidiaries to the parent company.
- (3) Transactions between subsidiaries.

Note 3: The ratio of the transaction amount of the consolidated total sales revenue and consolidated total assets are calculated as follows:

- (1) For transaction amount accounted for as asset or liability, the ratio is calculated based on the closing balance amount of the consolidated total assets.
- (2) For transaction amount accounted for as profit or loss, the ratio is calculated based on the accumulated amount at the end of the financial period of the consolidated total sales revenue.

Note 4: The table represented the amount of significant transaction exceeding 1 percent of the consolidated operating revenue or total assets.

GlobalWafers Co., Ltd. and Subsidiaries
Information on investees
For the period ended March 31, 2023

Table 7

(In Thousands of New Taiwan Dollars/other currencies)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2023			Net income (losses) of investee	Share of profits/ losses of investee	Note
				March 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying value			
The Company	GSI	Cayman	Investment in various business and triangular trade centers with subsidiaries in Mainland China	698,419 (USD24,555)	698,419 (USD24,555)	23,000	100.00	2,856,253	89,597	96,829	Subsidiary
The Company	GWJ	Japan	Manufacturing and trading of silicon wafers	5,448,015	5,448,015	128	100.00 %	17,755,524	423,240	412,235	Subsidiary
The Company	GWafers Singapore	Singapore	Investment activities	2,207,377	17,378,877	41,674	100.00 %	28,737,452	955,079	913,517	Subsidiary Note 5
The Company	GW GmbH	Germany	Trading	1,952,235 (EUR 62,525)	1,952,235 (EUR 62,525)	48,025	100.00 %	(6,815,293)	(185,911)	(185,911)	Subsidiary
The Company	GWBV	Netherlands	Investment activities	40,367,464 (USD 1,321,076)	42,525,442 (USD 1,321,076)	0.1	100.00 %	47,380,225	1,491,020	1,491,020	Subsidiary
The Company	HONG-WANG Investment Co., Ltd.	Taiwan	Investment activities	309,760	309,760	30,976	30.98 %	1,093,639	78,204	24,224	Associate
The Company	SPV4	Taiwan	Electricity activities	1,045,000	1,045,000	104,500	100.00 %	1,055,895	1,621	1,621	Subsidiary
The Company	SPVE5	Taiwan	Electricity activities	278,000	278,000	27,800	100.00 %	273,979	(874)	(874)	Subsidiary
The Company	GWH	Taiwan	Investment activities	250,000	250,000	25,000	100.00 %	247,877	650	650	Subsidiary
GWJ	MEMC Japan	Japan	Manufacturing and trading of silicon wafers	373,413 (JPY100,000)	373,413 (JPY100,000)	750	100.00 %	2,528,749	177,486	-	Notes 2 and 3
Topsil A/S	Topsil PL	Poland	Manufacturing and trading of silicon wafers	-	-	0.1	100.00 %	-	-	-	Notes 2 and 3
GWafer Singapore	GWS	Singapore	Investment activities	-	14,671,320 (USD406,898)	-	- %	-	-	-	Notes 2, 3 and 5
GWBV	MEMC SpA	Italy	Manufacturing and trading of silicon wafers	6,732,641 (USD204,788)	6,732,641 (USD204,788)	65,000	100.00	10,686,113	146,069	-	Notes 2 and 3
MEMC SpA	MEMC SarL	France	Trading	1,316 (USD40)	1,316 (USD40)	0.5	100.00 %	2,904	151	-	Notes 2 and 3
GWBV	MEMC Korea	Korea	Manufacturing and trading of silicon wafers and sale	11,851,262 (USD384,605)	11,851,262 (USD384,605)	25,200	100.00 %	21,900,430	988,905	-	Notes 2 and 3
GWBV	GTI	United States	Manufacturing and trading of silicon wafers and sale	2,779,849 (USD91,262)	2,779,849 (USD91,262)	1	100.00 %	13,350,520	279,247	-	Notes 2 and 3

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2023			Net income (losses) of investee	Share of profits/ losses of investee	Note
				March 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying value			
GWBV	MEMC Ipoh	Malaysia	Manufacturing and trading of epitaxial wafers and sale	93,907 (USD1,323)	93,907 (USD1,323)	612,300	100.00 %	3,718	(33)	-	Notes 2 and 3
GWBV	Topsil A/S	Denmark	Manufacturing and trading of silicon wafers and sale	1,843,604 (USD60,996)	1,843,604 (USD60,996)	1,000	100.00 %	2,402,825	66,337	-	Notes 2 and 3
GTI	MEMC LLC	United States	Manufacturing and trading of silicon wafers and sale	543,384 (USD17,839)	543,384 (USD17,839)	-	100.00	4,650,195	96,549	-	Notes 2 and 3
SST	MEMC Sdn Bhd	Malaysia	Trading	898,016 (USD 27,315)	898,016 (USD27)	1,036	100.00 %	1,189,183	17,135	-	Notes 2 and 3
GTI	GWA	United States	Manufacturing and trading of silicon wafers and sale	31 (USD 1)	31 (USD 1)	1	100.00 %	1,086,904	(1,324)	-	Notes 2 and 3

Note 1: A limited company.

Note 2: The investees are indirectly held subsidiaries of the Company.

Note 3: The investor's profits and losses included the profits and losses of the investees; therefore, the investee's profits and losses need not be disclosed.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 5: On January 1, 2023, GWafer Singapore merged with its subsidiary GWS. GWS was dissolved while GWafer Singapore continued to exist and was renamed as Global Wafers Singapore (abbreviated as GWS).

GlobalWafers Co., Ltd. and Subsidiaries

The names of investees in Mainland China, the main businesses and products and other information

For the period ended March 31, 2023

Table 8

(In Thousands of New Taiwan Dollars/other currencies)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
SST	Processing and trading of ingots and wafers	1,429,778 (Note 5)	Note 1	713,300 (USD21,729)	-	-	713,300 (USD21,729)	89,527	100%	89,527	2,829,519	-
KST	Trading and marketing business	26,587	Note 6	-	-	-	-	8,069	100%	8,069	45,111	-

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	713,300 (USD21,729)	1,703,173 (USD56,164) (Note 3)	34,901,208 (Note 4)

Note 1: Investments through GSI.

Note 2: The basis for investment income (loss) recognition is from the audited financial statements.

Note 3: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the Historical Foreign Exchange Rate.

Note 4: Pursuant to the 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on August 29, 2008, the total amount of investment shall not exceed 60% of the Group's net worth on March 31, 2023.

Note 5: Retained earnings transferred to capital was included.

Note 6: KST was funded by using the capital of SST, which cannot be considered as investment limit because there was no remittance from Taiwan.