

GlobalWafers Co., Ltd. and Subsidiaries
Consolidated Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024

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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.

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Representation Letter

The entities that are required to be included in the consolidated financial statements of GlobalWafers Co., Ltd. as of and for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements", as endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements are included in the consolidated financial statements. Consequently, GlobalWafers Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: GlobalWafers Co., Ltd.
Chairman: Doris Hsu
Date: March 3, 2026.



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of GlobalWafers Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”), or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountant and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

1. Revenue recognition

Please refer to note 4(15) “Revenue recognition” for accounting policy and note 6(23) “Revenue from contracts with customers” of the consolidated financial statements for further information.



Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Goodwill impairment assessment

Please refer to the note 4(13) "Impairment of non-financial assets" for accounting policy; note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" for goodwill impairment assessment, and note 6(10) "Intangible assets" for further details.

Description of key audit matter:

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

How the matter was addressed in our audit:

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

Other Matter

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have issued an unqualified opinion.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chun-Yuan Wu and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 3, 2026

Notes to Readers

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

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)

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2025		December 31, 2024		Liabilities and Equity		December 31, 2025		December 31, 2024	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 19,484,156	9	38,929,337	17	2100	Short-term borrowings (note 6(14))	\$ 18,571,145	9	25,376,780	11
1110	Financial assets at fair value through profit or loss— current (note 6(2))	1,433	-	28,751	-	2110	Short-term notes and bills payable (note 6(13))	-	-	1,399,930	1
1170	Notes and accounts receivable, net (note 6(5))	10,062,969	5	10,195,647	5	2120	Financial liabilities at fair value through profit or loss— current (notes 6(2))	3,567	-	50,182	-
1180	Accounts receivable due from related parties, net (note 7)	50,301	-	69,506	-	2130	Contract liabilities— current (note 6(23))	8,022,772	4	10,634,354	5
130X	Inventories (note 6(6))	10,398,696	5	11,238,246	5	2170	Notes and accounts payable	3,686,456	2	4,357,150	2
1476	Other financial assets— current (notes 6(1), (11) and 8)	44,079,682	20	17,597,303	8	2180	Accounts payable to related parties (note 7)	474,225	-	1,013,844	-
1479	Other current assets (notes 6(12) and 7)	2,552,219	1	2,432,932	1	2201	Payroll and bonus payable	2,656,590	1	2,599,756	1
	Total current assets	<u>86,629,456</u>	<u>40</u>	<u>80,491,722</u>	<u>36</u>	2216	Dividends payable	956,227	-	2,390,569	1
Non-current assets:						2230	Current tax liabilities	1,801,514	1	2,160,179	1
1513	Financial assets at fair value through profit or loss— non-current (note 6(2))	7,729,367	4	6,766,986	3	2322	Long-term borrowings, current portion (notes 6(15) and 8)	540,489	-	2,020,751	1
1517	Financial assets at fair value through other comprehensive income— non-current (note 6(3))	135,062	-	68,298	-	2321	Ordinary bonds payable, current portion (note 6(16))	11,898,668	5	-	-
1535	Non-current financial assets at amortized cost, net (note 6(4))	6,254,570	3	6,524,215	3	2399	Other current liabilities (note 6(17))	5,497,072	3	13,061,071	6
1550	Investments accounted for using equity method (note 6(7))	692,333	-	920,925	-		Total current liabilities	<u>54,108,725</u>	<u>25</u>	<u>65,064,566</u>	<u>29</u>
1600	Property, plant and equipment (notes 6(8), 7 and 8)	107,241,239	49	119,074,144	53	2527	Contract liabilities— non-current (note 6(23))	15,452,436	7	19,880,163	9
1755	Right-of-use assets (note 6(9))	785,882	-	869,508	-	2540	Long-term borrowings (notes 6(15) and 8)	7,564,868	3	10,530,658	4
1780	Intangible assets (note 6(10))	2,318,929	1	2,448,363	1	2500	Financial liabilities at fair value through profit or loss— non-current (notes 6(2) and (16))	998,169	-	404,230	-
1840	Deferred tax assets	5,015,996	2	3,838,064	2	2531	Ordinary bonds payable (note 6(16))	24,476,317	12	16,890,669	8
1980	Other financial assets— non-current (notes 7 and 8)	139,975	-	174,745	-	2532	Exchangeable bonds with warrants (note 6(16))	11,202,879	5	10,256,704	4
1900	Other non-current assets (note 6(12))	1,400,008	1	3,403,601	2	2570	Deferred tax liabilities	7,667,021	4	6,770,513	3
	Total non-current assets	<u>131,713,361</u>	<u>60</u>	<u>144,088,849</u>	<u>64</u>	2670	Other non-current liabilities (note 6(17))	2,331,342	1	2,243,130	1
						2640	Net defined benefit liabilities— non-current (note 6(18))	1,246,002	1	1,512,147	1
							Total non-current liabilities	<u>70,939,034</u>	<u>33</u>	<u>68,488,214</u>	<u>30</u>
							Total liabilities	<u>125,047,759</u>	<u>58</u>	<u>133,552,780</u>	<u>59</u>
						Equity (note 6(20)):					
						3110	Ordinary share	4,781,137	2	4,781,137	2
						3200	Capital surplus	44,763,934	21	45,720,158	20
							Retained earnings:				
						3310	Legal reserve	11,397,737	5	10,741,767	5
						3320	Special reserve	13,527,975	6	6,325,189	3
						3350	Unappropriated retained earnings	27,213,387	12	30,574,066	14
								<u>52,139,099</u>	<u>23</u>	<u>47,641,022</u>	<u>22</u>
						3400	Other equity interest	(8,385,625)	(4)	(7,111,401)	(3)
							Total equity attributable to owners of parent	<u>93,298,545</u>	<u>42</u>	<u>91,030,916</u>	<u>41</u>
						3600	Non-controlling interests	(3,487)	-	(3,125)	-
							Total equity	<u>93,295,058</u>	<u>42</u>	<u>91,027,791</u>	<u>41</u>
							Total liabilities and equity	<u>\$ 218,342,817</u>	<u>100</u>	<u>224,580,571</u>	<u>100</u>
	Total assets	<u>\$ 218,342,817</u>	<u>100</u>	<u>224,580,571</u>	<u>100</u>						

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

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

		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(23) and 7)	\$ 60,597,938	100	62,626,004	100
5000	Operating costs (notes 6(6), (18), (24) and 7)	45,974,397	76	42,822,503	68
	Gross profit from operations	14,623,541	24	19,803,501	32
	Operating expenses (notes 6(18), (24) and 7):				
6100	Selling expenses	1,600,452	3	1,341,922	2
6200	Administrative expenses	2,169,819	3	2,023,136	3
6300	Research and development expenses	2,217,644	4	2,317,220	4
6450	Expected credit losses (reversal of gains) (note 6(5))	(706)	-	3,038	-
	Total operating expenses	5,987,209	10	5,685,316	9
	Net operating income	8,636,332	14	14,118,185	23
	Non-operating income and expenses:				
7100	Interest income (note 6(25))	2,235,808	4	3,356,942	5
7020	Other gains and losses (notes 6(16), (25) and 7)	(244,445)	-	(4,178,146)	(7)
7050	Finance costs (notes 6(16), (17), (25) and 7)	(1,111,319)	(2)	(868,415)	(1)
		880,044	2	(1,689,619)	(3)
	Income before income tax	9,516,376	16	12,428,566	20
7950	Less: income tax expense (note 6(19))	2,204,715	4	2,589,786	4
	Net income	7,311,661	12	9,838,780	16
8300	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans	68,413	-	(13,714)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	16,764	-	50,427	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method (note 6(7))	(217,552)	-	(477,894)	(1)
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(19))	13,682	-	(2,743)	-
	Total items that will not be reclassified subsequently to profit or loss	(146,057)	-	(438,438)	(1)
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign operations	(1,338,486)	(2)	1,164,394	2
8399	Less: income tax related to components of other comprehensive income that may be reclassified to profit or loss (note 6(19))	(265,055)	-	232,361	-
	Total items that may be reclassified subsequently to profit or loss	(1,073,431)	(2)	932,033	2
8300	Other comprehensive income (after tax)	(1,219,488)	(2)	493,595	1
	Total comprehensive income	\$ 6,092,173	10	10,332,375	17
	Net income attributable to:				
	Shareholders of GlobalWafers Co., Ltd	\$ 7,312,028	12	9,846,070	16
	Non-controlling interests	(367)	-	(7,290)	-
		\$ 7,311,661	12	9,838,780	16
	Total comprehensive income attributable to:				
	Shareholders of GlobalWafers Co., Ltd	\$ 6,092,535	10	10,339,560	17
	Non-controlling interests	(362)	-	(7,185)	-
		\$ 6,092,173	10	10,332,375	17
	Earnings per share (NT Dollars) (note 6(22))				
9750	Basic earnings per share	\$ 15.29		21.06	
9850	Diluted earnings per share	\$ 15.26		20.66	

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to shareholders of GlobalWafers Co., Ltd.

	Retained earnings						Other equity interest			Total	Non-controlling interests	Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		Exchange differences on translation of foreign financial statements	Gains (losses) from equity instrument measured at fair value through other comprehensive income	Other				Total other equity interest
					Total retained earnings								
Balance at January 1, 2024	\$ 4,361,137	24,248,547	8,062,380	6,546,698	30,691,152	45,300,230	(8,601,325)	1,140,548	428	(7,460,349)	66,449,565	4,060	66,453,625
Net income (loss) for the year	-	-	-	-	9,846,070	9,846,070	-	-	-	-	9,846,070	(7,290)	9,838,780
Other comprehensive income for the year	-	-	-	-	(10,972)	(10,972)	931,928	(427,466)	-	504,462	493,490	105	493,595
Comprehensive income for the year	-	-	-	-	9,835,098	9,835,098	931,928	(427,466)	-	504,462	10,339,560	(7,185)	10,332,375
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	2,679,387	-	(2,679,387)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(221,509)	221,509	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(7,649,820)	(7,649,820)	-	-	-	-	(7,649,820)	-	(7,649,820)
Additional paid-in capital resulting from assets donated	-	177	-	-	-	-	-	-	-	-	177	-	177
Capital increase by cash	420,000	21,471,434	-	-	-	-	-	-	-	-	21,891,434	-	21,891,434
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	155,514	155,514	-	(155,514)	-	(155,514)	-	-	-
Balance at December 31, 2024	<u>4,781,137</u>	<u>45,720,158</u>	<u>10,741,767</u>	<u>6,325,189</u>	<u>30,574,066</u>	<u>47,641,022</u>	<u>(7,669,397)</u>	<u>557,568</u>	<u>428</u>	<u>(7,111,401)</u>	<u>91,030,916</u>	<u>(3,125)</u>	<u>91,027,791</u>
Net income (loss) for the year	-	-	-	-	7,312,028	7,312,028	-	-	-	-	7,312,028	(367)	7,311,661
Other comprehensive income for the year	-	-	-	-	54,731	54,731	(1,073,436)	(200,788)	-	(1,274,224)	(1,219,493)	5	(1,219,488)
Comprehensive income for the year	-	-	-	-	7,366,759	7,366,759	(1,073,436)	(200,788)	-	(1,274,224)	6,092,535	(362)	6,092,173
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	655,970	-	(655,970)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	7,202,786	(7,202,786)	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	(956,227)	-	-	(2,868,682)	(2,868,682)	-	-	-	-	(3,824,909)	-	(3,824,909)
Additional paid-in capital resulting from assets donated	-	3	-	-	-	-	-	-	-	-	3	-	3
Balance at December 31, 2025	<u>\$ 4,781,137</u>	<u>44,763,934</u>	<u>11,397,737</u>	<u>13,527,975</u>	<u>27,213,387</u>	<u>52,139,099</u>	<u>(8,742,833)</u>	<u>356,780</u>	<u>428</u>	<u>(8,385,625)</u>	<u>93,298,545</u>	<u>(3,487)</u>	<u>93,295,058</u>

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd. and subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	2025	2024
Cash flows from operating activities:		
Income before income tax	\$ 9,516,376	12,428,566
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	8,926,958	8,047,721
Amortization expenses	21,652	21,753
Expected credit losses	(706)	3,038
Net loss on financial assets or liabilities at fair value through profit or loss	82,666	4,684,916
Finance costs	1,111,319	868,415
Interest income	(2,235,808)	(3,356,942)
Dividend income	(80,845)	(186,110)
Shares of profit of associates accounted for using equity method	(48,009)	(65,929)
Loss (gain) on disposal of property, plant and equipment	47,701	(48,992)
Loss on disposal of intangible assets	-	17
Impairment loss on non-financial assets	(39,400)	-
Provisions for inventory valuation	174,406	88,012
Loss on Provision for Other Liabilities	9,427	1,535
Gain on lease modification	(11,277)	(1,487)
Total adjustments	7,958,084	10,055,947
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	152,602	(152,620)
Inventories	663,262	(1,960,110)
Prepayments for purchase of materials	249,625	233,038
Other financial assets	678,901	11,063
Other operating assets	(149,074)	(262,812)
Total changes in operating assets	1,595,316	(2,131,441)
Contract liabilities	(6,411,072)	(4,880,302)
Notes and accounts payable (including related parties)	(836,794)	627,977
Net defined benefit liabilities	(199,798)	(103,658)
Other operating liabilities	3,085,055	1,234,633
Total changes in operating liabilities	(4,362,609)	(3,121,350)
Total changes in operating assets and liabilities	(2,767,293)	(5,252,791)
Total adjustments	5,190,791	4,803,156
Cash inflow generated from operations	14,707,167	17,231,722
Interest received	2,631,297	3,731,087
Dividends received	80,845	186,110
Interest paid	(2,100,621)	(1,829,865)
Income taxes paid	(2,573,973)	(4,277,628)
Net cash flows from operating activities	12,744,715	15,041,426

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows(Continued)

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$ (50,000)	(22,599)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	227,435
Proceeds from capital reduction of financial assets at fair value through profit or loss	18,391	19,421
Acquisition of financial assets at amortized cost	-	(7,035,397)
Acquisition of financial assets at fair value through profit or loss	(74,810)	(35,252)
Dividends received from associates accounted for using the equity method	59,336	60,647
Acquisition of property, plant and equipment, and prepayments of equipment	(33,497,272)	(48,319,323)
Proceeds from disposal of property, plant and equipment	85,869	379,591
Acquisition of intangible assets	(7,766)	(486)
(Increase) decrease in other financial assets	(7,674,758)	25,106,091
Other investing activities	<u>7,091,895</u>	<u>-</u>
Net cash flows used in investing activities	<u>(34,049,115)</u>	<u>(29,619,872)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(6,805,635)	728,918
(Decrease) increase in short-term notes and bills payable	(1,399,930)	1,399,930
Issuing bonds	19,257,280	16,663,844
Repayment of bonds	-	(14,037,022)
Proceeds from long-term borrowings	7,500,440	9,791,699
Repayments of long-term borrowings	(11,477,692)	(1,569,643)
Increase (decrease) in guarantee deposits received	5,732	48,082
decrease in borrowings from related party	(340,000)	(235,039)
Payment of lease liabilities	(177,600)	(193,744)
Cash dividends	(5,259,251)	(8,748,161)
Capital increase by cash	-	21,891,434
Additional paid-in capital resulting from assets donated	<u>3</u>	<u>177</u>
Net cash flows from financing activities	<u>1,303,347</u>	<u>25,740,475</u>
Effect of exchange rate changes on cash and cash equivalents	<u>555,872</u>	<u>1,602,717</u>
(Decrease) increase in cash and cash equivalents	(19,445,181)	12,764,746
Cash and cash equivalents at beginning of period	<u>38,929,337</u>	<u>26,164,591</u>
Cash and cash equivalents at end of period	<u>\$ 19,484,156</u>	<u>38,929,337</u>

See accompanying notes to consolidated financial statements.

(English Translation of the Consolidated Financial Statements Originally Issued in Chinese)

GlobalWafers Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(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 December 31, 2025, 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”). The Group’s research and development, manufacturing and sales locations spread over the United States, Europe, and Asia through this acquisition, thereby expanding its global market share, customers, and other wafer technologies and production capacities.

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 March 3, 2026.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards (“IFRS Accounting Standards”) endorsed by the Financial Supervisory Commission, R.O.C. (the “FSC”) 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, 2025:

- Amendments to IAS 21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

- (2) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”

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

- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
 - Annual Improvements to IFRS Accounting Standards
 - Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”
- (3) The impact of IFRS Accounting Standards 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
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. 	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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

Standards or Interpretations	Content of amendment	Effective date per IASB
	<ul style="list-style-type: none"> ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. 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 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

4. Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”), and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as the “IFRS Accounting Standards endorsed by the FSC”).

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- (a) Financial instruments at fair value through profit or loss are measured at fair value;

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

- (b) Financial assets at fair value through other comprehensive income are measured at fair value;
- (c) Cash-settled shared-based-payment liability is measured at fair value;
- (d) The defined benefit liabilities (assets) are measured at fair value of the plan assets, less the present value of the defined benefit obligation and the asset ceiling, as explained in note 4(17).

B. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The difference between the adjustment of the non-controlling interest and the fair value of the consideration paid or received is directly recognized in the equity and attributable to the stockholders of the Company.

B. List of subsidiaries in the consolidated financial statements

<u>Name of Investor</u>	<u>Name of Subsidiary</u>	<u>Business</u>	<u>Percentage of Ownership</u>		<u>Note</u>
			<u>December 31, 2025</u>	<u>December 31, 2024</u>	
The Company	GlobalSemiconductor Inc. (GSI)	Investment activities	100 %	100 %	
The Company	GlobalWafers Japan Co., Ltd. (GWJ)	Manufacturing and trading of silicon wafers	100 %	100 %	

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

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership		Note
			December 31, 2025	December 31, 2024	
The Company	GlobalWafers Singapore Pte. Ltd. (GWS)	Investment activities	100 %	100 %	
The Company	Sunrise PV Four Co., Ltd. (SPV4)	Electricity activities	100 %	100 %	
The Company	Sunrise PV Electric Power Five Co., Ltd. (SPVE5)	Electricity activities	100 %	100 %	
The Company	GWC Capital Co., Ltd. (GWH)	Investment activities	100 %	100 %	
The Company	GlobalWafers GmbH (GW GmbH)	Investment activities	100 %	100 %	
The Company	GlobalWafers B.V. (GWBV)	Investment activities	100 %	100 %	
The Company	Crystalwise Technology Inc. (CWT)	Manufacturing and trading of optoelectronic wafers and substrate material	100 %	100 %	
The Company	GlobalWafers Capital Co., Ltd. (GWCC)	Investment activities	79.41 %	100 %	note (2)
GSI	Kunshan Sino Silicon Technology Co., Ltd. (SST)	Processing and trading of ingots and wafers	100 %	100 %	
GWJ	MEMC Japan Ltd. (MEMC Japan)	Manufacturing and trading of silicon wafers	100 %	100 %	
SST	MEMC Electronic Materials Sdn Bhd (MEMC Sdn Bhd)	Research and development, manufacturing and trading of silicon wafers	100 %	100 %	
SST	Kunshan SST Trading Co., Ltd. (KST)	Sales, marketing and trading activities	100 %	100 %	
SST	Shanghai Sawyer Shenkai Technology Material Co., Ltd. (SSKT)	Manufacturing and sales of lithium tantalate and lithium niobate wafers	100 %	100 %	

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

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership		Note
			December 31, 2025	December 31, 2024	
CWT	Crystalwise Technology (HK) Limited (Crystalwise (HK))	Investment activities	100 %	100 %	
CWT	Yuan Hong (SHANDONG) Technical Materials Ltd. (YHTM)	Manufacturing and trading of optoelectronic wafers and substrate material	19.69 %	19.69 %	
GWBV	MEMC Electronic Materials, SpA (MEMC SpA)	Manufacturing and trading of silicon wafers	100 %	100 %	
MEMC SpA	MEMC Electronic Materials France SarL (MEMC SarL)	Trading	100 %	100 %	
GWBV	MEMC Korea Company (MEMC Korea)	Manufacturing and trading of silicon wafers	100 %	100 %	
GWBV	MEMC Ipoh Sdn Bhd (MEMC Ipoh)	Manufacturing and trading of silicon wafers	100 %	100 %	
GWBV	GlobiTech Incorporated (GTI)	Manufacturing and trading of epitaxial wafers and silicon wafers	100 %	100 %	
GWBV	Topsil Globalwafers A/S (Topsil A/S)	Manufacturing and trading of silicon wafers	100 %	100 %	
Crystalwise (HK)	YHTM	Manufacturing and trading of optoelectronic wafers and substrate material	80.31 %	80.31 %	
GTI	MEMC LLC	Research and development, manufacturing and trading of silicon wafers	100 %	100 %	
GTI	GlobalWafers America, LLC (GWA)	Manufacturing and trading of silicon wafers	100 %	100 %	

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

<u>Name of Investor</u>	<u>Name of Subsidiary</u>	<u>Business</u>	<u>Percentage of Ownership</u>		<u>Note</u>
			<u>December 31, 2025</u>	<u>December 31, 2024</u>	
SSKT	Yuan Hong Technical Materials Ltd. (MHTM)	Manufacturing and sales of lithium tantalate and lithium niobate wafers	90 %	90 %	
MEMC Korea	MKC Capital Co., Ltd (MKCC)	Investment activities	100 %	-	% note (1)
MKCC	GWCC	Investment activities	20.59 %	-	% note (2)

Note: Groups organizational restructuring and changes were as follows:

- (1) MKCC was established in September 2025.
- (2) Based on a resolution approved by MKCC's Board on September 11, 2025, MKCC increased its investment in GWCC on September 24, 2025, acquiring 20.59% equity interest in GWCC, resulting in MKCC and the Company to collectively hold the entire shares of GWCC.

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

(4) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an equity investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into NTD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into NTD at the average rate. Exchange differences are recognized in other comprehensive income.

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

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(5) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

- A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. It holds the asset primarily for the purpose of trading;
- C. It expects to realize the asset within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

- A. It expects to settle the liability in its normal operating cycle;
- B. It holds the liability primarily for the purpose of trading;
- C. The liability is due to be settled within twelve months after the reporting period; or
- D. It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(6) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

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

(7) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income – equity investment, or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(c) Fair value through profit or loss (FVTPL)

All the above financial assets not classified as amortized cost or FVOCI as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, other receivables, guarantee deposits paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured by 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

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

When contractual payments are more than 30 days past due, the Group considers the credit risk of the financial asset to have increased significantly.

When contractual payments are more than 180 days past due, or when it is assessed that the borrower is unlikely to fulfill its credit obligations to pay the full amount to the Group, the financial asset is considered to be in default.

Lifetime ECL are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

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

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(d) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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

(e) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(f) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average-cost method and includes expenditure incurred in acquiring the inventories, production or conversion cost, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses necessary to make the sale.

(9) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

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The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid in capital. If the additional paid in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

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(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- (a) Buildings: 2 to 60 years
- (b) Machinery and equipment: 1 to 30 years
- (c) Other equipment and leased assets: 1 to 40 years
- (d) Buildings constitute mainly buildings, mechanical and electrical power equipment, and related engineering, and wastewater treatment system, etc. Each such part is depreciated based on its useful life of 3 to 56 years, 5 to 40 years, and 6 to 30 years, respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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A. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (a) fixed payments, including in-substance fixed payments;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (a) there is a change in future lease payments arising from the change in an index or rate; or
- (b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- (c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- (d) there is a change of its assessment on whether it will exercise an extension or termination option; or
- (e) there are any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right of use asset, or in profit and loss if the carrying amount of the right of use asset has been reduced to zero.

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When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right of use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

B. As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(12) Intangible assets

A. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

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C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful life for the patents and trademarks, development cost and computer software are 3 to 15 years, 3 to 5 years and 1 to 10 years, respectively.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(14) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense.

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A. Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land and the related expense are recognized when the land is contaminated. A provision for site restoration of lease land and the related expense are recognized over the term of the lease.

B. Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

C. Carbon Fees

In accordance with the Climate Change Response Act of the Republic of China and its subordinate regulations, carbon fees are recognized when it is highly probable that the entity's estimated annual greenhouse gas emissions will exceed the assessment threshold for fee imposition.

The provision for such liability is measured based on the volume of greenhouse gas emissions that has exceeded the assessment threshold during the reporting period, using the rate expected to be applied.

(15) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

The main types of revenue are explained below.

A. Sale of goods

The Group engages mainly in the research, development, production, design, and sales of semiconductor ingots and wafers. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered, as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

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B. Services

The Group provides services to its customers. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

Revenue recognition for fixed-price contracts is based on the ratio of services actually provided to total services as of the reporting date, which is determined by the percentage of labor performed to the total amount of labor to be performed.

If the situation changes, the estimates of revenue, cost, and degree of completion will be revised, and the increase or decrease in the period when the management is aware of the change in the situation will be reflected in profit or loss.

C. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

(16) Government grants and government subsidies

The Group recognizes an unconditional government grant related to a biological asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received, and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided.

B. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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

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

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

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(18) Share-based payment

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

The grant date of the share-based payment award is the date on which consensus is reached with the employees.

(19) Income tax

Income taxes comprise current taxes and deferred taxes. Except for items related to business combinations, or items recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized except for the following:

- A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (a) the same taxable entity; or
 - (b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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(20) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee remuneration that could be settled in the form of stock.

(21) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In the preparation of the consolidated financial statements in conformity with the Regulations and IFRS Accounting Standards (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments and estimates about the future, including climate related risks and opportunities, 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.

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

Information about judgments made in applying accounting policies that have significant effects on the amounts recognized in the consolidated financial statements is as follows:

Judgment of whether the Group has substantive control over its investee

Considering that the Group is not the largest shareholder and cannot obtain more than half of the total number of directors or voting rights of the shareholders. Therefore, the Group only has significant influence over the associates accounted for using the equity method.

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The accounting policies which involved the estimation and assumption uncertainty that may cause adjustments in the subsequent period is as below:

Goodwill impairment assessment

The assessment of the impairment of goodwill requires the Group to make subjective judgment to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amounts of the relevant CGUs. Please refer to note 6(10) for further discussion of the assessment of goodwill impairment.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss, wherein the Group has established an internal control system for fair value measurement to regularly review material unobservable inputs and adjustments. If external third-party information (such as a broker or pricing service) is used to measure the fair value, the evidence provided by the third party will be evaluated to determine whether the assessment and the fair value hierarchy categories are in accordance with IFRSs.

The Group strives to use the observable market inputs when measuring assets and liabilities. The hierarchy of the fair value categorized by the valuation techniques used is as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the Group recognizes the transfer on the reporting date. For the assumption used in fair value measurement, please refer to note 6(26) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand	\$ 3,788	3,801
Demand deposits	5,801,714	14,109,820
Time deposits	12,978,957	20,247,848
Bond investments with repurchase agreements	162,697	4,567,868
Note investments with repurchase agreement	<u>537,000</u>	<u>-</u>
	<u>\$ 19,484,156</u>	<u>38,929,337</u>

As of December 31, 2025 and 2024, the Group reclassified time deposits to other financial assets—current due to liquidity considerations amounting to \$5,376,495 thousand and \$4,812,163 thousand, respectively.

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On November 28, 2019 and February 21, 2020, the Group applied to the National Taxation Bureau for the application of the Overseas Fund Repatriation Management, Utilization and Taxation Regulations. After approval, the funds were repatriated. 5% of the repatriated funds can be used freely, and the remaining 95% can only be used for special investment plans approved by the Ministry of Economic Affairs. Funds are deposited in a special account and cannot be used randomly for expenditure within five years. The Group has applied to the Ministry of Economic Affairs for substantial investment, and the funds are expected to be used for capital expenditures on factory expansion and the purchase of machinery, equipment and related assets. As of December 31, 2025 and 2024, the balances of the special accounts were \$1,920,543 thousand and \$3,005,012 thousand recorded in cash and cash equivalents (or other financial assets), respectively.

Please refer to note 6(26) 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

	December 31, 2025	December 31, 2024
Financial assets measured at fair value through profit or loss		
— current:		
Forward exchange contracts	\$ <u>1,433</u>	<u>28,751</u>
Financial assets measured at fair value through profit or loss		
— non-current:		
Privately offered funds	\$ 328,267	254,686
Overseas securities held	<u>7,401,100</u>	<u>6,512,300</u>
	<u>\$ 7,729,367</u>	<u>6,766,986</u>
Financial liabilities designated as at fair value through profit or loss — current:		
Forward exchange contracts	\$ <u>3,567</u>	<u>50,182</u>
Financial liabilities designated as at fair value through profit or loss — non-current:		
Embedded derivatives of exchangeable bonds with warrants	\$ <u>998,169</u>	<u>404,230</u>

Please refer to note 6(25) for the amount remeasured at fair value through profit or loss.

For the years ended December 31, 2025 and 2024, the dividends of \$80,845 thousand and \$184,993 thousand, respectively, were recognized from investments in financial assets mandatorily measured at fair value through profit or loss.

The Group issued overseas bonds with warrant the shares of Sliteonic AG in January 2024. When warrants are exercised, shares of Siltronic AG will be delivered to the holders. Please refer to Note 6(16) for details.

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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 December 31, 2025 and 2024:

	December 31, 2025			
	Contract amount (in thousands)		Currency	Maturity date
Forward exchange contracts buy	USD	30,000	USD to EUR	April 28, 2026
Forward exchange contracts sold	USD	15,000	USD to NTD	January 30, 2026
Forward exchange contracts sold	USD	21,000	USD to EUR	January 26, 2026 ~ March 26, 2026
	December 31, 2024			
	Contract amount (in thousands)		Currency	Maturity date
Forward exchange contracts buy	USD	30,000	USD to EUR	October 29, 2025
Forward exchange contracts sold	USD	165,000	USD to TWD	January 9, 2025 ~ March 24, 2025
Forward exchange contracts sold	USD	20,300	USD to EUR	February 26, 2025 ~ March 26, 2025

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

	December 31, 2025	December 31, 2024
Equity investment in domestic entities	\$ 135,062	68,298

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.

For the nine months ended December 31, 2025 and 2024, the dividend income of \$3,724 thousand and \$1,117 thousand, respectively, related to equity investments at fair value through other comprehensive income, was recognized, respectively.

Due to the changes in investment strategy for the years ended December 31, 2024, the Group disposed domestic equity investments designated to be measured at fair value through other comprehensive gains and losses, at the fair value of \$223,429 thousand, resulting in the accumulated disposal gains of \$155,514 thousand, which were reclassified from other equity to retained earnings.

The Group did not dispose its strategic investments for the years ended December 31, 2025; 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(27).

The financial assets mentioned above were not pledged as collateral.

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(4) Financial assets measured at amortized cost

	December 31, 2025	December 31, 2024
Foreign Bonds	<u><u>\$ 6,254,570</u></u>	<u><u>6,524,215</u></u>

A. The Group invested in foreign bonds, with the face value of US\$199,000 thousand and a coupon rate ranging from 4.71% to 5.15%, as well as the maturity dates from October 8, 2026 to June 13, 2029. The Group has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

B. The financial assets mentioned above were not pledged as collateral.

(5) Notes and accounts receivable, net

	December 31, 2025	December 31, 2024
Notes receivable	\$ 687,069	301,563
Accounts receivable	9,385,901	9,904,922
Less: allowance for expected credit loss	<u>(10,001)</u>	<u>(10,838)</u>
	<u><u>\$ 10,062,969</u></u>	<u><u>10,195,647</u></u>

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, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

The credit loss provision of notes and accounts receivable (including related parties) was determined as follows:

	December 31, 2025		
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	\$ 9,685,953	0%	-
1 to 30 days past due	230,754	0%	-
31 to 60 days past due	34,027	1%	211
61 to 90 days past due	9,788	11%	1,081
91 to 120 days past due	109,425	1%	769
121 to 150 days past due	44,458	0%	38
More than 181 days past due	<u>7,902</u>	100%	<u>7,902</u>
	<u><u>\$ 10,122,307</u></u>		<u><u>10,001</u></u>

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	December 31, 2024		
	Gross amount of notes and accounts receivable	Weighted-average loss rate	Credit loss allowance
Current	\$ 9,944,872	0%	-
1 to 30 days past due	304,056	0%	-
31 to 60 days past due	14,341	10%	1,432
61 to 90 days past due	1,577	30%	473
91 to 120 days past due	1,189	50%	594
121 to 150 days past due	1,297	70%	908
151 to 180 days past due	736	90%	663
More than 181 days past due	6,768	100%	6,768
	\$ 10,274,836		10,838

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

	For the years ended December 31,	
	2025	2024
Balance on January 1	\$ 10,838	14,747
Credit losses recognized	(706)	3,038
Amount written off which was considered uncollectible in the current period	(122)	(7,239)
Foreign exchange gains and losses	(9)	292
Balance on December 31	\$ 10,001	10,838

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

(6) Inventories

	December 31, 2025	December 31, 2024
Finished goods	\$ 2,250,723	2,609,113
Work in progress	3,866,122	3,718,253
Raw materials	4,281,851	4,910,880
	\$ 10,398,696	11,238,246

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Components of operating costs were as follows:

	For the years ended December 31,	
	2025	2024
Cost of goods sold	\$ 45,571,161	42,554,222
Provisions for inventory valuation losses (reversal of gains)	174,406	88,012
Unallocated fixed manufacturing expense	228,830	180,269
	<u>\$ 45,974,397</u>	<u>42,822,503</u>

The inventories mentioned above were not pledged as collateral.

(7) 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:

	December 31, 2025	December 31, 2024
Associates	<u>\$ 692,333</u>	<u>920,925</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:

	December 31, 2025	December 31, 2024
The carrying amount of investments in the individually insignificant associates	<u>\$ 692,333</u>	<u>920,925</u>
	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Amount of individually insignificant associates' interests attributable to the Group:		
Net income	\$ 48,009	65,929
Other comprehensive income (loss)	(217,265)	(477,209)
Total	<u>\$ (169,256)</u>	<u>(411,280)</u>

For the years ended December 31, 2025 and 2024, the cash dividends of the invested associates were \$59,336 thousand and \$60,647 thousand, respectively, which were recognized as deductions of investments accounted for using the equity method.

The Group holds 30.98% of the shares of the HONG-WANG Investment Co., Ltd., with the largest shareholder owning 39.02% shares of that company, resulting in the Group to have no control over that company.

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B. Collateral

The investments accounted for using equity method mentioned above were not pledged as collateral.

(8) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress and equipment awaiting inspection</u>	<u>Total</u>
Cost:						
Balance at January 1, 2025	\$ 2,661,362	30,206,380	58,365,429	7,544,383	67,407,472	166,185,026
Additions	-	16,196	331,395	469,546	1,113,626	1,930,763
Disposals	-	(28,616)	(1,045,189)	(160,450)	(10,949)	(1,245,204)
Reclassification	903,327	3,126,155	15,068,766	226,353	(19,241,644)	82,957
Transfer and others	-	42,168	(1,793,911)	(402,632)	(523,390)	(2,677,765)
Effect of changes in exchange rates	<u>(29,241)</u>	<u>(799,195)</u>	<u>(1,296,932)</u>	<u>(87,402)</u>	<u>(1,465,943)</u>	<u>(3,678,713)</u>
Balance at December 31, 2025	<u>\$ 3,535,448</u>	<u>32,563,088</u>	<u>69,629,558</u>	<u>7,589,798</u>	<u>47,279,172</u>	<u>160,597,064</u>
Balance at January 1, 2024	\$ 2,653,843	21,481,582	50,011,861	7,573,234	32,793,886	114,514,406
Additions	28,532	131,068	524,246	104,106	54,812,016	55,599,968
Disposals	(3,893)	(177,629)	(2,226,487)	(206,778)	(34,129)	(2,648,916)
Reclassification	70,740	10,355,339	11,926,231	121,331	(21,892,683)	580,958
Transfer and others	-	(1,514,228)	(365,017)	(53,370)	(74,481)	(2,007,096)
Effect of changes in exchange rates	<u>(87,860)</u>	<u>(69,752)</u>	<u>(1,505,405)</u>	<u>5,860</u>	<u>1,802,863</u>	<u>145,706</u>
Balance at December 31, 2024	<u>\$ 2,661,362</u>	<u>30,206,380</u>	<u>58,365,429</u>	<u>7,544,383</u>	<u>67,407,472</u>	<u>166,185,026</u>
Depreciation:						
Balance at January 1, 2025	\$ -	9,994,533	33,242,812	3,832,045	41,492	47,110,882
Depreciation for the year	-	1,054,898	7,199,979	502,509	-	8,757,386
Disposals	-	(28,119)	(969,717)	(104,125)	-	(1,101,961)
Reclassification	-	-	(83,038)	-	-	(83,038)
Transfer and others	-	(270)	140,338	21,712	-	161,780
Effect of changes in exchange rates	<u>-</u>	<u>(340,509)</u>	<u>(1,097,303)</u>	<u>(49,697)</u>	<u>(1,715)</u>	<u>(1,489,224)</u>
Balance at December 31, 2025	<u>\$ -</u>	<u>10,680,533</u>	<u>38,433,071</u>	<u>4,202,444</u>	<u>39,777</u>	<u>53,355,825</u>
Balance at January 1, 2024	\$ -	9,279,773	29,542,534	3,402,425	38,860	42,263,592
Depreciation for the year	-	918,304	6,303,091	642,361	-	7,863,756
Disposals	-	(157,072)	(2,024,350)	(200,569)	-	(2,381,991)
Reclassification	-	5,438	482,667	(1,629)	-	486,476
Transfer and others	-	-	11,143	-	-	11,143
Effect of changes in exchange rates	<u>-</u>	<u>(51,910)</u>	<u>(1,072,273)</u>	<u>(10,543)</u>	<u>2,632</u>	<u>(1,132,094)</u>
Balance at December 31, 2024	<u>\$ -</u>	<u>9,994,533</u>	<u>33,242,812</u>	<u>3,832,045</u>	<u>41,492</u>	<u>47,110,882</u>
Carrying amounts:						
Balance at December 31, 2025	<u>\$ 3,535,448</u>	<u>21,882,555</u>	<u>31,196,487</u>	<u>3,387,354</u>	<u>47,239,395</u>	<u>107,241,239</u>
Balance at January 1, 2024	<u>\$ 2,653,843</u>	<u>12,201,809</u>	<u>20,469,327</u>	<u>4,170,809</u>	<u>32,755,026</u>	<u>72,250,814</u>
Balance at December 31, 2024	<u>\$ 2,661,362</u>	<u>20,211,847</u>	<u>25,122,617</u>	<u>3,712,338</u>	<u>67,365,980</u>	<u>119,074,144</u>

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B. Collateral

A portion of the property, plant and equipment was pledged as collateral for credit lines. Please refer to note 8.

C. For the Group's capital expenditure plan, the total amount of expenditures incurred but the construction has not yet been completed for the years ended December 31, 2025 and 2024, were \$47,239,395 thousand and \$67,365,980 thousand, including the capitalized borrowing costs related to the acquisition of the construction of property, plant and equipment of \$1,671,416 thousand and \$1,404,930 thousand, calculated using a capitalization interest rates of 3.54%~5.15% and 4.38%~5.60%, respectively.

(9) 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:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2025	\$ 593,230	148,476	896	667,126	1,409,728
Additions	341,247	16,688	-	115,665	473,600
Disposals and transfer	(557,518)	(26,504)	-	(92,518)	(676,540)
Effect of changes in exchange rates	(1,030)	(5,876)	(37)	(16,703)	(23,646)
Balance at December 31, 2025	<u>\$ 375,929</u>	<u>132,784</u>	<u>859</u>	<u>673,570</u>	<u>1,183,142</u>
Balance at January 1, 2024	\$ 606,629	141,098	-	593,184	1,340,911
Additions	48,867	46,909	878	64,370	161,024
Disposals and transfer	(61,774)	(38,947)	-	(10,474)	(111,195)
Effect of changes in exchange rates	(492)	(584)	18	20,046	18,988
Balance at December 31, 2024	<u>\$ 593,230</u>	<u>148,476</u>	<u>896</u>	<u>667,126</u>	<u>1,409,728</u>
Depreciation:					
Balance at January 1, 2025	\$ 197,848	91,492	299	250,581	540,220
Depreciation	33,879	31,358	283	104,052	169,572
Disposals and transfer	(184,540)	(26,504)	-	(92,518)	(303,562)
Effect of changes in exchange rates	(445)	(4,116)	(10)	(4,399)	(8,970)
Balance at December 31, 2025	<u>\$ 46,742</u>	<u>92,230</u>	<u>572</u>	<u>257,716</u>	<u>397,260</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Total</u>
Balance at January 1, 2024	\$ 175,556	87,891	-	147,745	411,192
Depreciation	36,362	36,922	293	110,388	183,965
Disposals and transfer	(13,921)	(32,648)	-	(8,763)	(55,332)
Effect of changes in exchange rates	(149)	(673)	6	1,211	395
Balance at December 31, 2024	<u>\$ 197,848</u>	<u>91,492</u>	<u>299</u>	<u>250,581</u>	<u>540,220</u>
Carrying amounts:					
Balance at December 31, 2025	<u>\$ 329,187</u>	<u>40,554</u>	<u>287</u>	<u>415,854</u>	<u>785,882</u>
Balance at January 1, 2024	<u>\$ 431,073</u>	<u>53,207</u>	<u>-</u>	<u>445,439</u>	<u>929,719</u>
Balance at December 31, 2024	<u>\$ 395,382</u>	<u>56,984</u>	<u>597</u>	<u>416,545</u>	<u>869,508</u>

(10) Intangible assets

Intangible assets included trademarks, patents and computer software. The cost and amortization of the intangible assets of the Group were as follows:

	<u>Goodwill</u>	<u>Patents and trademarks</u>	<u>Development costs</u>	<u>Computer software</u>	<u>Total</u>
Cost:					
Balance at January 1, 2025	\$ 2,373,271	1,810,438	285,606	103,086	4,572,401
Additions	-	-	-	7,766	7,766
Reclassification	-	-	-	5,727	5,727
Effect of changes in exchange rates	(122,879)	(5,854)	22,252	(3,724)	(110,205)
Balance at December 31, 2025	<u>\$ 2,250,392</u>	<u>1,804,584</u>	<u>307,858</u>	<u>112,855</u>	<u>4,475,689</u>
Balance at January 1, 2024	\$ 2,252,452	1,800,130	293,138	96,846	4,442,566
Additions	-	-	-	486	486
Disposals	-	(22)	(10,086)	-	(10,108)
Effect of changes in exchange rates	120,819	10,330	2,554	5,754	139,457
Balance at December 31, 2024	<u>\$ 2,373,271</u>	<u>1,810,438</u>	<u>285,606</u>	<u>103,086</u>	<u>4,572,401</u>
Amortization:					
Balance at January 1, 2025	\$ -	1,786,115	249,962	87,961	2,124,038
Amortization for the year	-	5,426	12,850	3,376	21,652
Effect of changes in exchange rates	-	(5,742)	20,115	(3,303)	11,070
Balance at December 31, 2025	<u>\$ -</u>	<u>1,785,799</u>	<u>282,927</u>	<u>88,034</u>	<u>2,156,760</u>
Balance as of January 1, 2024	\$ -	1,771,185	245,369	79,456	2,096,010
Amortization for the year	-	5,587	12,700	3,466	21,753
Disposals	-	(5)	(10,086)	-	(10,091)
Effect of changes in exchange rates	-	9,348	1,979	5,039	16,366
Balance at December 31, 2024	<u>\$ -</u>	<u>1,786,115</u>	<u>249,962</u>	<u>87,961</u>	<u>2,124,038</u>
Carrying amounts:					
Balance at December 31, 2025	<u>\$ 2,250,392</u>	<u>18,785</u>	<u>24,931</u>	<u>24,821</u>	<u>2,318,929</u>
Balance at January 1, 2024	<u>\$ 2,252,452</u>	<u>28,945</u>	<u>47,769</u>	<u>17,390</u>	<u>2,346,556</u>
Balance at December 31, 2024	<u>\$ 2,373,271</u>	<u>24,323</u>	<u>35,644</u>	<u>15,125</u>	<u>2,448,363</u>

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Goodwill impairment testing

For the purpose of impairment testing, goodwill was allocated to the semiconductor business segment. The Group's goodwill has been tested for impairment at least once at the end of each annual reporting period and the recoverable amount is determined based on discounted cash flows.

For the years ended December 31, 2025 and 2024, the recoverable amount of the semiconductor business was estimated based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

As of December 31, 2025 and 2024, the recoverable amount was greater than its carrying amount and no impairment loss was recognized.

The key assumptions used in the estimation of value in use were as follows.

	December 31, 2025	December 31, 2024
Discount rate	5.71 %	5.61 %
Growth rate	2.32 %	2.48 %

The discount rate was a pre-tax measure based on the rate of ten-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

Cash flow projections are based on five-year financial budgets estimated by the management.

The intangible assets mentioned above were not pledged as collateral.

(11) Other financial assets – current and non-current

	December 31, 2025	December 31, 2024
Other receivables	\$ 21,158,303	1,989,964
Restricted bank deposits	17,208,319	10,056,172
Time deposits (maturity over three months)	5,376,495	4,812,163
Others	476,540	913,749
	\$ 44,219,657	17,772,048
Current	\$ 44,079,682	17,597,303
Non-current	\$ 139,975	174,745

The Group applied for the Advanced Manufacturing Investment Credit from the U.S. Department of the Treasury in 2025, with the related amount recognized as other receivables.

Please refer to Note 8 for details of the restricted bank deposits.

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(12) Other assets – current and non-current

	December 31, 2025	December 31, 2024
Prepayment for materials	\$ 607,256	856,881
Refundable tax and overpaid tax	1,601,132	1,546,771
Prepayments for equipment – non-current	1,097,733	2,819,278
Others	646,106	613,603
	\$ 3,952,227	5,836,533
Current	\$ 2,552,219	2,432,932
Non-current	\$ 1,400,008	3,403,601

(13) Short-term notes and bills payable

	December 31, 2025	December 31, 2024
Commercial paper payable	\$ -	1,399,930

The company repaid short-term notes and bills payable totaling \$1,399,930 thousand upon maturity during the year 2025. Information on interest expense for the period is discussed in note 6(25).

(14) Short-term borrowings

	December 31, 2025	December 31, 2024
Unsecured borrowings	\$ 1,445,550	25,376,780
Secured borrowings	17,125,595	-
	\$ 18,571,145	25,376,780
Range of interest rates at the end of the period	1.85%~3.967%	0.5%~5.3%

(15) Long-term borrowings

December 31, 2025				
	Currency	Rate	Maturity	Amount
Unsecured bank loans	JPY	0.10%~0.28%	115.1~115.3	\$ 522,883
Unsecured bank loans	NTD	0.5%~2.22%	115.12~118.6	73,672
Unsecured bank loans	DKK	2.43%	116.3	1,512,725
Commercial paper payable	NTD	1.53%~1.65%	115.1	6,000,000
Less: discount				(3,923)
Less: current portion				(540,489)
				\$ 7,564,868

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	December 31, 2024			
	Currency	Rate	Maturity	Amount
Unsecured bank loans	JPY	0.10%~0.28%	115.1~115.3	\$ 2,559,520
Unsecured bank loans	NTD	0.50%	118.4~118.6	46,100
Secured bank loans	USD	5.1541%	115.12	9,945,789
Less: current portion				(2,020,751)
Total				\$ 10,530,658

On September 26, 2025, the consolidated entity entered into an agreement with a finance company for the issuance of 3-year unsecured commercial paper. Each issuance tranche has a maturity of no more than 90 days and is reissued on a revolving basis upon maturity, bearing an annual interest rate of 1.53%~1.65%.

On August 15, 2025, the Accounting Research and Development Foundation issued a Q&A which clarified that, as the revolving commercial paper issued by the entity does not have the right, at the end of the reporting period, to defer settlement of the liability for at least twelve months after the reporting period, such liabilities shall be classified as current liabilities.

In response, the FSC issued transitional provisions stating that, entities with revolving commercial paper issued on or after January 1, 2026 shall apply the classification guidance in the Q&A, while those issued on or before December 31, 2025 need not comply.

Accordingly, the commercial paper issued by the Company on September 26, 2025 is classified as a non-current liability. For revolving issuances made on or after January 1, 2026, classification will be adjusted and reported as current liabilities in accordance with the above-mentioned guidance.

(16) Bonds payable

The details of bonds payable were as follows:

	December 31, 2025	December 31, 2024
Unsecured ordinary bonds	\$ 36,374,985	16,890,669
Exchangeable bonds with warrants	11,202,879	10,256,704
Less: current portion	(11,898,668)	-
Total	\$ 35,679,196	27,147,373

A. The details of issued unsecured bonds as follows:

	First issued of 2021	Second issued of 2021	First issued of 2024	
	Bonds B	Bonds B	Bonds A	Bonds B
Date	May 11, 2021	August 19, 2021	March 19, 2024	March 19, 2024
Total amount	\$6,500,000	5,400,000	2,500,000	2,500,000
Rate	0.62%	0.60%	1.70%	1.75%
Period	Five years	Five years	Five years	Seven years
Due date	May 11, 2026	August 19, 2026	March 19, 2029	March 19, 2031

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	First issued of 2025			Second issued of 2025			
	Bonds A	Bonds B	Bonds C	Bonds A	Bonds B	Bonds C	Bonds D
Date	May 28, 2025	May 28, 2025	May 28, 2025	September 24, 2025	September 24, 2025	September 24, 2025	September 24, 2025
Total amount	3,300,000	2,800,000	1,400,000	4,700,000	4,400,000	700,000	2,200,000
Rate	2.01%	2.08%	2.18%	1.86%	1.92%	1.98%	2.02%
Period	Three years	Five years	Ten years	Three years	Five years	Seven years	Ten years
Due date	May 28, 2028	May 28, 2030	May 28, 2035	September 24, 2028	September 24, 2030	September 24, 2032	September 24, 2035

On August 19, 2024, the Group redeemed all of the unsecured ordinary bonds of Bonds A, which were second issued in 2021.

- B. 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 at zero coupon rate, with the maturity date on June 1, 2026.

The details of unsecured convertible bonds were as follows:

	For the years ended December 31, 2024
Embedded derivatives – gain and losses of re-measurement of calls and put options based on fair value (recorded under other gains and losses)	\$ (55,393)
Interest expense	\$ 24,548

The convertible bonds may be redeemed in advance by the Group from the day following the third anniversary of the issuance until the maturity date. If the closing price of GlobalWafers' common stock reaches 130% of the amount obtained by multiplying the amount of early redemption by the conversion price and dividing it by the face value for twenty trading days out of thirty consecutive business days, or if the outstanding balance of the convertible bonds is less than 10% of the original total issuance, the Group may redeem the amount in advance and redeem all or part of the convertible bonds.

Except for the early redemption, repurchases and cancellation or conversion of the convertible bonds, the holders may request the Group to redeem entire or part of the convertible bonds according to the early redemption amount on the day of June 1, 2024. So, on June 1, 2023, the unsecured convertible bonds were reclassified to current liabilities. It does not mean that the holders will definitely demand repayment of the debt from the Group within the next year.

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.

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The Group redeemed the first unsecured overseas convertible bonds of US\$248,200 thousand, respectively, during the years period ended December 31, 2024, resulting in the invalid conversion right of \$422,801 thousand to be reclassified from capital surplus – share options to capital surplus – others.

As of December 31, 2024, the above-mentioned unsecured convertible bonds had been fully redeemed.

- C. The Group (subsidiary GW GmbH) issued a bond with 1.5% coupon rate, with interest payable annually on January 23, 2024. At the time of issuance of the bond, the Group separated the warrant call and put options (collectively referred to as the "options") from the host contract in accordance with IFRS 9 and accounted for "financial liabilities at fair value through profit or loss". Financial liabilities at fair value through profit or loss (FVTPL) as of December 31, 2025 and 2024, are summarized below:

The details of the Group exchangeable bonds with warrants are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total exchangeable bonds with warrants	\$ 12,368,880	11,785,128
Unamortized discount	<u>(1,166,001)</u>	<u>(1,528,424)</u>
Total exchangeable bonds with warrants period-end	<u>\$ 11,202,879</u>	<u>10,256,704</u>
Embedded derivatives options, included in financial liabilities at fair value through profit or loss	<u>\$ 998,169</u>	<u>404,230</u>
	<u>For the years ended December 31,</u>	<u>December 31,</u>
	<u>2025</u>	<u>2024</u>
Embedded derivatives - gain and losses of re-measurement of options based on fair value (recorded under other gains and losses)	<u>\$ 85,362</u>	<u>1,384,407</u>
Interest expense	<u>\$ 600,629</u>	<u>498,974</u>

The principal terms of the above exchangeable bonds with warrants are set out below:

- (a) Total amount issued: EUR 345,200 thousand (EUR 100 thousand per sheet).
- (b) Issue period: five years
- (c) Maturity date: January 23, 2029
- (d) Important terms and conditions:
 - i After three years from the issuance date, holders of exchangeable bonds with warrants may exercise the put right to sell back the bonds at par value.

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- ii Warrants are to be exercised for 3,100,413 ordinary shares of Siltronic AG held by GW GmbH at a price of EUR 111.34 per share, which will be adjusted in subsequent years in accordance with the terms of the contract and the dividend payment of Siltronic AG. The exercise price was EUR 111.34 per share as of December 31, 2025. The warrants are exercisable immediately from the date of issuance of the exchangeable bonds with warrants.
- iii The Company is the guarantor of the exchangeable bonds with warrants.
- iv In the event of changes of control over the guarantor or stock-delisting in the market of Siltronic AG, the holders may request to redeem entire of the bonds by book value.

The Group redeemed the exchangeable bonds with warrants of EUR 10,000 thousand in September 2025.

(17) Lease liabilities

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

	December 31, 2025	December 31, 2024
Current	\$ <u>146,911</u>	<u>135,109</u>
Non-current	\$ <u>649,360</u>	<u>749,455</u>

For the maturity analysis, please refer to note 6(24) "Financial instruments".

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2025	2024
Interest on lease liabilities	\$ <u>14,990</u>	<u>16,043</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>14,693</u>	<u>12,922</u>
Expenses relating to short-term leases	\$ <u>46,399</u>	<u>44,473</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>27,016</u>	<u>15,858</u>

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

	For the years ended December 31,	
	2025	2024
Total cash outflow for leases	\$ <u>265,708</u>	<u>266,997</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.

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(18) Employee benefits

A. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value was as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of the defined benefit obligations	\$ (3,231,526)	(3,418,730)
Fair value of plan assets	<u>1,985,524</u>	<u>1,906,583</u>
Recognized liabilities for defined benefit obligations	<u>\$ (1,246,002)</u>	<u>(1,512,147)</u>

The plans entitle a retired employee to receive a pension benefit based on years of service prior to retirement.

(a) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The plan assets of the Group's overseas subsidiaries include interest-bearing time deposits with interest rates ranging from 1.74%~2.2% and trust funds. The trust funds are invested in products with varying risks and returns, and the investment portfolio includes cash, securities, and income funds.

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

The movements in present value of the defined benefit obligations of the Group were as follows:

	<u>2025</u>	<u>2024</u>
Defined benefit obligation at January 1	\$ 3,418,730	3,438,912
Past service costs	14,733	26,101
Current service costs and interest cost	376,054	349,848
Re-measurements for defined benefit obligations		
—Actuarial loss arising from experience adjustments	30,015	45,380
—Actuarial gain resulting from changes in demographic assumptions	8,704	(52)
—Actuarial loss (gain) resulting from changes in financial assumptions	(81,603)	9,325
Benefits paid	(381,820)	(353,539)
Reclassification	(200)	-
Expected settlement of benefit obligations	<u>(153,087)</u>	<u>(97,245)</u>
Defined benefit obligation at December 31	<u>\$ 3,231,526</u>	<u>3,418,730</u>

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(c) Movements in fair value of defined benefit plan assets

The movements in fair value of the defined benefit plan assets of the Group were as follows:

	<u>2025</u>	<u>2024</u>
Fair value of plan assets at January 1	\$ 1,906,583	1,836,821
Interest revenue	67,961	74,195
Re-measurements for defined benefit obligations		
—Return on plan asset (excluding interest revenue)	24,748	24,046
Contributions made	300,873	232,018
Benefits paid	(283,309)	(171,324)
Assets transferred from other entities	1,232	-
Effects of changes in exchange rates	(32,564)	(89,173)
Fair value of plan assets at December 31	<u>\$ 1,985,524</u>	<u>1,906,583</u>

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	<u>2025</u>	<u>2024</u>
Past service costs	\$ 14,733	26,101
Current service costs	289,133	258,819
Net interest of defined benefit obligation	18,960	16,834
	<u>\$ 322,826</u>	<u>301,754</u>
	<u>2025</u>	<u>2024</u>
Operating cost	296,124	271,819
Selling expenses	11,147	13,413
Administration expenses	6,916	7,965
Research and development expenses	8,639	8,557
	<u>\$ 322,826</u>	<u>301,754</u>

(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	1.25%~4.8%	1.07%~5.08%
Future salary increase rate	2%~5.6%	2%~5.6%

The estimated amount of contribution to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$165,483 thousand.

The weighted-average durations of the defined benefit obligation are 7.4 years to 9.6 years.

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(f) Sensitivity analysis

When the actuarial assumptions had changed 0.25% as of the December 31, 2025 and 2024, the impact on the present value of the defined benefit obligation would be as follows:

Actuarial assumptions	Impact on defined benefit obligations	
	Increased by 0.25%	Decreased by 0.25%
December 31, 2025		
Discount rate	\$ <u>(56,056)</u>	<u>60,164</u>
Future salary increase rate	\$ <u>42,569</u>	<u>(39,320)</u>
December 31, 2024		
Discount rate	\$ <u>(65,098)</u>	<u>70,057</u>
Future salary increase rate	\$ <u>49,227</u>	<u>(45,336)</u>

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in previous periods. There was no change in the method and assumptions used in the preparation of sensitivity analysis for 2025 and 2024.

B. Defined contribution plans

The Group contributes at the rate of 6% of each employee's monthly wages for the Company's domestic subsidiaries to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group's contribution to the Bureau of Labor Insurance requires no additional legal or constructive obligations thereafter.

Domestic subsidiaries' pension costs incurred from contributions to the defined contribution plan were \$73,671 thousand and \$75,822 thousand for the year ended December 31, 2025 and 2024, 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 overseas subsidiaries of the Group recognized the pension costs of \$327,914 thousand and \$321,452 thousand for the year ended December 31, 2025 and 2024, respectively.

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(19) Income tax

A. Income tax expense

The components of income tax expenses were as follows:

	For the years ended December 31,	
	2025	2024
Current tax expense	\$ 3,083,176	2,494,556
Deferred tax expense	(878,461)	95,230
Income tax expense	\$ 2,204,715	2,589,786

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

	For the years ended December 31,	
	2025	2024
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit obligations	\$ 13,682	(2,743)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign financial statements	\$ (265,055)	232,361

Reconciliations of income tax and income before income tax for 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	2024
Income before income tax	\$ 9,516,376	12,428,566
Income tax using the Company's domestic tax rate	1,903,275	2,485,713
Effect of tax rates in foreign jurisdictions	898,295	236,506
Tax effect of permanent differences	(406,827)	642,280
Investment tax credits	(302,557)	(179,956)
Changes in unrecognized temporary differences and others	(12,177)	(836,834)
Additional surtax on unappropriated retained earnings	124,706	242,077
Income tax expense	\$ 2,204,715	2,589,786

B. Unrecognized deferred tax assets

(a) The deferred tax assets have not been recognized in respect of the following items:

	December 31,	December 31,
	2025	2024
Tax effect of deductible temporary differences (including tax losses)	\$ 2,751,843	2,169,540

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The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2025, the unused tax losses for the overseas subsidiaries of the Group that were not recognized as deferred tax assets was \$444,225 thousand.

- (b) The deferred tax liabilities have not been recognized in respect of the following items:

	December 31, 2025	December 31, 2024
Aggregate amount of temporary differences related to investments in subsidiaries	\$ (4,607,887)	(4,649,556)

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2025 and 2024. Also, the management considers it is probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences were not recognized as deferred tax liabilities.

- (c) Recognized deferred tax assets and liabilities

	January 1, 2025	Recognized in profit or loss	Recognized in other comprehensive income	Effect of changes in exchange rates	December 31, 2025
Assets:					
Allowance for inventory valuation	\$ 321,542	203,264	-	(1,340)	523,466
Defined benefit obligations	179,282	(18,347)	(1,412)	(2,993)	156,530
Investment loss from subsidiaries using equity method	10,009	-	-	-	10,009
Depreciation differences of property, plant and equipment	996,436	1,213,475	-	(25,700)	2,184,211
Expected credit loss of accounts receivable	127,392	10,953	-	10,865	149,210
Accrued expense taxation difference	319,871	(195,008)	-	(12,685)	112,178
Unrealized gross profit	243,245	(65,846)	-	(53)	177,346
Loss deductions	558,958	812,566	-	(795,858)	575,666
Others	1,081,329	(39,882)	177,647	(91,714)	1,127,380
	\$ 3,838,064	1,921,175	176,235	(919,478)	5,015,996
liabilities:					
Investment gain from subsidiaries using equity method	\$ (4,477,698)	(213,631)	77,715	-	(4,613,614)
Depreciation differences of property, plant and equipment	(1,903,280)	(757,910)	-	57,518	(2,603,672)
Others	(389,535)	(71,173)	(2,577)	13,550	(449,735)
	\$ (6,770,513)	(1,042,714)	75,138	71,068	(7,667,021)

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	January 1, 2024	Recognized in profit or loss	Recognized in other comprehensive income	Effect of changes in exchange rates	December 31, 2024
Assets:					
Allowance for inventory valuation	\$ 304,598	14,430	-	2,514	321,542
Defined benefit obligations	200,581	(28,183)	9,219	(2,335)	179,282
Investment loss from subsidiaries using equity method	10,009	-	-	-	10,009
Depreciation differences of property, plant and equipment	956,706	96,394	-	(56,664)	996,436
Expected credit loss of accounts receivable	138,940	(24,377)	-	12,829	127,392
Accrued expense taxation difference	239,509	80,741	-	(379)	319,871
Unrealized gross profit	292,208	(48,855)	-	(108)	243,245
Loss deductions	403,887	261,900	-	(106,829)	558,958
Others	815,190	267,968	(77,656)	75,827	1,081,329
	\$ 3,361,628	620,018	(68,437)	(75,145)	3,838,064
liabilities:					
Investment gain from subsidiaries using equity method	\$ (3,832,355)	(481,687)	(163,656)	-	(4,477,698)
Depreciation differences of property, plant and equipment	(1,688,435)	(244,022)	-	29,177	(1,903,280)
Others	(387,553)	10,461	2,475	(14,918)	(389,535)
	\$ (5,908,343)	(715,248)	(161,181)	14,259	(6,770,513)

C. Assessment of tax filings

As of December 31, 2025, income tax returns of the Company and its domestic subsidiaries for the years through 2022 were assessed by the tax authority.

The operations of the Group encompass tax matters in multiple countries. The tax treatment of each country shall be determined by the country in which the operation is situated. The tax laws of each country shall prevail, and all declarations shall be made on time in accordance with the regulations of the countries where subsidiaries are located. There may be adjustments arising from tax inspections conducted by various regions, and the Group has taken appropriate measures to address these matters.

D. Global minimum top-up tax

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The Group is subject to the Pillar Two Global tax legislations, as certain jurisdictions in which it operates have already implemented the rules such as the Qualified Domestic Minimum Top up Tax, the Income Inclusion Rule, and the Undertaxed Payments Rule. Upon reviewing the effective tax rates in the relevant tax jurisdictions where these rules apply, the Group has appropriately assessed the anticipated top up taxes payable of \$152,353 thousand under the minimum tax regime during the nine months ended December 31, 2025.

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(20) Capital and other equity

A. Ordinary shares

As of December 31, 2025 and 2024, the authorized ordinary shares of the Company amounted to \$10,000,000 thousand, which was divided into 1,000,000 thousand shares, with a par value of \$10 per share, of which \$200,000 thousand was reserved for employee stock options, preferred shares with stock options or bonds with stock options.

The Company conducted a cash capital increase by issuing 42,000 units of overseas depository receipts (42,000 thousand shares of the Company's common stock) on April 2, 2024, based on a resolution decided during its board meeting held on February 27, 2024. All relevant statutory registration procedures had since been completed.

The Company's issued the outstanding ordinary shares of \$4,781,137 thousand as of December 31, 2025 and 2024.

Reconciliation of outstanding shares for the years ended December 31, 2025 and 2024, were as follows:

(in thousands of shares)	<u>2025</u>	<u>2024</u>
Balance on January 1	478,114	436,114
Capital increase by cash	-	42,000
Balance on December 31	<u><u>478,114</u></u>	<u><u>478,114</u></u>

B. Capital surplus

The balances of capital surplus were as follows:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Additional paid-in capital	\$ 42,721,466	43,677,693
Capital surplus resulting from share swap	429,157	429,157
Employee stock options	60,727	60,727
Difference between the consideration and the carrying amount of subsidiaries' share acquired or disposed	3,940	3,940
Additional paid-in capital resulting from assets donated	188	185
Other (note 6(16))	<u>1,548,456</u>	<u>1,548,456</u>
	<u><u>\$ 44,763,934</u></u>	<u><u>45,720,158</u></u>

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.

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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; thereafter, the Board resolution is to be reported during the shareholders' meeting. The distribution of earnings through issuance of new shares shall be resolved during the stockholders' meeting.

On December 9, 2025, the Company's Board of Directors resolved to distribute cash dividends of NT\$956,227 thousand out of capital surplus (NT\$2 per share). Relevant information is available on the Market Observation Post System (MOPS).

C. Retained earnings

According to the Company's Articles of Incorporation, the proposal of earnings 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, it is to 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;
- (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.

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(a) Legal reserve

According to the R.O.C. Company Act. Section 241, the legal reserve may be distributed as cash dividends or stock dividends to the shareholders in proportion to the number of shares held. Distribution of legal reserve, 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; thereafter, be reported in the shareholders' meeting. The distribution of legal reserve through issuance of new shares shall be resolved during the stockholders' meeting.

(b) Special reserve

In accordance with Regulatory Rule No. 1010012865 issued by the FSC on April 6, 2012, a special reserve is appropriated from retained earnings based on the ruling. Under such regulation, the Company is required to set aside an additional special reserve, as part of the distribution of its annual earnings, equal to the current-period net debit balance of other equity interests. A portion of undistributed prior-period earnings shall be set aside as a special reserve, which does not qualify for earnings distribution, to account for cumulative net debit balance of other equity interests pertaining to prior periods. The only distributable special reserve is the portion that exceeds the total net debit balance of the other equity interests. The carrying amounts of special reserve were \$13,527,975 thousand and \$6,325,189 thousand as of December 31, 2025 and 2024, respectively.

(a) Earnings distribution

The distribution of cash dividends for the year of 2025 and the first half of 2025, were approved by the Board of Directors on March 3, 2026, and December 9, 2025, as follows:

	2025	
	Cash dividends per share (NT\$)	Amount
Dividends distributed to ordinary shareholders:		
Earnings distribution for the first half of the year	\$ -	-
Earnings distribution for the second half of the year	5.7	2,725,248
Total	\$ 5.70	2,725,248

The distributions of cash dividends for the year of 2024 and the first half of 2024, were approved by the Board of Directors on February 25, 2025, and December 10, 2024, as follows:

	2024	
	Cash dividends per share (NT\$)	Amount
Dividends distributed to ordinary shareholders:		
Earnings distribution for the first half of the year	\$ 5.0	2,390,569
Earnings distribution for the second half of the year	6.0	2,868,682
Total	\$ 11.00	5,259,251

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

(21) Share-based payment

The Group signed a cash-settled share-based payment contract with certain employees in 2022, with the vesting period of 4 years, wherein the employees must fulfill their required service condition, in which each vesting date (from March 31, 2023 to 2026) the employees shall be still employed by the Group. At each vesting date, the employee is entitled to 25% of the awards. Furthermore, the value of cash award is determined by the stock price of the Company at each vesting date and the performance of each employee.

As of December 31, 2025 and 2024, the stock prices of the Company were \$406.0 and \$381.5, respectively. For the years 2025 and 2024, the amounts of \$91,350 thousand and \$95,682 thousand, respectively, were recognized by the Group as compensation costs.

(22) Earnings per share (“EPS”)

A. Basic earnings per share

	For the years ended December 31,	
	2025	2024
Net income attributable to the shareholders of the Company	\$ <u>7,312,028</u>	<u>9,846,070</u>
Weighted-average number of ordinary shares outstanding during the period (in thousands of shares)	<u>478,114</u>	<u>467,527</u>
Basic earnings per share (dollars)	\$ <u>15.29</u>	<u>21.06</u>

B. Diluted earnings per share

	For the years ended December 31,	
	2025	2024
Net income attributable to the shareholders of the Company	\$ 7,312,028	9,846,070
Interest expense and gain or loss on embedded derivative of convertible bonds, net of tax	-	63,953
Net income attributable to the shareholders of the Company (diluted)	\$ <u>7,312,028</u>	<u>9,910,023</u>
Weighted-average number of ordinary shares outstanding during the period (in thousands of shares)	478,114	467,527
Effect of the conversion of convertible bonds (in thousands of shares)	-	11,075
Effect of the employee remuneration issued by stock (in thousands of shares)	<u>1,164</u>	<u>1,157</u>
	<u>479,278</u>	<u>479,759</u>
Diluted earnings per share (dollars)	\$ <u>15.26</u>	<u>20.66</u>

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(23) Revenue from contracts with customers

A. Disaggregation of revenues

	For the years ended December 31,	
	2025	2024
Primary geographical markets:		
Taiwan	\$ 12,679,950	12,862,361
Northeast Asia (Japan and Korea)	12,969,771	14,979,402
Asia - others	13,048,123	11,865,903
America	9,263,448	8,364,285
Europe	12,490,457	14,324,330
Other areas	<u>146,189</u>	<u>229,723</u>
Total	<u>\$ 60,597,938</u>	<u>62,626,004</u>
Major product categories:		
Semiconductor wafers	\$ 59,475,310	60,762,655
Semiconductor ingot	854,304	1,372,868
Electricity revenue	172,384	154,604
Others	<u>95,940</u>	<u>335,877</u>
	<u>\$ 60,597,938</u>	<u>62,626,004</u>

B. Contract balances

	December 31,	December 31,	January 1,
	2025	2024	2024
Contract liabilities	<u>\$ 23,475,208</u>	<u>30,514,517</u>	<u>34,001,080</u>

For details on accounts receivables and allowance for impairment, please refer to note 6(5).

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 Group issues a performance guarantee letter for this purpose, please refer to note 9. The amount of revenue recognized for the years ended December 31, 2025 and 2024, which was included in the contract liability balance at the beginning of the period, was \$6,495,296 thousand and \$5,739,335 thousand, respectively.

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(24) Remuneration to employees and directors

On May 26, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, if the Company has surplus at the end of each fiscal year, 3~15% of the profit shall be appropriated for the employees' remuneration and no more than 3% shall be appropriated for directors' remuneration. However, if there are accumulated losses, certain profits shall be reserved to cover first. At least 60% of the aforementioned appropriated employees' remuneration shall be allocated to grassroots employees. The entitled employees of the aforementioned employee remuneration include the employees of parents or subsidiaries of the company who meet the conditions set by the Board. The Company will distribute cash for directors' remuneration, and share or cash for employee remuneration. The distribution shall be resolved with a consent of a majority of the directors present at a meeting attended by more than two thirds of the total directors and reported to the shareholder's meeting by the Board. Prior to the amendment, the Articles of Incorporation stipulated that if the Company had earnings in a given fiscal year, it shall allocate 3% to 15% of such earnings as employee compensation and up to 3% as director compensation. However, if the Company had accumulated losses, the amount required to cover such losses shall be retained in advance. The recipients of employee compensation may include employees of controlled or affiliated companies who meet certain criteria, as determined by the Board of Directors. Director compensation shall be distributed in cash, while employee compensation may be distributed in the form of shares or cash. Such distribution shall be approved by a resolution of the Board of Directors with the attendance of at least two-thirds of the directors and the consent of a majority of the attending directors, and shall be reported to the shareholders' meeting.

For the years ended December 31, 2025 and 2024, the Company accrued and recognized its employee remuneration (including base-level employees) amounting to \$400,996 thousand and \$366,825 thousand and directors' remuneration amounting to \$41,400 thousand and \$36,690 thousand. 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 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.

(25) Non-Operating income and expenses

A. Interest income

	For the years ended December 31,	
	2025	2024
Interest from bank deposits	\$ 1,926,822	3,152,462
Interest income using the effective interest method	308,986	204,480
	<u>\$ 2,235,808</u>	<u>3,356,942</u>

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B. Other gains and losses

	For the years ended December 31,	
	2025	2024
Foreign exchange gains (losses), net	\$ (586,321)	77,225
Gains on disposal of property, plant and equipment	5,139	48,992
Valuation gains (losses) on financial assets (liabilities) measured at fair value through profit or loss	(76,579)	(4,661,634)
Dividend income	84,569	186,110
Others	328,747	171,161
	\$ (244,445)	(4,178,146)

C. Finance costs

	For the years ended December 31,	
	2025	2024
Interest expense— borrowings	\$ (175,883)	(160,510)
Interest expense— bonds	(920,488)	(691,862)
Interest expense— lease liabilities	(14,948)	(16,043)
	\$ (1,111,319)	(868,415)

(26) Financial instruments

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 December 31, 2025 and 2024, 45% and 51%, 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(5).

B. Liquidity risk

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

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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>
December 31, 2025							
Non-derivative financial liabilities							
Short-term borrowings	\$ 18,571,145	(18,712,940)	(10,490,761)	(8,222,179)	-	-	-
Notes and accounts payable (including related parties)	4,160,681	(4,161,039)	(4,118,511)	(42,528)	-	-	-
Payroll and bonus payable	2,656,590	(2,515,839)	(1,253,258)	(1,262,581)	-	-	-
Accrued remuneration of directors (other current liabilities)	41,400	(41,400)	-	(41,400)	-	-	-
Long-term borrowing (including current portion)	8,105,357	(8,116,643)	(6,528,812)	(5,371)	(1,525,150)	(31,535)	(25,775)
Lease liabilities	796,271	(775,409)	(51,679)	(50,606)	(93,541)	(253,474)	(326,109)
Ordinary bonds (including current portion)	36,374,985	(38,926,670)	(6,781,640)	(5,662,600)	(471,540)	(18,764,620)	(7,246,270)
Exchangeable bonds with warrants	11,202,879	(14,168,785)	(281,257)	(286,032)	(586,876)	(13,014,620)	-
Dividends payable	956,227	(956,227)	(956,227)	-	-	-	-
Derivative financial instruments							
Forward exchange contracts:							
Outflows	3,567	(1,604,331)	(1,604,331)	-	-	-	-
Inflows	(1,433)	1,602,197	1,602,197	-	-	-	-
	<u>\$ 82,867,669</u>	<u>(88,377,086)</u>	<u>(30,464,279)</u>	<u>(15,573,297)</u>	<u>(2,677,107)</u>	<u>(32,064,249)</u>	<u>(7,598,154)</u>
December 31, 2024							
Non-derivative financial liabilities							
Short-term borrowing	\$ 25,376,780	(25,518,282)	(23,547,617)	(1,970,665)	-	-	-
Short-term notes and bill payables	1,399,930	(1,400,000)	(1,400,000)	-	-	-	-
Notes and accounts payable (including related parties)	5,370,994	(5,370,994)	(5,004,821)	(366,173)	-	-	-
Payroll and bonus payable	2,599,756	(2,599,756)	(1,497,844)	(1,101,912)	-	-	-
Accrued remuneration of directors (other current liabilities)	53,753	(53,753)	(17,063)	(36,690)	-	-	-
Long-term borrowing (including current portion)	12,551,409	(13,591,902)	(1,012,243)	(1,014,338)	(11,545,500)	(19,821)	-
Lease liabilities	884,564	(929,274)	(74,872)	(67,493)	(126,238)	(249,331)	(411,340)
Ordinary bonds (including current portion)	16,890,669	(17,564,150)	(126,550)	(32,400)	(12,058,950)	(2,758,750)	(2,587,500)
Dividends payable	2,390,569	(2,390,569)	(2,390,569)	-	-	-	-
Exchangeable bonds with warrants	10,256,704	(13,313,552)	(176,887)	(179,938)	(369,238)	(12,587,489)	-
Derivative financial instruments							
Forward exchange contracts:							
Outflows	50,182	(1,600,007)	(709,938)	(890,069)	-	-	-
Inflows	(28,751)	1,578,576	659,756	918,820	-	-	-
	<u>\$ 77,796,559</u>	<u>(82,753,663)</u>	<u>(35,298,648)</u>	<u>(4,740,858)</u>	<u>(24,099,926)</u>	<u>(15,615,391)</u>	<u>(2,998,840)</u>

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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:

December 31, 2025			
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$ 397,022	31.430	12,478,404
JPY	10,965,923	0.2008	2,201,957
EUR	264,360	36.90	9,754,891
CNY	114,547	4.496	515,002
SGD	2,949	24.450	72,097
KRW	-	0.0220	-
<u>Non-Monetary Items</u>			
USD	12,650	31.430	Note
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	382,185	31.430	12,012,071
JPY	14,934,847	0.2008	2,998,917
EUR	41,031	36.90	1,514,044
CNY	35,517	4.496	159,687
SGD	155	24.450	3,802
KRW	1,055,320	0.0220	23,217
<u>Non-Monetary Items</u>			
USD	53,350	31.430	Note
December 31, 2024			
	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>			
<u>Monetary Items</u>			
USD	\$ 522,275	32.785	17,122,784
JPY	11,530,869	0.2099	2,420,329
EUR	194,834	34.14	6,651,644
CNY	72,211	4.478	323,362

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	December 31, 2024		
	Foreign currency	Exchange rate	NTD
<u>Non-Monetary Items</u>			
USD	30,000	32.785	Note
<u>Financial liabilities</u>			
<u>Monetary Items</u>			
USD	364,520	32.785	11,950,773
JPY	14,090,456	0.2099	2,957,587
EUR	115,943	34.14	3,958,296
CNY	32,613	4.478	146,040
<u>Non-Monetary Items</u>			
USD	185,300	32.785	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 December 31, 2025 and 2024, would have increased or decreased the net income before income tax by \$83,106 thousand and \$75,054 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.

(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 year ended December 31, 2025 and 2024, the foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$(586,321) thousand and \$77,225 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 years.

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If the interest rate had increased or decreased by 0.25%, the Group's net income before income tax would have decreased or increased by \$4,245 thousand and decreased or increased by \$59,546 thousand, for the years ended December 31, 2025 and 2024, 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 years ended December 31, 2025 and 2024, 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:

<u>Prices of securities at the reporting date</u>	For the years ended December 31,			
	2025		2024	
	Other comprehensive income before tax	Net income before income tax	Other comprehensive income before tax	Net income before income tax
Increasing 5%	\$ 6,753	370,055	3,415	325,615
Decreasing 5%	(6,753)	(370,055)	(3,415)	(325,615)

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:

	December 31, 2025				
	<u>Carrying amount</u>	Fair value			<u>Total</u>
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Forward exchange contract	\$ 1,433	-	1,433	-	1,433
Privately offered fund	328,267	-	-	328,267	328,267
Overseas securities held	<u>7,401,100</u>	<u>7,401,100</u>	<u>-</u>	<u>-</u>	<u>7,401,100</u>
	<u>\$ 7,730,800</u>	<u>7,401,100</u>	<u>1,433</u>	<u>328,267</u>	<u>7,730,800</u>
Financial assets at fair value through other comprehensive income					
Stock listed on domestic market	\$ 85,062	85,062	-	-	85,062
Stock not listed on domestic market	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
	<u>\$ 135,062</u>	<u>85,062</u>	<u>-</u>	<u>50,000</u>	<u>135,062</u>

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		December 31, 2025				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	19,484,156				
Notes and accounts receivable (including related parties)		10,113,270				
Other financial assets – current and non-current		44,219,657				
Foreign bonds		6,254,570				
		<u>\$ 80,071,653</u>				
Financial liabilities at fair value through profit or loss						
Forward exchange contract	\$	3,567	-	3,567	-	3,567
		<u>\$ 3,567</u>	<u>-</u>	<u>3,567</u>	<u>-</u>	<u>3,567</u>
Financial liabilities measured at amortized cost						
Short-term borrowings	\$	18,571,145				
Notes and accounts payable (including related parties)		4,160,681				
Long-term borrowings (including current portion)		8,105,357				
Accrued remuneration of directors (other current liabilities)		41,400				
Ordinary bonds (including current portion)		36,374,985				
Exchangeable bonds with warrants		11,202,879				
Lease liabilities – current and non - current		796,271				
Dividends payable		956,227				
		<u>\$ 80,208,945</u>				
		December 31, 2024				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Forward exchange contract	\$	28,751	-	28,751	-	28,751
Privately offered fund		254,686	-	-	254,686	254,686
Overseas securities held		6,512,300	6,512,300	-	-	6,512,300
		<u>\$ 6,795,737</u>	<u>6,512,300</u>	<u>28,751</u>	<u>254,686</u>	<u>6,795,737</u>
Financial assets at fair value through other comprehensive income						
Stock listed on domestic market	\$	68,298	68,298	-	-	68,298

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		December 31, 2024				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	38,929,337				
Notes and accounts receivable (including related parties)		10,265,153				
Other financial assets – current and non-current		17,772,048				
		<u>6,524,215</u>				
		<u>\$ 73,490,753</u>				
Financial liabilities at fair value through profit or loss						
Forward exchange contract	\$	50,182	-	50,182	-	50,182
Embedded derivatives of exchangeable bonds with warrants		<u>404,230</u>	<u>-</u>	<u>404,230</u>	<u>-</u>	<u>404,230</u>
		<u>\$ 454,412</u>	<u>-</u>	<u>454,412</u>	<u>-</u>	<u>454,412</u>
Financial liabilities measured at amortized cost						
Short-term borrowings	\$	25,376,780				
Short-term notes and bills payable		1,399,930				
Notes and accounts payable (including related parties)		5,370,994				
Long-term borrowings (including related parties)		12,551,409				
Accrued remuneration of director (other current liabilities)		53,753				
Ordinary bonds (including current portion)		16,890,669				
Convertible bonds		10,256,704				
Lease liabilities – current and non - current		884,564				
Dividends payable		<u>2,390,569</u>				
		<u>\$ 75,175,372</u>				

(b) Financial Instruments Not Measured at Fair Value

The management of the consolidated company believes that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values in the consolidated financial statements.

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(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.

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 Level 1 and Level 2: None.

(e) Reconciliation of Level 3 fair value

	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income
January 1, 2025	\$ 254,686	-
Addition in investment	74,810	50,000
Recognized in profit or loss	17,162	-
Capital reduction of investment	(18,391)	-
December 31, 2025	<u>\$ 328,267</u>	<u>50,000</u>

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	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income
January 1, 2024	\$ 242,864	-
Addition in investment	35,252	-
Recognized in profit or loss	(4,009)	-
Capital reduction of investment	(19,421)	-
December 31, 2024	\$ 254,686	-

- (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) The valuation technique of privately offered funds is based on net asset value method. For the years ended December 31, 2025 and 2024, there was no transfer at fair value level.

(27) Financial risk management

A. Overview

The Group has exposures to the following risks from its financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The board is responsible for developing and monitoring company's risk management policies. Internal auditors assist the Board of Directors to monitor and review the risk management control and internal procedures regularly and report them to the board of directors.

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The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results of which are reported to the Audit Committee.

C. Credit risk

The Group's potential credit risk is derived primarily from cash and accounts receivable. The Group maintains its cash in various creditworthy financial institutions. Credit risk exposure to each financial institution is controlled by the Group. As a result, the Group believes that there is no concentration of credit risk for cash.

For the year ended December 31, 2025, the Group only provided endorsements for its 100% owned subsidiaries.

D. Liquidity risk

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Group has sufficient capital and working capital to fulfill contract obligations.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollar (NTD), but also include the Chinese Yen (CNY), US Dollar (USD), Euro (EUR) and Japanese Yen (JPY). These transactions are denominated in NTD, USD, EUR and JPY.

Interest is denominated in the currency used in borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily NTD, but also include USD.

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In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when it is necessary to address short-term imbalances.

(b) Interest rate risk

The Group holds variable-rate assets and liabilities, which cause the exposure to interest rate risk in cash flows.

(c) The Group is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Group does not actively trade in these investments as the management of the Group minimizes the risk by holding different investment portfolios. The Group assigned a specific team to supervise and assess the equity price risk to avoid or minimize the risk from the hedging position.

(28) Capital management

The Board of Directors' policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary stockholders.

The Group's adjusted liabilities-to-capital ratios at the end of the reporting periods were as follows:

	December 31, 2025	December 31, 2024
Total liabilities	\$ 125,047,759	133,552,780
Less: cash and cash equivalents	<u>(19,484,156)</u>	<u>(38,929,337)</u>
Adjusted liabilities	\$ 105,563,603	94,623,443
Total capital	\$ 93,295,058	91,027,791
Adjusted liabilities-to-capital ratio	<u>113.15 %</u>	<u>103.95 %</u>

(29) Investing and financing activities not affecting current cash flow

A. For acquisition of right-of-use assets by lease, please refer to note 6(10).

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

	<u>January 1, 2025</u>	<u>Cash flows</u>	<u>Foreign exchange movement and others</u>	<u>December 31, 2025</u>
Short-term borrowings	\$ 25,376,780	(6,805,638)	3	18,571,145
Short-term notes and bills payable	1,399,930	(1,399,930)	-	-
Long-term borrowings (including current portion)	12,551,409	(3,977,252)	(468,800)	8,105,357
Lease liabilities	884,564	(177,600)	89,307	796,271
Bonds payable	27,147,373	19,257,280	1,173,212	47,577,865
Borrowing from related party	340,000	(340,000)	-	-
Guarantee deposit received	<u>1,425,889</u>	<u>5,732</u>	<u>(1)</u>	<u>1,431,620</u>
Total liabilities from financing activities	<u>\$ 69,125,945</u>	<u>6,562,592</u>	<u>793,721</u>	<u>76,482,258</u>

	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Foreign exchange movement and others</u>	<u>December 31, 2024</u>
Short-term borrowings	\$ 24,647,862	728,918	-	25,376,780
Short-term notes and bills payable	-	1,399,930	-	1,399,930
Borrowing from related party	575,000	(235,039)	39	340,000
Long-term borrowings (including current portion)	4,255,165	8,222,056	74,188	12,551,409
Lease liabilities	939,970	(193,744)	138,338	884,564
Bonds payable (including current portion)	25,638,501	2,626,822	(1,117,950)	27,147,373
Guarantee deposit received	<u>1,377,807</u>	<u>48,082</u>	<u>-</u>	<u>1,425,889</u>
Total liabilities from financing activities	<u>\$ 57,434,305</u>	<u>12,597,025</u>	<u>(905,385)</u>	<u>69,125,945</u>

7. Related-party transactions:

- (1) Parent company and ultimate controlling company

Sino-American Silicon Product Inc. is both the parent company and the ultimate controlling party of the Group. As of December 31, 2025, it owns 46.64% 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. (“Actron”)	Subsidiary of SAS
Taiwan's Mosel Electronics Co., Ltd. (“Mosel”)	Subsidiary of Actron
HONG-WANG Investment Co., Ltd. (“HONGWANG”)	Affiliated Company
Advanced Wireless Semiconductor Company (“AWSC”)	Subsidiary of SAS
Susen Green Energy Co., Ltd. Suxin Branch	Subsidiary of SAS
Sunrise Intelligent Energy CO., LTD	Affiliated Company of SAS

(3) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 226,465	245,974
Post-employment benefits	434	596
	<u>\$ 226,899</u>	<u>246,570</u>

The Group provided two cars costing a cars costing \$1,500 thousand, for key management use for the years ended December 31, 2025 and 2024, respectively.

(4) Significant transactions with related parties

A. Sales

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

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Parent company	\$ 50,246	104,810
Other related parties	261,897	329,465
	<u>\$ 312,143</u>	<u>434,275</u>

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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 years ended December 31, 2025 and 2024, while those for related parties were 30 to 90 days after month-end both for the years ended December 31, 2025 and 2024.

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 years ended December 31,	
	2025	2024
Parent company	\$ 707,492	1,760,498

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 December 31, 2025 and 2024, while those of related parties were 30 to 90 days after the following month-end both in the period ended December 31, 2025 and 2024.

C. Receivables from related parties

The receivables from related parties were as follows:

Related parties	December 31,	December 31,
	2025	2024
Parent company	\$ 2,412	4,574
Other related parties	46,929	63,778
	\$ 49,341	68,352

D. Payables to related parties

The payables to related parties were as follows:

Related parties	December 31,	December 31,
	2025	2024
Parent company	\$ 385,689	574,902
Other related parties	16,554	135
	\$ 402,243	575,037

E. Prepayments

The prepayments to the parent company, SAS, were for material purchases which were paid in full. As of December 31, 2025 and 2024, the balance of prepayments, which were recognized as other current assets, amounted to \$0 thousand and \$11,440 thousand, respectively.

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

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 December 31, 2025 and 2024 were as follows:

Related parties	December 31, 2025	December 31, 2024
Receivable from related parties	\$ <u>77</u>	<u>70</u>
Payable to related parties	\$ <u>(368)</u>	<u>(923)</u>

G. Transactions of property, plant and equipment

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

Related parties	For the years ended December 31,	
	2025	2024
Parent company	\$ 88,518	162,071
Other related parties	10,894	-
	\$ 99,412	162,071

As of December 31, 2025 and 2024, the payables were \$0 thousand and \$70,681 thousand, respectively.

- (b) Disposal amounts of property, plant and equipment to related parties were summarized as follows:

Related parties	For the years ended December 31, 2025		For the years ended December 31, 2024	
	Disposal price	Receivables	Disposal price	Receivables
	Parent company	\$ 13,600	-	40

The loss on disposal of property, plant and equipment to related parties were \$35,351 thousand and \$0 thousand for the years ended December 31, 2025 and 2024, respectively.

H. Leases

The Group to parent company SAS rented a plant from the parent company. The total value of the contract was \$11,290 thousand. For the years ended December 31, 2025 and 2024, the Group recognized the amount of \$33 thousand and \$125 thousand as the interest expense, respectively. As of December 31, 2025 and 2024, the balance of lease liabilities amounted to \$5,706 thousand and \$5,673 thousand, respectively.

GlobalWafers Co., Ltd. and subsidiaries
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I. Refundable deposits

The Group signed an offshore wind power purchase contract via other related parties in response to its sustainable green energy implementation and solar photovoltaic plan. As of December 31, 2025 and 2024, the deposits of \$24,848 thousand and \$23,500 thousand, respectively, had been classified under the other financial assets-noncurrent.

J. Borrowings from Related Parties

The borrowings from related parties were as follows:

Related parties	December 31, 2024		
	Ending balance	Rate	Interest
Parent company	\$ 340,000	1.8%	269

The maturity date for these borrowings is on December 15, 2025. As of December 31, 2025 and 2024, the unpaid interest of the above-mentioned debt and interest was \$788 thousand and \$5,178 thousand.

K. Dividends income

The cash dividends of \$59,336 thousand and \$60,647 thousand from related parties to be distributed to the Group had been received as of December 31, 2025 and 2024.

L. 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:

Related parties		For the years ended December 31,	
		2025	2024
Parent Company and other related parties		\$ 4,995	5,766
Items	Categories	December 31, 2025	December 31, 2024
Receivable from related parties	Parent company	\$ 326	1,084
Receivable from related parties	Other related parties	557	-
		\$ 883	1,084

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

Related parties		For the years ended December 31,	
		2025	2024
Parent company and other related parties		\$ 280,282	148,241

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<u>Items</u>	<u>Categories</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Payable to related parties	Parent company	\$ 28,133	26,934
Payable to related parties	Other related parties	43,481	-
		<u>\$ 71,614</u>	<u>26,934</u>

8. Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Purpose of pledge</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Property, plant and equipment	Credit lines of borrowings	\$ 1,521,478	1,880,042
Time deposits (recognized in other financial assets – non-current)	Guarantee for gas consumption from CPC Corporation	2,550	2,000
Time deposits (recognized in other financial assets – non-current)	Guarantee payment for import VAT	20,000	14,000
Time deposits (recognized in other financial assets – non-current)	Guarantee for the lease contract with the Hsinchu Science Park Bureau	41,148	40,747
Time deposits (recognized in other financial assets – current)	Guarantee for bank financing projects	17,144,621	9,999,425
Financial assets at fair value through profit or loss – non-current	Provision of Siltronic AG shares to the trustee for security pledge	5,594,416	4,922,322
		<u>\$ 24,324,213</u>	<u>16,858,536</u>

9. Commitments and contingencies:

(1) Significant unrecognized contractual commitments

- A. As of December 31, 2025 and 2024, the purchase amounts for future procurement from suppliers under the existing agreements were \$10,846,028 thousand and \$14,378,193 thousand, respectively.
- B. As of December 31, 2025 and 2024, the Group's unused letters of credit amounted to \$270,926 thousand and \$304,157 thousand, respectively.
- C. As of December 31, 2025 and 2024, the significant outstanding commitments for construction and purchase of property, plant and equipment amounted to \$7,105,140 thousand and \$27,449,247 thousand, respectively.

GlobalWafers Co., Ltd. and subsidiaries
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- D. As of December 31, 2025 and 2024, a guarantee letter for the Customs Administration and research and development projects issued by the bank amounted to \$15,427 thousand and \$33,284 thousand, respectively.
- 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 December 31, 2025 and 2024, a guarantee letter for the customer issued by the bank amounted to \$3,074,787 thousand and \$4,300,840 thousand, respectively.
- F. As of December 31, 2025 and 2024, the total amount of promissory notes deposited in banks by the Group due to bank financing is \$88,026,141 thousand and \$103,794,326 thousand, respectively.
- G. The subsidiary of the Group, GWA, entered into a plant construction subsidy agreement with the local government of Sherman, Texas. Under certain specified conditions outlined in the agreement, GWA is entitled to receive land and cash subsidies. From January 1 to December 31, 2025, GWA received a plant construction subsidy of USD 5,500 thousand from the local government.
- H. The subsidiary of the Group, GWA, entered into an agreement with the U.S. Department of Commerce under the CHIPS and Science Act. From January 1 to December 31, 2025, GWA completed the first milestone as stipulated in the agreement and received a subsidy of USD 200,000 thousand.

10. Losses due to major disasters: None.

11. Subsequent events: None

12. Other:

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

By function	For the years ended December 31,					
	2025			2024		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
By item						
Employee benefits						
Salary	8,233,964	2,372,050	10,606,014	8,157,203	2,487,430	10,644,633
Labor and health insurance	1,246,616	274,242	1,520,858	1,136,828	277,874	1,414,702
Pension	614,773	109,638	724,411	585,283	113,745	699,028
Others	226,355	95,479	321,834	227,737	89,075	316,812
Depreciation	8,685,971	240,987	8,926,958	7,805,763	241,958	8,047,721
Amortization	18,493	3,159	21,652	18,426	3,327	21,753

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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.
- C. Securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.
- D. 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.
- E. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 5.
- F. Business relationships and material 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”.

14. Segment information:

(1) General information

The main business items of the Group are the research, development, design, manufacture, and sales of semiconductor products, which are single Operational Departments. Operating segment information is consistent with consolidated financial reporting, revenue (revenue from external customers) and segment profit and loss. Please refer to the consolidated statement of profit and loss and the consolidated balance sheet of departmental assets.

GlobalWafers Co., Ltd. and subsidiaries
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(2) Product and service information

The Group's operating segment information and reconciliation are as follows:

	2025			
	Semiconductor segment	Renewable energy segment	Reconciliation and elimination	Total
Revenue				
External customers	\$ 60,425,554	172,384	-	60,597,938
Intersegment	-	-	-	-
Total revenue	<u>\$ 60,425,554</u>	<u>172,384</u>	<u>-</u>	<u>60,597,938</u>
Finance costs	<u>\$ 1,103,089</u>	<u>8,230</u>	<u>-</u>	<u>1,111,319</u>
Depreciation and amortization	<u>\$ 8,868,476</u>	<u>79,068</u>	<u>-</u>	<u>8,947,544</u>
Reportable segment profit or loss	<u>\$ 7,285,028</u>	<u>(21,376)</u>	<u>-</u>	7,263,652
Share of profit (loss) of associates accounted for using equity method				48,009
				<u>\$ 7,311,661</u>
Reportable segment assets				
December 31, 2025	<u>\$ 215,961,612</u>	<u>1,737,071</u>	<u>(48,199)</u>	217,650,484
Investments accounted for using equity method				692,333
				<u>\$ 218,342,817</u>
Reportable segment liabilities				
December 31, 2025	<u>\$ 124,522,978</u>	<u>572,980</u>	<u>(48,199)</u>	<u>125,047,759</u>
	2024			
	Semiconductor segment	Renewable energy segment	Reconciliation and elimination	Total
Revenue				
External customers	\$ 62,471,400	154,604	-	62,626,004
Intersegment	-	-	-	-
Total revenue	<u>\$ 62,471,400</u>	<u>154,604</u>	<u>-</u>	<u>62,626,004</u>
Finance costs	<u>\$ 863,138</u>	<u>8,301</u>	<u>(3,024)</u>	<u>868,415</u>
Depreciation and amortization	<u>\$ 7,995,901</u>	<u>73,573</u>	<u>-</u>	<u>8,069,474</u>
Reportable segment profit or loss	<u>\$ 9,762,671</u>	<u>10,180</u>	<u>-</u>	9,772,851
Share of profit (loss) of associates accounted for using equity method				65,929
				<u>\$ 9,838,780</u>
Reportable segment assets				
December 31, 2024	<u>\$ 221,878,507</u>	<u>1,781,139</u>	<u>-</u>	223,659,646
Investments accounted for using equity method				920,925
				<u>\$ 224,580,571</u>
Reportable segment liabilities				
December 31, 2024	<u>\$ 132,966,801</u>	<u>585,979</u>	<u>-</u>	<u>133,552,780</u>

GlobalWafers Co., Ltd. and subsidiaries
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(3) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets (excluding financial instruments, investments accounted for using equity method and deferred tax assets) are based on the geographical location of the assets.

A. The Group's revenue from external customers and the relevant customer contract revenue, please refer to note 6(23).

B. Non-current assets:

<u>Area</u>	<u>2025</u>	<u>2024</u>
Korea	\$ 7,688,586	9,973,685
United States	58,432,876	67,565,273
Japan	15,729,325	18,652,673
Taiwan	7,191,164	8,443,726
Italy	16,621,196	14,906,954
Other countries	<u>4,541,371</u>	<u>3,245,693</u>
	<u>\$ 110,204,518</u>	<u>122,788,004</u>

(4) Major customers information

Sales to individual customers representing greater than 10% of net sales of the Group:

	For the years ended December 31,	
	<u>2025</u>	<u>2024</u>
Group C	\$ 7,271,558	8,160,987
Group K	<u>6,621,172</u>	<u>6,713,028</u>
	<u>\$ 13,892,730</u>	<u>14,874,015</u>

GlobalWafers Co., Ltd. and Subsidiaries

Loans to other parties

For the period ended December 31, 2025

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	45,000	1.80 %	2	-	Operating capital	-	-	-	37,319,418	37,319,418
0	The Company	SPV4	Receivable from related parties	Yes	500,000	500,000	-	-	2	-	Operating capital	-	-	-	37,319,418	37,319,418
0	The Company	CWT	Receivable from related parties	Yes	200,000	-	-	-	2	-	Operating capital	-	-	-	37,319,418	37,319,418
1	GWJ	MEMC Japan	Receivable from related parties	Yes	14,886,880	13,333,120	9,718,720	1.37273 %	2	-	Operating capital	-	-	-	18,996,382	18,996,382
2	GWS	GWBV	Receivable from related parties	Yes	3,486,525	3,300,150	3,082,121	4.48%~6.04%	2	-	Operating capital	-	-	-	60,955,996	60,955,996
2	GWS	GW GmbH	Receivable from related parties	Yes	4,612,500	4,612,500	4,612,500	2.70 %	2	-	Operating capital	-	-	-	60,955,996	60,955,996
2	GWS	The Company	Receivable from related parties	Yes	9,961,500	7,260,330	6,021,988	4.621%~5.00%	2	-	Operating capital	-	-	-	60,955,996	60,955,996
2	GWS	MEMC SpA	Receivable from related parties	Yes	996,150	942,900	942,900	4.570 %	2	-	Operating capital	-	-	-	60,955,996	60,955,996
2	GWS	GWA	Receivable from related parties	Yes	31,430,000	31,430,000	28,674,312	4.016 %	2	-	Operating capital	-	-	-	60,955,996	60,955,996
3	GTI	MEMC LLC	Receivable from related parties	Yes	3,143,000	3,143,000	767,052	4.70424 %	2	-	Operating capital	-	-	-	23,226,669	23,226,669
3	GTI	GWA	Receivable from related parties	Yes	3,320,500	3,143,000	-	-	2	-	Operating capital	-	-	-	23,226,669	23,226,669
4	GWBV	GW GmbH	Receivable from related parties	Yes	2,214,000	2,214,000	295,200	2.70 %	2	-	Operating capital	-	-	-	60,404,030	60,404,030
4	GWBV	Topsil A/S	Receivable from related parties	Yes	647,460	-	-	-	2	-	Operating capital	-	-	-	60,404,030	60,404,030
4	GWBV	MEMC SpA	Receivable from related parties	Yes	3,690,000	3,690,000	3,690,000	2.393 %	2	-	Operating capital	-	-	-	60,404,030	60,404,030
5	SST	SSKT	Receivable from related parties	Yes	66,309	-	-	-	2	-	Operating capital	-	-	-	3,323,315	3,323,315

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		
6	SSKT	MHTM	Receivable from related parties	Yes	94,626	42,712	35,069	3.00 %	2	-	Operating capital	-	-	-	112,910	112,910
7	GWCC	The Company	Receivable from related parties	Yes	3,235,815	-	-	-	2	-	Operating capital	-	-	-	12,153,458	12,153,458
7	GWCC	GWA	Receivable from related parties	Yes	11,000,500	11,000,500	11,000,500	4.016 %	2	-	Operating capital	-	-	-	12,153,458	12,153,458
7	GWCC	CWT	Receivable from related parties	Yes	628,600	628,600	628,600	4.27%-4.65%	2	-	Operating capital	-	-	-	12,153,458	12,153,458
8	CWT	GWH	Receivable from related parties	Yes	85,000	85,000	-	-	2	-	Operating capital	-	-	-	514,347	514,347

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 December 31, 2025

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	GmbH	2	279,895,635	16,605,000	16,605,000	12,368,880	-	17.80 %	279,895,635	Y	N	N
0	The Company	GWH	2	279,895,635	800,000	800,000	-	-	0.86 %	279,895,635	Y	N	N
0	The Company	SPV4	2	279,895,635	535,067	535,067	337,749	-	0.57 %	279,895,635	Y	N	N
0	The Company	SPVE5	2	279,895,635	114,800	35,000	30,000	-	0.04 %	279,895,635	Y	N	N
0	The Company	GWS	2	279,895,635	5,659,156	5,470,753	4,620,704	-	5.86 %	279,895,635	Y	N	N
0	The Company	MEMC SpA	2	279,895,635	4,723,200	4,723,200	3,062,700	-	5.06 %	279,895,635	Y	N	N
0	The Company	GWA	2	279,895,635	16,137,630	15,274,980	12,131,980	-	16.37 %	279,895,635	Y	N	N
0	The Company	CWT	2	279,895,635	1,084,028	-	-	-	- %	279,895,635	Y	N	N
0	The Company	MEMC LLC	2	279,895,635	664,100	628,600	628,600	-	0.67 %	279,895,635	Y	N	N
1	GTI	MEMC LLC	4	116,133,345	3,268,500	-	-	-	- %	116,133,345	N	N	N
1	GTI	GWA	4	116,133,345	6,398,000	6,286,000	-	-	27.06 %	116,133,345	N	N	N
2	SST	KST	4	16,616,575	1,456,138	1,431,620	551,929	-	43.08 %	16,616,575	N	N	Y
3	GWS	GWA	4	203,186,650	31,430,000	31,430,000	-	-	77.34 %	203,186,650	N	N	N
4	GWCC	GWA	4	151,918,225	31,430,000	31,430,000	8,903,416	-	103.44 %	151,918,225	N	N	N
4	GWCC	MEMC LLC	4	151,918,225	9,429,000	9,429,000	8,222,179	-	31.03 %	151,918,225	N	N	N
4	GWCC	GmbH	4	151,918,225	5,535,000	5,535,000	-	-	18.22 %	151,918,225	N	N	N

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 not exceed 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

Major securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2025

Table 3

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance			Fair value	Highest Percentage of ownership (%) during the year	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)			
The Company	CDIB Capital Growth Partners L.P.	None	Financial assets at fair value through profit or loss – non-current	-	100,081	3.85 %	100,081	3.85 %	
The Company	Siltronic AG	None	Financial assets at fair value through profit or loss – non-current	650	1,172,867	2.17 %	1,172,867	2.17 %	
GW GmbH	Siltronic AG	None	Financial assets at fair value through profit or loss – non-current	3,101	5,594,855	10.34 %	5,594,855	10.34 %	
GWBV	Siltronic AG	None	Financial assets at fair value through profit or loss – non-current	350	633,379	1.17 %	633,379	1.17 %	
The Company	WT Microelectronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income – non-current	621	85,062	0.04 %	85,062	0.05 %	
GWH	Foreign Privately Securities	None	Financial assets at fair value through profit of loss – non-current	-	228,186	1.93 %	228,186	1.93 %	
GWH	Youngquan wafer Co., Ltd.	None	Financial assets at fair value through other comprehensive income – non-current	959	50,000	4.44 %	50,000	4.55 %	
GWS	Citigroup Global Markets Holdings Inc. USD Fixed rate Bond	None	Financial assets measured at amortized cost – non-current	-	6,254,570	- %	-	- %	

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 December 31, 2025

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	GTI	Indirectly held subsidiaries	Purchase	1,056,905	2 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(145,236)	(1)%	
The Company	SST	Indirectly held subsidiaries	Purchase	1,319,316	2 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(215,938)	(2)%	
The Company	GWJ	Directly held subsidiaries	Purchase	7,359,929	12 %	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(1,309,429)	(14)%	
The Company	Topsil A/S	Indirectly held subsidiaries	Purchase	1,938,964	3 %	Net 30 to 60 days from the end of the month upon issuance of invoice	-	-	(190,422)	(2)%	
The Company	GWS	Directly held subsidiaries	Purchase	785,260	1 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(142,674)	(1)%	
GWS	The Company	Directly held subsidiaries	Purchase	7,003,103	12 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(1,083,393)	(11)%	
GTI	The Company	Indirectly held subsidiaries	Purchase	3,356,220	6 %	Net 90 days from the end of the next month upon issuance of invoice	-	-	(485,545)	(5)%	
KST	The Company	Indirectly held subsidiaries	Purchase	1,115,868	2 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(241,050)	(2)%	
SST	The Company	Indirectly held subsidiaries	Purchase	725,242	1 %	Net 30 days from the end of the month upon issuance of invoice	-	-	(62,983)	(1)%	
GWJ	The Company	Directly held subsidiaries	Purchase	2,087,480	3 %	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(230,973)	(2)%	
MEMC Sdn Bhd	The Company	Indirectly held subsidiaries	Purchase	128,778	- %	Net 60 days from the end of the month upon issuance of invoice	-	-	(11,856)	-%	
Topsil A/S	The Company	Indirectly held subsidiaries	Purchase	329,760	1 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(86,713)	(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)	
Mosel	The Company	Indirectly held subsidiaries of the parent company	Purchase	163,057	- %	Net 60 days from the end of the month upon issuance of invoice	-	-	(30,329)	-%	
GWA	CWT	Indirectly held subsidiaries	Purchase	210,778	- %	Net 60 days from the end of the month upon issuance of invoice	-	-	-	-%	
GWJ	CWT	Directly held subsidiaries	Purchase	712,735	1 %	Net 60 to 90 days from the end of the month upon issuance of invoice	-	-	(389,399)	(4)%	
CWT	SAS	Directly held subsidiaries	Purchase	663,295	5 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(385,458)	-%	
GWS	MEMC LLC	Indirectly held subsidiaries	Sale	(950,016)	(2) %	Net 60 days from the end of the month upon issuance of invoice	-	-	158,542	2%	
GWS	MEMC Sdn Bhd	Indirectly held subsidiaries	Purchase	1,159,282	2 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(158,059)	(2)%	
GWS	MEMC SpA	Indirectly held subsidiaries	Purchase	3,616,475	6 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(673,086)	(7)%	
GWS	MEMC SpA	Indirectly held subsidiaries	Sale	(7,820,736)	(13)%	Net 60 days from the end of the month upon issuance of invoice	-	-	1,377,040	14%	
GWS	MEMC Korea	Indirectly held subsidiaries	Purchase	2,478,053	4 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(374,325)	(4)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Purchase	7,350,646	12 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(1,227,645)	(12)%	
GWS	MEMC Japan	Indirectly held subsidiaries	Sale	(2,544,556)	(4) %	Net 60 days from the end of the month upon issuance of invoice	-	-	406,975	4%	
SPA	CWT	Indirectly held subsidiaries	Purchase	857,561	1 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(116,179)	(1)%	
MKC	CWT	Indirectly held subsidiaries	Purchase	1,926,477	3 %	Net 60 days from the end of the month upon issuance of invoice	-	-	(741,421)	(7)%	

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

December 31, 2025

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	485,545	9.23	-	-	94	-
The Company	GWJ	Indirectly held subsidiaries	230,973	4.01	-	-	4,911	-
The Company	GWS	Indirectly held subsidiaries	1,083,393	7.98	-	-	11	-
The Company	KST	Indirectly held subsidiaries	241,050	5.32	-	-	33	-
GWS	The Company	Indirectly held subsidiaries	142,674	11.01	-	-	-	-
SST	The Company	Indirectly held subsidiaries	215,938	7.11	-	-	1,370	-
GWJ	The Company	Indirectly held subsidiaries	1,390,429	4.49	-	-	43,104	-
Topsil A/S	The Company	Indirectly held subsidiaries	190,422	9.91	-	-	4,626	-
CWT	MEMC SpA	Indirectly held subsidiaries	116,179	7.65	-	-	100,983	-
CWT	GWJ	Indirectly held subsidiaries	389,399	2.79	-	-	-	-
CWT	MKC	Indirectly held subsidiaries	741,421	2.78	-	-	188,452	-
GTI	The Company	Indirectly held subsidiaries	145,236	5.92	-	-	1,440	-
GWS	MEMC Japan	Indirectly held subsidiaries	406,975	6.66	-	-	241,538	-
GWS	MEMC SpA	Indirectly held subsidiaries	1,377,040	5.28	-	-	619,376	-
GWS	MEMC LLC	Indirectly held subsidiaries	158,542	7.13	-	-	94	-
MEMC Sdn Bhd	GWS	Indirectly held subsidiaries	158,059	8.07	-	-	42,013	-
MEMC SpA	GWS	Indirectly held subsidiaries	673,086	6.47	-	-	335,851	-
MEMC Korea	GWS	Indirectly held subsidiaries	374,325	5.81	-	-	205,825	-
MEMC Japan	GWS	Indirectly held subsidiaries	1,227,645	7.22	-	-	556,013	-
GWS	The Company	Indirectly held subsidiaries	6,021,988	-	-	-	19,540	-

(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	9,718,720	- (Note 3)	-	-	-	-
GWS	GWBV	Indirectly held subsidiaries	3,229,353	- (Note 3)	-	-	-	-
GWS	GW GmbH	Indirectly held subsidiaries	4,743,745	- (Note 3)	-	-	-	-
GWS	GWA	Indirectly held subsidiaries	28,680,710	- (Note 3)	-	-	28,680,710	-
GTI	MEMC LLC	Indirectly held subsidiaries	777,554	- (Note 3)	-	-	777,554	-
GWS	MEMC SpA	Indirectly held subsidiaries	950,441	- (Note 3)	-	-	-	-
GWBV	MEMC SpA	Indirectly held subsidiaries	3,695,225	- (Note 3)	-	-	-	-
GWBV	GW GmbH	Indirectly held subsidiaries	303,600	- (Note 3)	-	-	295,200	-
SAS	CWT	Indirectly held subsidiaries	385,458	1.49	-	-	117,378	-
GWCC	GWA	Directly held subsidiaries	7,543,200	- (Note 3)	-	-	11,000,500	-

Note 1: The amount received in subsequent period as of January 31, 2026.

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 material intercompany transactions
For the period ended December 31, 2025

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	GTI	1	Purchase	1,056,905	Net 60 days from the end of the month upon issuance of invoice	1.68%
0	The Company	SST	1	Purchase	1,319,316	Net 60 days from the end of the month upon issuance of invoice	2.18%
0	The Company	GWJ	1	Purchase	7,359,929	Net 60 to 90 days from the end of the month upon issuance of invoice	12.15%
0	The Company	Topsil A/S	1	Purchase	1,938,964	Net 30 to 60 days from the end of the month upon issuance of invoice	3.20%
0	The Company	GWS	1	Purchase	785,260	Net 60 days from the end of the month upon issuance of invoice	1.30%
0	The Company	GTI	1	Sale	3,356,220	Net 90 days from the end of the next month upon issuance of invoice	5.54%
0	The Company	SST	1	Sale	725,242	Net 30 days from the end of the month upon issuance of invoice	1.20%
0	The Company	GWJ	1	Sale	2,087,480	Net 60 to 90 days from the end of the month upon issuance of invoice	3.44%
0	The Company	GWS	1	Sale	7,003,103	Net 60 days from the end of the month upon issuance of invoice	11.56%
0	The Company	KST	1	Sale	1,115,868	Net 60 days from the end of the month upon issuance of invoice	1.84%
1	CWT	MEMC Korea	3	Sale	1,926,477	Net 60 days from the end of the month upon issuance of invoice	3.18%
1	CWT	MEMC SpA	3	Sale	857,561	Net 60 days from the end of the month upon issuance of invoice	1.42%
1	CWT	GWJ	3	Sale	712,735	-	1.18%
2	GWS	MEMC LLC	3	Sale	950,016	Net 60 days from the end of the month upon issuance of invoice	1.57%
3	GWS	MEMC SpA	3	Purchase	3,616,475	Net 60 days from the end of the month upon issuance of invoice	5.97%
2	GWS	MEMC SpA	3	Sale	7,820,736	Net 60 days from the end of the month upon issuance of invoice	12.91%
2	GWS	MEMC Korea	3	Purchase	2,478,053	Net 60 days from the end of the month upon issuance of invoice	4.09%
2	GWS	MEMC Japan	3	Sale	2,544,556	Net 60 days from the end of the month upon issuance of invoice	4.20%

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)
2	GWS	MEMC Japan	3	Purchase	7,350,646	Net 60 days from the end of the month upon issuance of invoice	12.13%
2	GWS	MEMC Sdn Bhd	3	Purchase	1,159,282	Net 60 days from the end of the month upon issuance of invoice	1.91%
2	GWS	The Company	2	Intercompany Loan	6,021,988	-	2.76%
2	GWS	GWBV	3	Intercompany Loan	3,229,353	-	1.48%
2	GWS	GWA	3	Intercompany Loan	28,680,709	-	13.14%
2	GWS	GmbH	3	Intercompany Loan	4,743,745	-	2.17%
3	GWJ	MEMC Japan	3	Intercompany Loan	9,718,720	-	4.45%
4	GWBV	MEMC SpA	3	Intercompany Loan	3,695,225	-	1.69%
2	GWCC	GWA	3	Prepayment for purchases	7,543,200	-	3.45%
5	GWCC	GWA	3	Prepayment for purchases	2,357,540	-	1.08%

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 (excluding investee companies in Mainland China)
For the period ended December 31, 2025

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 December 31, 2025			Highest of Percentage Ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2025	December 31, 2024	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 %	3,360,995	100.00 %	197,343	201,501	Subsidiary
The Company	GWJ	Japan	Manufacturing and trading of silicon wafers	5,448,015	5,448,015	128	100.00 %	18,970,413	100.00 %	1,058,123	1,023,371	Subsidiary
The Company	GWS	Singapore	Investment activities	2,207,377	2,207,377	41,674	100.00 %	39,075,436	100.00 %	-	2,510,690	Subsidiary
The Company	GW GmbH	Germany	Trading	1,952,235 (EUR62,525)	1,952,235 (EUR62,525)	48,025	100.00 %	(9,998,056)	100.00 %	(895,362)	(895,362)	Subsidiary
The Company	GWBV	Netherlands	Investment activities	52,221,999 (USD1,721,076)	40,367,464 (USD1,321,076)	0.1	100.00 %	60,404,030	100.00 %	(2,875,757)	(2,875,757)	Subsidiary
The Company	HONG-WANG Investment Co., Ltd.	Taiwan	Investment activities	309,760	309,760	30,976	30.98 %	692,333	30.98 %	154,988	48,009	Associate
The Company	SPV4	Taiwan	Electricity activities	1,045,000	1,045,000	104,500	100.00 %	1,068,931	100.00 %	(13,992)	20,232	Subsidiary
The Company	SPVE5	Taiwan	Electricity activities	141,340	141,340	14,134	100.00 %	128,266	100.00 %	(8,503)	(8,503)	Subsidiary
The Company	GWH	Taiwan	Investment activities	250,000	250,000	25,000	100.00 %	282,403	100.00 %	29,022	53,318	Subsidiary
The Company	CWT	Taiwan	Manufacturing and trading of optoelectronic wafers and substrate material	437,924	437,924	43,836	100.00 %	1,068,849	100.00 %	1,077,365	733,824	Subsidiary

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest of Percentage Ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2025	December 31, 2024	Shares (thousands)	Percentage of Ownership	Carrying value				
The Company	GWCC	Taiwan	Investment activities	23,315,300 (USD750,000)	8,132,250 (USD250,000)	93,261	79.41 %	24,127,653	100.00 %	496,298	435,500	Subsidiary
GWJ	MEMC Japan	Japan	Manufacturing and trading of silicon wafers	373,413 (JPY100,000)	373,413 (JPY100,000)	750	100.00 %	2,429,417	100.00 %	95,876	-	Notes 2 and 3
GWBV	MEMC SpA	Italy	Manufacturing and trading of silicon wafers	6,732,641 (USD204,788)	6,732,641 (USD204,788)	65,000	100.00 %	11,569,996	100.00 %	(942,127)	-	Notes 2 and 3
MEMC SpA	MEMC SarL	France	Trading	1,316 (USD40)	1,316 (USD40)	0.5	100.00 %	5,548	100.00 %	975	-	Notes 2 and 3
GWBV	MEMC Korea	Korea	Manufacturing and trading of silicon wafers	11,851,262 (USD384,605)	11,851,262 (USD384,605)	25,200	100.00 %	22,634,756	100.00 %	451,028	-	Notes 2 and 3
GWBV	GTI	United States	Manufacturing and trading of epitaxial wafers	14,634,384 (USD491,262)	2,779,849 (USD91,262)	1	100.00 %	24,520,388	100.00 %	(2,535,105)	-	Notes 2 and 3
GWBV	MEMC Ipoh	Malaysia	Manufacturing and trading of silicon wafers	93,907 (USD1,323)	93,907 (USD1,323)	612,300	100.00 %	5,688	100.00 %	581	-	Notes 2 and 3
GWBV	Topsil A/S	Denmark	Manufacturing and trading of silicon wafers	1,843,604 (USD60,996)	1,843,604 (USD60,996)	1,000	100.00 %	2,931,165	100.00 %	101,937	-	Notes 2 and 3
CWT	Crystalwise HK	Hong Kong	Investment companies	- (USD47,650)	- (USD47,650)	47,650	100.00 %	34,153	100.00 %	(179)	-	Notes 2 and 3
GTI	MEMC LLC	United States	Research and development, manufacturing and trading of silicon wafers	543,384 (USD17,839)	543,384 (USD17,839)	-	100.00 %	3,983,141	100.00 %	(1,148,597)	-	Notes 2 and 3
SST	MEMC Sdn Bhd	Malaysia	Research and development, manufacturing and trading of silicon wafers	1,553,716 (USD47,315)	1,553,716 (USD47,315)	89,586	100.00 %	2,032,751	100.00 %	67,622	-	Notes 2 and 3
GTI	GWA	United States	Manufacturing and trading of silicon wafers	15,171,535 (USD507,000)	31 (USD1)	1	100.00 %	14,364,588	100.00 %	(1,198,161)	-	Notes 2 and 3

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest of Percentage Ownership during the year	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2025	December 31, 2024	Shares (thousands)	Percentage of Ownership	Carrying value				
MEMC Korea	MKCC	Taiwan	Investment Activities	6,241,055 (USD200,000)	-	624,000	100.00 %	6,328,400	100.00 %	132,549	-	Notes 2 and 3
MKCC	GWCC	Taiwan	Investment Activities	6,044,600 (USD200,000)	-	24,178	20.59 %	6,255,993	20.59 %	60,829	-	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.

GlobalWafers Co., Ltd. and Subsidiaries

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

For the period ended December 31, 2025

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, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2025	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	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)	197,396	100.00%	100%	197,396	3,323,315	-
KST	Trading and marketing business	26,587	Note 6	-	-	-	-	7,658	100.00%	100%	7,658	104,239	-
SSKT	Manufacturing and distributing lithium tantalate and lithium niobate wafers	102,776	Note 7	-	-	-	-	(5,632)	100.00%	100%	(5,632)	282,275	-
MHTM	Manufacturing and distributing lithium tantalate and lithium niobate wafers	159,588	Note 8	-	-	-	-	(3,365)	90.00%	90%	(3,365)	(31,386)	-
YHTM	Manufacturing and sales of optoelectronic and communication materials	1,787,164	Note 9 and Note 10	1,786,779 (USD57,450)	-	-	1,786,779 (USD57,450)	(37)	100.00%	100%	(37)	41,701	-

(2) Limitation on investment in Mainland China

Company Name	Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	2,479,138 (USD79,337) (Note 11)	3,476,061 (USD114,002) (Note 3 and 11)	55,979,127 (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 December 31, 2025.

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.

Note 7: SSKT was funded by using the capital of SST, which cannot be considered as investment limit because there was no remittance from Taiwan.

Note 8: MHTM is China-based company invested by SSKT.

Note 9: YHTM is China-based company invested by Crystalwise HK. Capital reduction of \$59,438 thousand (USD\$1,900 thousand) remitted back to crystal wise HK in March 2024. And Capital reduction of \$59,823 thousand (USD\$1,850 thousand) remitted back to CWT in June 2024.

Note 10: Investment made directly by Taiwan-based investment company.

Note 11: Includes the investment amount on November 1, 2023 for the merger of YHTM etc, a subsidiary of CWT. The cumulative investment amount is US\$57,608 thousand in the Mainland China and an amount approved by the Department of Investment Review is US\$57,838 thousand.