

English Translation of Financial Statements and A Report Originally Issued in Chinese

Ticker: 6182

**WAFER WORKS CORP.
PARENT-COMPANY-ONLY FINANCIAL STATEMENTS
WITH A REPORT OF INDEPENDENT AUDITORS
AS OF DECEMBER 31, 2025 AND 2024
AND FOR THE YEARS THEN ENDED**

Address: No.100, Longyuan 1st Rd., Longtan Science Park, Taoyuan City 32542, Taiwan (R.O.C.)
Telephone: (03)481-5001

The reader is advised that these parent-company-only financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of Financial Statements and a Report Originally Issued in Chinese

**Parent-company-only financial statements
Index**

Item	Page numbering
1. Cover sheet	1
2. Index	2
3. Independent Auditors' Report	3-8
4. Parent-company-only balance sheets	9-10
5. Parent-company-only statements of comprehensive incomes	11
6. Parent-company-only statements of changes in equity	12
7. Parent-company-only statements of cash flows	13
8. Footnotes to the parent-company-only financial statements	
(1) History and organization	14
(2) Date and procedures of authorization of financial statements for issue	14
(3) Newly issued or revised standards and interpretations	14-20
(4) Summary of significant accounting policies	21-47
(5) Significant accounting judgments, estimates and assumptions	48-49
(6) Contents of significant accounts	50-102
(7) Related party transactions	103-107
(8) Assets pledged as collateral	108
(9) Significant contingencies and unrecognized contract commitments	108-109
(10) Losses due to major disasters	109
(11) Significant subsequent events	109
(12) Others	110-126
(13) Other disclosures	
1. Information on significant transactions	126
2. Information on investees	127
3. Information on investments in Mainland China	128-134
(14) Operating segment	134
9. Details of significant accounts	142-168

English Translation of Financial Statements and a Report Originally Issued in Chinese
AUDIT REPORT OF INDEPENDENT AUDITORS

To: The Board of Directors and Shareholders of
Wafer Works Corp.

Opinion

We have audited the accompanying parent-company-only balance sheets of Wafer Works Corp. (the “Company”) as of December 31, 2025 and 2024, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together “the parent-company-only financial statements”).

In our opinion, based on the results of our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audit of a Component Auditor section of our report), the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2025 and 2024, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the 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 Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of parent-company-only financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue amounting to NT\$4,553,459 thousand for the year ended December 31, 2025 is a significant account to the Company's financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, Asia, Europe, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, and performance obligation for revenue recognition with sale agreement or orders, performing analytical review procedures on monthly sale revenues, executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Notes 4 and 6 to the parent-company-only financial statements.

Provision against inventory

We determine that provision against inventory is also one of the key audit matters. The Company's inventory in amount of NT\$1,460,917 thousand, representing 6% of parent-company-only total assets, as of December 31, 2025 is significant to the Company's financial statements. Due to material price being influenced by market demand and supply, the prices of inventory tend to change rapidly. The determination of inventory's net realizable value involved the significant judgement from management. We decide it to be one of our key audit matters and our audit procedures therefore have been prescribed to include, but not limit to, assessing the appropriateness of the Company's inventory provision policy (including how the management estimates the net realizable value of inventory in considering of expecting demand and market values), testing the effectiveness of internal control system and execution regarding inventory management, evaluating the accuracy of the inventory's net realizable value applied by management (including sale price), test samples, etc. Also, we have



evaluated the appropriateness of the related disclosure in Notes 5 and 6 to the parent-company-only financial statements.

Other Matter – Making Reference to the Audit of a Component Auditor

We did not audit the financial statements of Helitek Company Ltd., an indirectly invested associate accounted for under the equity method by the Company as of December 31, 2025 and 2024. Those financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles have not been audited by us but were audited by another auditor in accordance with U.S. Generally Accepted Auditing Standards. The financial statements of Helitek Company Ltd. have been adjusted to comply with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China. We have performed the necessary audit procedures on these adjustments. Therefore, our opinion on the parent-company-only financial statements includes amounts related to the pre-adjustment financial statements of Helitek Company Ltd., which are based on the audit report of the other auditor and the additional audit procedures we performed to comply with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our audit, insofar as it related to the investment in the associate accounted for under the equity method amounting to NT\$206,190 thousand and NT\$192,175 thousand as of December 31, 2025 and 2024 representing 0.83% and 0.88% of the Company's total assets, the related shares of income before tax from the associate under the equity method for the years then ended amounting to NT\$21,791 thousand and NT\$(12,476) thousand representing 19.36% and (81.53)% of the Company's income before tax, respectively.

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

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.



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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 parent-company-only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2025 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



/s/Cheng, Ching-Piao

/s/Chang, Chih-Ming

Ernst & Young
March 13, 2026
Taipei, Taiwan,
Republic of China

Notices to Readers

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

Accordingly, the accompanying parent-company-only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

Parent-Company-Only Balance Sheets

As of December 31, 2025 and 2024

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of December 31, 2025		As of December 31, 2024	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$1,752,458	7	\$3,351,104	15
1136	Financial assets measured at amortized cost	4, 6(3), 8	26,232	-	14,862	-
1170	Accounts receivable, net	4, 6(4)	424,771	2	556,883	3
1180	Accounts receivable - related parties	4, 6(4), 7	453,127	2	364,574	2
1200	Other receivables		83,614	-	49,288	-
1210	Other receivables - related parties	7	81,872	-	52,128	-
1310	Inventories, net	4, 6(5)	1,460,917	6	1,454,092	7
1410	Prepayments		273,320	1	295,322	1
1470	Other current assets		140,491	1	1,681	-
11XX	Total current assets		<u>4,696,802</u>	<u>19</u>	<u>6,139,934</u>	<u>28</u>
	Non-current assets					
1517	Financial assets measured at fair value through other comprehensive income	4, 6(2)	243,696	1	108,600	-
1536	Financial assets measured at amortized cost	4, 6(3), 8	21,967	-	21,967	-
1551	Investments accounted for using the equity method	4, 6(6)	8,066,965	33	8,011,713	38
1600	Property, plant and equipment	4, 6(7), 8, 9	9,971,855	40	6,882,334	31
1755	Right-of-use assets	4, 6(21)	207,851	1	227,118	1
1780	Intangible assets	4, 6(8)	2,457	-	4,286	-
1840	Deferred tax assets	4, 6(25)	61,524	-	37,873	-
1915	Prepayment for equipment	9	1,454,065	6	362,331	2
1920	Refundable deposits	9	102,000	-	77,768	-
1975	Net defined benefit assets	4, 6(15)	4,905	-	-	-
1990	Other non-current assets	9	54,198	-	28,704	-
15XX	Total non-current assets		<u>20,191,483</u>	<u>81</u>	<u>15,762,694</u>	<u>72</u>
1XXX	Total Assets		<u>\$24,888,285</u>	<u>100</u>	<u>\$21,902,628</u>	<u>100</u>

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

Parent-Company-Only Balance Sheets (Continued)

As of December 31, 2025 and 2024

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2025		As of December 31, 2024	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(9)	\$820,000	3	\$720,000	3
2120	Financial liabilities at fair value through profit or loss	4, 6(10)	1,795	-	2,464	-
2130	Contract liabilities	4, 6(19), 9	53,288	-	91,008	-
2170	Accounts payable		359,362	2	249,064	1
2180	Accounts payable - related parties	7	76,631	-	22,159	-
2200	Other payables	6(11)	1,864,566	8	521,206	3
2220	Other payable - related parties	7	632	-	298	-
2230	Current income tax liabilities	4	333,362	1	322,753	2
2250	Provisions	4, 6(16)	5,775	-	-	-
2281	Lease liability	4, 6(21)	17,957	-	20,261	-
2321	Current portion of bonds payable	4, 6(13)	301,308	1	-	-
2322	Current portion of long-term loans	6(14), 8	487,276	2	320,440	1
2399	Other current liabilities	6(12)	25,259	-	5,472	-
21XX	Total current liabilities		<u>4,347,211</u>	<u>17</u>	<u>2,275,125</u>	<u>10</u>
	Non-current liabilities					
2500	Financial liabilities at fair value through profit or loss	4, 6(10)	4,500	-	18,000	-
2530	Bonds Payable	4, 6(13)	1,379,067	6	1,644,969	8
2540	Long-term loans	6(14), 8	3,819,227	15	2,453,995	12
2570	Deferred tax liabilities	4, 6(25)	100,248	-	73,695	-
2581	Lease liability	4, 6(21)	191,152	1	209,110	1
2630	Long-term deferred revenue	6(12)	4,885	-	14,352	-
2640	Net defined benefit liabilities	4, 6(15)	-	-	6,316	-
2645	Deposits received	7	200	-	11,400	-
2650	Credit balance in investments accounted for using the equity method	4, 6(7)	-	-	76,787	-
25XX	Total non-current liabilities		<u>5,499,279</u>	<u>22</u>	<u>4,508,624</u>	<u>21</u>
2XXX	Total liabilities		<u>9,846,490</u>	<u>39</u>	<u>6,783,749</u>	<u>31</u>
	Equity					
3100	Capital	6(17)				
3110	Common stock		5,736,383	23	5,732,436	26
3200	Capital surplus	6(17)	6,965,931	28	6,967,673	32
3300	Retained earnings	6(17)				
3310	Legal reserve		777,191	3	776,095	4
3320	Special reserve		175,749	1	408,286	2
3350	Unappropriated earnings		1,665,731	7	1,376,992	6
3400	Other components of equity		(279,190)	(1)	(142,603)	(1)
3XXX	Total equity		<u>15,041,795</u>	<u>61</u>	<u>15,118,879</u>	<u>69</u>
	Total liabilities and equity		<u>\$24,888,285</u>	<u>100</u>	<u>\$21,902,628</u>	<u>100</u>

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

Parent-Company-Only Statements of Comprehensive Income

For the Years Ended December 31, 2025 and 2024

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

Code	Accounts	Notes	2025		2024	
			Amount	%	Amount	%
4000	Operating revenue	4, 6(19), 7	\$4,553,459	100	\$4,080,113	100
5000	Operating costs	6(5), 7	(3,979,445)	(87)	(3,312,396)	(81)
5900	Gross profit from operations		574,014	13	767,717	19
6000	Operating expenses					
6100	Selling		(146,185)	(3)	(119,406)	(3)
6200	General and administrative		(375,986)	(8)	(299,992)	(7)
6300	Research and development		(206,983)	(5)	(505,403)	(13)
6450	Expected credit gains (losses)	6(20)	-	-	-	-
	Operating expenses total		(729,154)	(16)	(924,801)	(23)
6900	Operating income (loss)		(155,140)	(3)	(157,084)	(4)
7000	Non-operating income and expenses	6(23)				
7100	Interest income		26,177	1	30,476	1
7010	Other income		75,347	1	13,017	-
7020	Other gains and losses	7	(38,161)	(1)	12,647	-
7050	Finance costs		(124,479)	(3)	(76,846)	(2)
7060	Share of profit or loss of subsidiaries, associates and joint ventures		328,841	7	193,092	5
	Non-operating income and expense total		267,725	5	172,386	4
7900	Income before income tax		112,585	2	15,302	-
7950	Income tax expenses	4, 6(25)	(60,688)	(1)	(11,269)	-
8200	Net income		51,897	1	4,033	-
8300	Other comprehensive income (loss)	6(24)				
8310	Item that not be reclassified to profit or loss					
8311	Actuarial gain (loss) from defined benefit plans		5,338	-	6,843	-
8316	Unrealized gain (loss) on equity instrument investment measured at fair value through other comprehensive income		(14,904)	-	-	-
8330	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		670	-	(31,679)	-
8360	Items that may be reclassified subsequently to profit or loss					
8370	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		(168,858)	(4)	335,937	8
8399	Income tax related to items that may be reclassified to profit or loss		23,651	1	-	-
	Total other comprehensive income (loss), net of tax		(154,103)	(3)	311,101	8
8500	Total comprehensive income (loss)		\$(102,206)	(2)	\$315,134	8
9750	Earnings per share - basic (in NT\$)	6(26)	\$0.09		\$0.01	
9850	Earnings per share - diluted (in NT\$)	6(26)	\$0.09		\$0.01	

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2025 and 2024

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Capital		Retained earnings			Other components of equity			Total equity
		Common stock	Capital Surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences arising on translation of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income (loss)	Unearned Employee Compensation Expense	
		3100	3200	3310	3320	3350	3410	3420	3490	3XXX
A1	Balance as of January 1, 2024	\$5,418,836	\$4,105,199	\$718,608	\$265,458	\$1,919,123	\$(285,333)	\$(122,953)	\$(22,825)	\$11,996,113
	Appropriation and distribution of 2023 earnings									
B1	Legal reserve			57,487		(57,487)				-
B3	Special reserve				142,828	(142,828)				-
B5	Cash dividends - common shares					(352,783)				(352,783)
C5	Embedded conversion options derived from convertible bonds		203,927							203,927
C7	Changes in subsidiaries, associates, and joint ventures accounted for under equity method		2,109,648							2,109,648
D1	Net income for 2024					4,033				4,033
D3	Other comprehensive income (loss), net of tax, for 2024.					6,843	335,937	(31,679)		311,101
D5	Total comprehensive income (loss)	-	-	-	-	10,876	335,937	(31,679)	-	315,134
E1	Capital increase by cash	300,000	505,028							805,028
T1	Restricted Employee Stock and Other	13,600	43,871			91			(15,750)	41,812
Z1	Balance as of December 31, 2024	5,732,436	6,967,673	776,095	408,286	1,376,992	50,604	(154,632)	(38,575)	15,118,879
	Appropriation and distribution of 2024 earnings									
B1	Legal reserve			1,096		(1,096)				-
B3	Special reserve				(232,537)	232,537				-
D1	Net income for 2025					51,897				51,897
D3	Other comprehensive income (loss), net of tax, for 2025.					5,338	(145,207)	(14,234)		(154,103)
D5	Total comprehensive income (loss)	-	-	-	-	57,235	(145,207)	(14,234)	-	(102,206)
T1	Restricted Employee Stock and Other	3,947	(1,742)			63			22,854	25,122
Z1	Balance as of December 31, 2025	\$5,736,383	\$6,965,931	\$777,191	\$175,749	\$1,665,731	\$(94,603)	\$(168,866)	\$(15,721)	\$15,041,795

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

Parent-Company-Only Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2025	2024	Code	Items	2025	2024
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$112,585	\$15,302	B00010	Proceeds from disposal of financial assets at fair value through other comprehensive income	(150,000)	(63,100)
A20000	Adjustments:			B01800	Acquisition of investment accounted for using the equity method	(89,864)	-
A20010	Profit or loss not effecting cash flows:			B00040	Acquisition of financial assets at amortized cost	(11,370)	-
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(14,169)	13,829	B00050	Disposal of financial assets at amortized cost	-	5,703
A21200	Interest income	(26,177)	(30,476)	B02700	Acquisition of property, plant and equipment	(2,438,501)	(1,887,189)
A20900	Interest expense	124,479	76,846	B02800	Proceeds from disposal of property, plant and equipment	16,961	428
A20100	Depreciation (Including right of use assets)	641,242	597,020	B03700	Decrease (increase) in refundable deposits	(24,232)	-
A20200	Amortization	3,676	4,464	B04500	Acquisition of intangible assets	(1,847)	(2,630)
A21900	Cost of share based payment	25,122	56,932	B07100	Decrease (increase) in prepayment for equipment	(1,091,734)	(207,677)
A22400	Share of profit or loss of subsidiaries, associates and joint ventures	(328,841)	(193,092)	BBBB	Net cash provided by (used in) investing activities	(3,790,587)	(2,154,465)
A22500	Loss (gain) on disposal of property, plant and equipment	(7,755)	(428)				
A29900	Gain on government grants	(4,864)	(2,940)	CCCC	Cash flows from investing activities:		
A30000	Changes in operating assets and liabilities:			C00100	Increase (decrease) in short-term loans	100,000	280,000
A31150	Accounts receivables	132,112	(65,487)	C01200	Issuance of corporate bonds	-	1,554,776
A31160	Accounts receivable - related parties	(190,223)	(37,469)	C01600	Increase in long-term loans	2,923,606	1,096,740
A31180	Other receivables	(34,713)	(30,145)	C01700	Repayment of long-term loans	(1,388,886)	(110,025)
A31190	Other receivables - related parties	(29,744)	(2,028)	C03000	Increase (decrease) in guarantee deposits received	(11,200)	(36,708)
A31200	Inventories	(6,825)	(28,113)	C04020	Payments of lease liabilities	(25,389)	(25,389)
A31230	Prepayment	(66,917)	(92,169)	C04500	Payment of cash dividends	-	(352,783)
A31240	Other current assets	(86,030)	-	C04600	Capital increase by cash	-	789,908
A31990	Net defined benefit assets	(4,905)	-	CCCC	Net cash provided by (used in) financing activities	1,598,131	3,196,519
A32125	Contract liabilities	(37,720)	(42,716)				
A32150	Accounts payable	110,298	30,480	EEEE	Net Increase (decrease) in cash and cash equivalents	(1,598,646)	1,472,014
A32160	Accounts payable - related parties	54,472	10,467	E00100	Cash and cash equivalents at beginning of period	3,351,104	1,879,090
A32180	Other payables	57,582	(95,986)	E00200	Cash and cash equivalents at end of period	\$1,752,458	\$3,351,104
A32190	Other payables - related parties	334	64				
A32200	Provision	5,775	-				
A32230	Other current liabilities	20,357	(35)				
A32240	Net defined benefit liabilities	(978)	(5,525)				
A33000	Cash generated from operations	448,173	178,795				
A33100	Interest received	26,564	31,030				
A33200	Dividend received	198,133	337,642				
A33300	Interest paid	(77,549)	(53,108)				
A33500	Income tax paid	(1,511)	(64,399)				
AAAA	Net cash provided by (used in) operating activities	593,810	429,960				

(The accompanying notes are an integral part of the parent-company-only financial statements.)

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

1. History and organization

Wafer Works Corp. (the “Company”) was incorporated on July 24, 1997. The Company’s major business activities are as follows:

- (1) R&D, design, manufacturing and sales of semiconductor materials;
- (2) Technique consulting business, service business and trading for above items.

The Company’s common shares were publicly listed on the Taiwan Gre Tai Securities Market on May 13, 2002. The Company’s registered office and main business address is at No. 100, Longyuan 1st Rd., Longtan Science Park, Taoyuan City, Taiwan, R.O.C.

2. Date and procedures of authorization of financial statements for issue

The financial statements of the Company were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting on March 13, 2026.

3. Newly issued or revised standards and interpretation

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2025. The adoption of these new standards and amendments had no material impact on the Company.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which have been endorsed by FSC, and not yet adopted by the Company as at the date when the Company’s financial statements were authorized for issue, are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 17 “Insurance Contracts”	January 1, 2023
B	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	January 1, 2026
C	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
D	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	January 1, 2026

(A) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(B) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (1) Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- (2) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- (3) Clarify the treatment of non-recourse assets and contractually linked instruments.
- (4) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(C) Annual Improvements to IFRS Accounting Standards – Volume 11

(1) Amendments to IFRS 1

The amendments mainly improve the consistency in wording between first-time adoption of IFRS and requirements for hedge accounting in IFRS 9.

(2) Amendments to IFRS 7

The amendments update an obsolete cross-reference relating to gain or loss on derecognition.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(3) Amendments to Guidance on implementing IFRS 7

The amendments improve some of the wordings in the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price and credit risk disclosures.

(4) Amendments to IFRS 9

The amendments add a cross-reference to resolve potential confusion for a lessee applying the derecognition requirements and clarify the term “transaction price”.

(5) Amendments to IFRS 10

The amendments remove the inconsistency between paragraphs B73 and B74 of IFRS 10.

(6) Amendments to IAS 7

The amendments remove a reference to “cost method” in paragraph 37 of IAS 7.

(D) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (1) Clarify the application of the ‘own-use’ requirements.
- (2) Permit hedge accounting if these contracts are used as hedging instruments.
- (3) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The abovementioned standards and amendments are applicable for annual periods beginning on or after January 1, 2026 and have no material impact on the Company.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

- (3) Standards or interpretations issued, revised or amended, by IASB which have not been endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note)
C	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
D	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	January 1, 2027

Note: On September 25 , 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 in 2028.

- (A)IFRS 10 “Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(B)IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

(a)Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities' performance and make it easier to compare entities.

(b)Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(c)Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(C) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This new standard and its amendments permit subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

(D) Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)

The amendments include:

- (a) Clarify that when the entity's functional currency is that of a non-hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the entity shall translate its results and financial position using the closing rate at the date of the most recent statement of financial position.
- (b) In the above circumstances, when the presentation currency ceases to be hyperinflationary economy, the entity shall not retranslate amounts that arose before the beginning of the reporting period.
- (c) When the entity's functional currency and presentation currency are the currency of a hyperinflationary economy, the entity shall apply the relevant accounting treatment in accordance with paragraph 34 of IAS 29.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the new or amended standards and interpretations listed under (B), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

4. Summary of significant accounting policies

(1) Statement of compliance

The Company's parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024 were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (Regulations).

(2) Basis of preparation

The Company prepared parent-company-only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent-company-only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent-company-only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent-company-only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent-company-only financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

(3) Foreign currency transactions

The Company's parent-company-only financial statements are presented in its functional currency, New Taiwan Dollars (NTD). Items included in the parent-company-only financial statements are measured using that functional currency.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instrument.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction for assets and liabilities

An asset is classified as current when:

- (a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Company holds the asset primarily for the purpose of trading
- (c) The Company expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Company expects to settle the liability in its normal operating cycle
- (b) The Company holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) The Company 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.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

The Company determines the classification of its financial assets at initial recognition. In accordance with IFRS 9 and the Regulations, financial assets of the Company are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets measured at amortized cost and notes, accounts and other receivables. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

A. Financial assets: Recognition and Measurement

Purchase or sale of financial assets is recognized using trade date accounting.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) The Company's business model for managing the financial assets and
- (b) The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - i. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

- ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Additionally, at initial recognition, the Company make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income are not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and should recorded as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss and trade receivable.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company is recognized a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

The Company measures expected credit losses of a financial instrument in a way that reflects:

- (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) The time value of money; and
- (c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

C. Derecognition of financial assets

Financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) It eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials –By actual purchase cost with weighted average method.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs, using weighted average method.

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

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(10) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IFRS 10 “Consolidated Financial Statements” and the different IFRSs adopted from different reporting entity’s perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company’s related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company’s percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorate basis.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

- (a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5~55 years
Machinery	1~15 years
Transportation	5 years
Office equipment	2~7 years
Other equipment	2~20 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

The property, plant and equipment's residual values, useful lives and methods of depreciation are reviewed at each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(12) Leases

The Company assesses whether the 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. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset;
- and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- 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 by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset 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.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (2 to 3 years).

A summary of the policies applied to the Company's intangible assets is as follows:

	<u>Computer software</u>
Useful lives	Limited
Amortization method used	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

Impairment loss or reversals of continuing operations are recognized in profit or loss.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(15) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

(16) Revenue recognition

The Company's revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Company's types of revenue are explained as follow:

Sale of goods

The Company mainly manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is Poly-Silicon and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

The credit period of the Company's sale of goods is from 60 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers therefore there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(18) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(19) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore fund assets are not included in the Company's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- (a) the date of the plan amendment or curtailment, and
- (b) the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(20) Share-based payment transactions

The cost of equity-settled transactions between the Company and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(21) Income taxes

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

5. Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Accounts receivables—estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(c) Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(d) Post-employment benefits

The cost of post-employment benefit pension plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the change in the discount rate and expected salary level. The assumptions used for measuring pension cost and defined benefit obligation are disclosed in Note 6.

(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2025	2024
Cash on hand	\$254	\$262
Checking and savings	1,102,204	3,090,860
Time deposits(Note)	550,000	259,982
Resale agreements collateralized by corporate bonds	100,000	-
Total	<u>\$1,752,458</u>	<u>\$3,351,104</u>

Note: The contract will expire within three months and it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

(2) Financial asset measured at fair value through other comprehensive income

	As of December 31,	
	2025	2024
Equity instruments at fair value through other comprehensive income - non-current:		
Unlisted company shares	\$258,600	\$108,600
Valuation adjustment	(14,904)	-
Total	<u>\$243,696</u>	<u>\$108,600</u>

Financial assets at fair value through other comprehensive income were not pledged.

(3) Financial assets measured at amortized cost

	As of December 31,	
	2025	2024
Certificate of deposit – restricted	<u>\$48,199</u>	<u>\$36,829</u>
Current	\$26,232	\$14,862
Non-current	21,967	21,967
Total	<u>\$48,199</u>	<u>\$36,829</u>

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(4)Accounts receivable and accounts receivable - related parties, net

(a)Accounts receivable, net:

	As of December 31,	
	2025	2024
Accounts receivable, gross	\$425,764	\$557,876
Less: loss allowance	(993)	(993)
Net of allowances	424,771	556,883
Accounts receivable - related parties, gross	453,127	364,574
Less: loss allowance	-	-
Net of allowances	453,127	364,574
Total accounts receivable, net	\$877,898	\$921,457

(b)Accounts receivable were not pledged.

(c)Accounts receivable are generally on 60 to 90 day terms. The total carrying amount for the years ended December 31, 2025 and 2024, are NT\$878,891 thousand and NT\$922,450 thousand, respectively. Please refer to Note 6(20) for more details on loss allowance of accounts receivable for year ended December 31, 2025 and 2024. Please refer to Note 12 for more details on credit risk management.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(5) Inventories

(a) Inventories consist of the following:

	<u>As of December 31,</u>	
	<u>2025</u>	<u>2024</u>
Raw materials	\$226,539	\$257,548
Supplies & parts	390,210	427,242
Work in progress	558,518	590,960
Finished goods	284,483	178,342
Merchandises	1,167	-
Total	<u>\$1,460,917</u>	<u>\$1,454,092</u>

(b) The cost of inventories recognized in expenses amounted to NT\$3,979,445 thousand and NT\$3,312,396 thousand for the years ended December 31, 2025 and 2024 respectively. The following losses were included in cost of sales :

<u>Item</u>	<u>For the year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Loss (gain) from inventory market decline	\$27,160	\$(8,863)
Loss from inventory write-off obsolescence	798	-
Total	<u>\$27,958</u>	<u>\$(8,863)</u>

In 2024 the Company recognized gains on recovery of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed.

(c) Inventories were not pledged.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(6) Investments accounted for under the equity method

Investee companies	As of December 31,			
	2025		2024	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in subsidiaries:				
Wafer Works Investment Corp.	\$7,938,773	100.00%	\$8,009,004	100.00%
Heli-Vantech Corp.	2,503	100.00%	2,709	100.00%
Huaxin (Shanghai) Technology Co. Ltd.	23,507	100.00%	(76,787)	100.00%
Silicon Works Technology Corp.	74,967	100.00%	-	-%
WBG Works Corp.	20,102	100.00%	-	-%
Wafer Works Japan	7,113	100.00%	-	-%
Total	<u>\$8,066,965</u>		<u>\$7,934,926</u>	
Investments accounted for under the equity method on the consolidated balance sheets	<u>\$8,066,965</u>		<u>\$8,011,713</u>	
Credit balance in investments accounted for using the equity method	<u>\$-</u>		<u>\$76,787</u>	

A. Investments in subsidiaries:

Investments in subsidiaries were present in the parent-company-only financial statements under the caption of investments accounted for under equity method or credit for investment accounted for the equity method. Valuation adjustment is made if deemed necessary.

Please refer to the Company's consolidated financial statements for the information on the Company's subsidiaries.

B. The Company's investments accounted for under the equity method were not pledged.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(7)Property, plant and equipment

	As of December 31,	
	2025	2024
Owner occupied property, plant and equipment	\$9,971,855	\$6,882,334

A. Property, plant and equipment for own-use

	Land	Buildings	Machinery	Transportation	Office equipment	Other equipment	Construction in	Total
							progress and equipment awaiting examination	
Cost:								
As of January 1, 2025	\$259,131	\$1,489,267	\$10,636,495	\$8,854	\$273,603	\$279,271	\$2,554,886	\$15,501,507
Additions	-	-	-	-	-	-	3,720,702	3,720,702
Disposals	-	-	(200,204)	-	-	-	-	(200,204)
Other changes	-	-	990,031	270	10,425	520	(1,001,246)	-
As of December 31, 2025	\$259,131	\$1,489,267	\$11,426,322	\$9,124	\$284,028	\$279,791	\$5,274,342	\$19,022,005
Depreciation and impairment:								
As of January 1, 2025	\$-	\$514,602	\$7,711,119	\$8,581	\$195,045	\$189,826	\$-	\$8,619,173
Depreciation	-	25,516	554,628	141	26,639	15,051	-	621,975
Disposals	-	-	(190,998)	-	-	-	-	(190,998)
As of December 31, 2025	\$-	\$540,118	\$8,074,749	\$8,722	\$221,684	\$204,877	\$-	\$9,050,150
Cost:								
As of January 1, 2024	\$259,131	\$1,479,099	\$10,178,516	\$10,113	\$273,543	\$286,086	\$1,177,883	\$13,664,371
Additions	-	-	-	-	-	-	1,924,594	1,924,594
Disposals	-	-	(75,308)	(1,259)	(3,976)	(6,915)	-	(87,458)
Other changes	-	10,168	533,287	-	4,036	100	(547,591)	-
As of December 31, 2024	\$259,131	\$1,489,267	\$10,636,495	\$8,854	\$273,603	\$279,271	\$2,554,886	\$15,501,507

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

	Land	Buildings	Machinery	Transportation	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Depreciation and impairment:								
As of January 1, 2024	\$-	\$488,978	\$7,277,482	\$9,716	\$171,057	\$181,644	\$-	\$8,128,877
Depreciation	-	25,624	508,945	124	27,964	15,097	-	577,754
Disposals	-	-	(75,308)	(1,259)	(3,976)	(6,915)	-	(87,458)
As of December 31, 2024	\$-	\$514,602	\$7,711,119	\$8,581	\$195,045	\$189,826	\$-	\$8,619,173
Net carrying amount as of:								
December 31, 2025	\$259,131	\$949,149	\$3,351,573	\$402	\$62,344	\$74,914	\$5,274,342	\$9,971,855
December 31, 2024	\$259,131	\$974,665	\$2,925,376	\$273	\$78,558	\$89,445	\$2,554,886	\$6,882,334

B. Please refer to Note 8 for more details on property, plant and equipment under pledge.

C. Capitalized borrowing costs of property, plant and equipment are as follows:

Item	For the year ended December 31,	
	2025	2024
Buildings and Construction in progress and Equipment awaiting examination	\$3,573	\$-
Capitalisation rate of borrowing costs	1.88%	-%

D. Significant components of PPE are depreciation over their useful lives.

(8) Intangible assets

	Computer software
<u>Cost:</u>	
As of January 1, 2025	\$11,209
Additions – acquired separately	1,847
Derecognized upon retirement	(8,245)
As of December 31, 2025	\$4,811

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

	<u>Computer software</u>
As of January 1, 2024	\$13,441
Additions – acquired separately	2,630
Derecognized upon retirement	<u>(4,862)</u>
As of December 31, 2024	<u><u>\$11,209</u></u>
 <u>Amortization and Impairment:</u>	
As of January 1, 2025	\$6,923
Amortization	3,676
Derecognized upon retirement	<u>(8,245)</u>
As of December 31, 2025	<u><u>\$2,354</u></u>
As of January 1, 2024	\$7,321
Amortization	4,464
Derecognized upon retirement	<u>(4,862)</u>
As of December 31, 2024	<u><u>\$6,923</u></u>
 <u>Carrying amount, net:</u>	
As of December 31, 2025	<u><u>\$2,457</u></u>
As of December 31, 2024	<u><u>\$4,286</u></u>

Amortization expense of intangible assets under the statement of comprehensive income:

	<u>For the year ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Operating costs	\$271	\$287
General and administrative	3,405	4,177
Total	<u><u>\$3,676</u></u>	<u><u>\$4,464</u></u>

(9) Short-term loans

	<u>Interest Rate (%)</u>	<u>As of December 31,</u>	
		<u>2025</u>	<u>2024</u>
Unsecured financial structure loans	1.87%~2.06%	<u><u>\$820,000</u></u>	<u><u>\$720,000</u></u>

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

The Company's unused short-term lines of credits amounted to NT\$3,361,235 thousand and NT\$2,730,000 thousand as of December 31, 2025 and 2024 respectively.

(10) Financial liabilities at fair value through profit or loss

	As of December 31,	
	2025	2024
Mandatorily measured at fair value through profit or loss :		
Embedded derivative	\$4,500	\$18,000
Forward foreign exchange contracts	1,795	2,464
Total	<u>\$6,295</u>	<u>\$20,464</u>
Current	\$1,795	\$2,464
Non-current	4,500	18,000
Total	<u>\$6,295</u>	<u>\$20,464</u>

(11) Other payables

	As of December 31,	
	2025	2024
Accrued expense	\$467,151	\$409,569
Accrued interest payable	6,666	3,089
Payable on equipment	1,390,749	108,548
Total	<u>\$1,864,566</u>	<u>\$521,206</u>

(12) Other current liabilities

A. Details of other current liabilities

	As of December 31,	
	2025	2024
Other current liabilities	\$21,364	\$1,007
Deferred government grants income	3,895	4,465
Total	<u>\$25,259</u>	<u>\$5,472</u>

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

B. The changes in the Company's balances of deferred government grants income for the year ended December 31, 2025 and 2024 are as follows:

	For the year ended December 31,	
	2025	2024
Beginning balance	\$18,817	\$5,867
Received during the period	9,778	15,890
Released to the statement of comprehensive income	(4,864)	(2,940)
Others	(14,951)	-
Ending Balance	\$8,780	\$18,817
Current	\$3,895	\$4,465
Non-current	\$4,885	\$14,352

C. Please refer to Note 6(14) for more details on interest rate of deferred government grants income.

(13)Bonds payable

A. The details of the bonds payable as of December 31, 2025 and 2024 is as follows:

	As of December 31,	
	2025	2024
Liability component:		
Principal amount	\$1,803,648	\$1,797,600
Less: discounts on bonds payable	(123,273)	(152,631)
Net of allowances	1,680,375	1,644,969
Less: current portion	(301,308)	-
Net	\$1,379,067	\$1,644,969
Embedded derivative - redemption, put options	\$4,500	\$18,000
Equity component - conversion right	\$216,612	\$231,732

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

For the details of the gain or loss from valuation through profit or loss on embedded derivative - redemption, put options and the interest expense on the convertible bonds payable, please refer to Note 6(23) to the consolidated financial statement.

B. On July 27, 2021, the Company issued the 7th unsecured domestic convertible bonds. The terms of the bonds are as follows:

(A) Issue amount: NT\$300,000 thousand

(B) Issue date: July 27, 2021

(C) Issue price: Issued at par value

(D) Coupon rate: 0%

(E) Period: July 27, 2021 to July 27, 2026

(F) Settlement: The convertible bonds' holder (hereinafter referred to as "bondholders") can convert the bond into the Company's common stock in accordance with Article 10 of the Company's conversion rules. The Company can also recall the bonds before maturity and buy back the cancellation from bonds dealer in accordance with Article 18 of the Company's conversion rules. Otherwise, the Company will repay the convertible bonds held by the bondholder in cash at 102.016% of the par value of the bonds (the actual annual yield is 0.4%) within 15 business days after maturity date of the convertible bonds.

(G) Conversion period: The bondholders will have the right to convert their bonds at any time during the conversion period commencing on October 28, 2021 (the 90th day following the closing date) and ending at the close of business on July 27, 2026 (the maturity date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date on (and including) such record; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction ; (iv) no request for conversion other than the starting date of the stop of the conversion for the change of stock denomination to the day before the trading day before the start of the new stock exchange.

(H)Conversion price and adjustment: The conversion price was originally at NT\$70 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

Due to the distribution of cash dividends at NT\$1.1 per ordinary share in 2021, the Company adjusted the conversion price in accordance with the Company's 7th domestic unsecured conversion corporate bond issuance and conversion measures. Therefore, the conversion price was adjusted to NT\$68.9 since August 15, 2021.

Due to the distribution of cash dividends at NT\$1.35 per ordinary share in 2022, the Company adjusted the conversion price in accordance with the Company's 7th domestic unsecured conversion corporate bond issuance and conversion measures. Therefore, the conversion price was adjusted to NT\$66.2 since July 25, 2022.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Due to the distribution of cash dividends at NT\$2.50 per ordinary share in 2023, the Company adjusted the conversion price in accordance with the Company's 7th domestic unsecured conversion corporate bond issuance and conversion measures. Therefore, the conversion price was adjusted to NT\$62.7 since July 25, 2023.

Due to the distribution of cash dividends at NT\$0.65 per ordinary share in 2024, the Company adjusted the conversion price in accordance with the Company's 7th domestic unsecured conversion corporate bond issuance and conversion measures. Therefore, the conversion price was adjusted to NT\$61.7 since July 29, 2024.

Due to the issuance of common shares resulting from a cash capital increase, the Company adjusted the conversion price in accordance with the Company's 7th domestic unsecured conversion corporate bond issuance and conversion measures. Therefore, the conversion price was adjusted to NT\$61.2 since November 12, 2024.

(I) Redemption clauses:

(i) The Company may redeem the convertible bonds from the next day (October 28, 2021) following a three-month period after the bonds are issued to 40 days before the maturity date (June 17, 2026) if the following terms are met: when the closing price of the Company's common shares is 30% above the convertible price for 30 consecutive trading days, the Company may, within the following 30 business days (the aforesaid period shall start from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9 of the Regulation), send a bond redemption notification letter via registered mail to the bondholders. (The bondholders list shall be based on the updated list five business days before sending

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

the bond redemption notification letter to the bondholders. Public announcements will be made for bondholders who acquire the convertible bonds subsequently from transactions or other reasons). The redemption price would be set at the face value and the bond is purchased by cash, which would be announced over the Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within eight business days after the bond recovery measurement date.

- (ii) The Company may redeem the convertible bonds from the next day (October 28, 2021) following a three-month period after the bonds are issued to 40 days before the maturity date (June 17, 2026) if the following terms are met: when the total value of outstanding convertible bonds becomes less than 10% of the total principal, the Company may, within the following 30 business days (the aforesaid period shall start from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9 of the Regulation), send a bond redemption notification letter via registered mail to the bondholders. (The bondholders list shall be based on the updated list five business days before sending the bond redemption notification letter to the bondholders. Public announcements will be made for bondholders who acquire the convertible bonds subsequently from transactions or other reasons). The redemption price would be set at the face value and the bond is purchased by cash, which would be announced over the Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within eight business days after the bond recovery measurement date.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(iii) The business day following the base date for the recovery of the convertible bonds is the Taipei Exchange termination date for the convertible bonds, and the deadline for the bondholders to request conversion is the second business day after the Taipei Exchange termination date, but the bondholders shall apply to the original trading broker to convert the convertible bonds into ordinary shares of the Company one business day after the date of termination of listing of the convertible bonds. If the bondholder does not apply for conversion within the aforesaid period, the Company will redeem the convertible bonds held by such bondholder at the bond face value. The converted bonds will be recovered in cash within eight days after the bond recovery base date. If the aforementioned date is the day when the Taipei Stock Exchange Market is closed, it will be postponed to the next business day.

C. On September 27, 2024, the Company issued the 8th unsecured domestic convertible bonds. The terms of the bonds are as follows:

(A) Issue amount: NT\$1,500,000 thousand

(B) Issue date: September 27, 2024

(C) Issue price: Issued at 102.2% par value

(D) Coupon rate: 0%

(E) Period: September 27, 2024 to September 27, 2029

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

- (F)Settlement: The convertible bonds' holder (hereinafter referred to as "bondholders") can convert the bond into the Company's common stock in accordance with Article 10 of the Company's conversion rules or execute put option in accordance with Article 19 of the Company's conversion rules. The Company can also recall the bonds before maturity and buy back the cancellation from bonds dealer in accordance with Article 18 of the Company's conversion rules. Otherwise, the Company will repay the convertible bonds held by the bondholder in cash at par value of the bonds within 10 business days(inclusive of the 10th business day) after maturity date of the convertible bonds.
- (G)Conversion period: The bondholders will have the right to convert their bonds at any time during the conversion period commencing on December 28, 2024 (the 90th day following the closing date) and ending at the close of business on September 27, 2029 (the maturity date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date on (and including) such record; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction ; (iv) no request for conversion other than the starting date of the stop of the conversion for the change of stock denomination to the day before the trading day before the start of the new stock exchange.
- (H)Conversion price and adjustment: The conversion price was originally at NT\$33.8 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Due to the issuance of common shares resulting from a cash capital increase, the Company adjusted the conversion price in accordance with the Company's 8th domestic unsecured conversion corporate bond issuance and conversion measures. Therefore, the conversion price was adjusted to NT\$33.5 since November 12, 2024.

(I) Redemption clauses:

(i) The Company may redeem the convertible bonds from the next day (December 28, 2024) following a three-month period after the bonds are issued to 40 days before the maturity date (August 18, 2029) if the following terms are met: when the closing price of the Company's common shares is 30% above the convertible price for 30 consecutive trading days, the Company may, within the following 30 business days (the aforesaid period shall start from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9 of the Regulation), send a bond redemption notification letter via registered mail to the bondholders. (The bondholders list shall be based on the updated list five business days before sending the bond redemption notification letter to the bondholders. Public announcements will be made for bondholders who acquire the convertible bonds subsequently from transactions or other reasons). The redemption price would be set at the face value and the bond is purchased by cash, which would be announced over the Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within eight business days after the bond recovery measurement date.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

- (ii) The Company may redeem the convertible bonds from the next day (December 28, 2024) following a three-month period after the bonds are issued to 40 days before the maturity date (August 18, 2029) if the following terms are met: when the total value of outstanding convertible bonds becomes less than 10% of the total principal, the Company may, within the following 30 business days (the aforesaid period shall start from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9 of the Regulation), send a bond redemption notification letter via registered mail to the bondholders. (The bondholders list shall be based on the updated list five business days before sending the bond redemption notification letter to the bondholders. Public announcements will be made for bondholders who acquire the convertible bonds subsequently from transactions or other reasons). The redemption price would be set at the face value and the bond is purchased by cash, which would be announced over the Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within eight business days after the bond recovery measurement date.
- (iii) Bondholders doesn't respond to the Company's agency with formal written documents prior to the redemption date in notification letter. The Company will redeem at the par value of convertible bonds and pay in cash.
- (iv) If the Company exercises its early redemption clause for the convertible corporate bonds, the bondholders' deadline to request conversion shall be the second business day following the termination of the over-the-counter trading date.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(J)Put option of the bondholders: The bondholders can execute put option after two years from issuance date (September 27, 2027). The Company should send through registered mail the “Notification of bondholder’s put option” 40 days before the maturity date (August 18, 2027). (The list of bondholders who should receive the notification through registered mail is based on the register list 5 business days before mailing date. Investors who purchase the bonds after the mailing date are notified through announcement.) OTC (Over The Counter) should be notified by the Company and should announce the bondholder’s put option; a written notification should be sent to the share transfer agent by bondholders 40 days after the OTC’s announcement. The redemption value is the bonds face value. After accepting the redemption request, the Company should redeem the bonds by cash within 8 business days after the maturity date.

D. The 7th secured convertible bonds in the amount of NT\$2,400 thousand have been converted to 35 thousand common shares as of December 31, 2025. The surplus due to the conversion amounted to NT\$1,938 thousand, recorded under additional paid-in capital.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(14) Long-term loans

Details of long-term loan as of December 31, 2025 and 2024 are as follows:

Debtor	As of December 31, 2025	Maturity and Terms
Secured Long-Term Joint guarantee Loan from Land Bank of Taiwan and others	\$2,754,110	Effective January 10, 2025 to January 10, 2032. Grace period is 2 years from the initial draw-down date. The initial draw-down date is considered the 1 st term and the following terms are defined as every 3 months since then. The remaining principal is repaid in installments of equal amount for 13 terms. Interest shall be paid monthly. The 1 st to 4 th payments will repay 3% of the principal each, 5 th to 8 th payments will be 5% each, 9 th to 12 th payments will be 7% each, 13 th to 16 th payments will be 10% each and the remaining principal will be repaid up at maturity.
Credit Long-Term Loan from Land Bank of Taiwan	435,120	Effective September 8, 2023 to September 8, 2026. Interest is paid monthly and calculated based on the outstanding principal balance, with the principal paid off at maturity.
Credit Long-Term Loan from Chang Hwa Bank	230,438	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first two years. Principal is prepaid from the third year monthly on the 15th day of each month.
Credit Long-Term Loan from Hua Nan Bank	4,731	Effective January 10, 2025 to December 15, 2031. Interest payments are due monthly for the first three years. Principal is prepaid from the fourth year monthly on the 15th day of each month.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Debtor	As of December 31, 2025	Maturity and Terms
Credit Long-Term Loan from Chang Hwa Bank	4,693	Effective January 10, 2025 to December 15, 2031. Interest payments are due monthly for the first year. Principal is prepaid form the second year monthly on the 15th day of each month.
Credit Long-Term Loan from Mega International Commercial Bank	122,297	Effective January 10, 2025 to December 15, 2031. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15th day of each month.
Credit Long-Term Loan from Bank of Taiwan	424,529	Effective January 10, 2025 to December 15, 2031. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15th day of each month.
Credit Long-Term Loan from Taiwan Cooperative Bank	40,511	Effective January 10, 2025 to December 15, 2032. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15th day of each month.
Credit Long-Term Loan from Taiwan Cooperative Bank	58,526	Effective September 23, 2025 to September 23, 2032. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15th day of each month.
Credit Long-Term Loan from Mega International Commercial Bank	26,796	Effective June 27, 2025 to June 15, 2032. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15th day of each month.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Debtor	As of December 31, 2025	Maturity and Terms
Credit Long-Term Loan from First Commercial Bank	175,684	Effective January 10, 2025 to December 15, 2031. Interest payments are due monthly for the first three years. Principal is prepaid from the fourth year monthly on the 15th day of each month.
Credit Long-Term Loan from Cathay United Bank	39,714	Effective October 29, 2025 to May 19, 2030. Interest payments are due monthly for the first three years. Principal is prepaid from the fourth year monthly on the 15th day of each month.
Total	4,317,149	
Less: current portion	(487,276)	
Arrangement fee	(10,646)	
Non-current portion	\$3,819,227	

Debtor	As of December 31, 2024	Maturity and Terms
Secured Long-Term Joint guarantee Loan from Land Bank of Taiwan and others	\$1,300,000	Effective January 16, 2023 to January 16, 2028. Grace period is 2 years from the initial draw-down date. The initial draw-down date is considered the 1 st term and the following terms are defined as every 3 months since then. The remaining principal is repaid in installments of equal amount for 13 terms. Interest shall be paid monthly. The 1 st to 4 th payments will repay 3% of the principal each, 5 th to 8 th payments will be 5% each, 9 th to 12 th payments will be 7% each and the remaining principal will be repaid up at maturity.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Debtor	As of December 31, 2024	Maturity and Terms
Credit Long-Term Loan from Land Bank of Taiwan	63,120	Effective September 8, 2023 to September 8, 2026. Interest is paid monthly and calculated based on the outstanding principal balance, with the principal paid off at maturity, or after the factory building is completed, transfer the loan to long-term factory building guarantee loan.
Secured Long-Term Loan from Land Bank of Taiwan	56,700	Effective July 9, 2020 to June 15, 2027. Interest payments are due monthly for the first three years. Principal is prepaid from the fourth year monthly on the 15th of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Loan from Land Bank of Taiwan	60,675	Effective June 9, 2021 to June 15, 2027. Interest payments are due monthly for the first two years. Principal is prepaid from the third year monthly on the 15th day of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Taiwan Cooperative Bank	4,822	Effective October 19, 2020 to October 19, 2025. The principal will be paid monthly on the 15th of each month and interest shall be paid monthly.
Credit Long-Term Loan from Taiwan Cooperative Bank	26,400	Effective March 10, 2022 to March 10, 2027. The principal will be paid monthly on the 15th of each month and interest shall be paid monthly.
Credit Long-Term Loan from Taiwan Cooperative Bank	184,138	Effective May 20, 2022 to May 20, 2027. Interest payments are due monthly for the first two years. Principal is prepaid from the third year monthly on the 15th of each month. Interest will be paid on the 15th of each month.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Debtor	As of December 31, 2024	Maturity and Terms
Credit Long-Term Loan from Taiwan Cooperative Bank	208,575	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15th of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Bank of Taiwan	376,342	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15th of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Chang Hwa Bank	172,258	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first two years. Principal is prepaid form the third year monthly on the 15th of each month. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Hua Nan Bank	60,442	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15th day of each month.
Credit Long-Term Loan from Taiwan Business Bank	260,963	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15th of each month. Interest will be paid on the 15th of each month.
Total	2,774,435	
Less: current portion	(320,440)	
Non-current portion	\$2,453,995	

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

- (a) Please refer to Note 8 for more detail of assets pledged as collaterals.
- (b) As of December 31, 2025 and 2024, the interest rate intervals for long-term loans were 1.33%~2.61% and 1.33%~2.54%, respectively.
- (c) The Company received a low-interest government loan from the Ministry of Economic Affairs in the amounting NT\$1,189,556 thousand with a term of 5~7 years and annual interest rates of 1.33%~1.83% payable monthly on the 15th of each month. The government grant of the low-interest government loan was recorded under other liabilities-deferred government grants income. The Company shall recognize the government grant income when it is reasonably assured that the Company meets all the terms of the government grant agreement.
- (d) On October 15, 2024, the Company has entered into a 7-year agreement of syndicated loans in credit line of NT\$2,760,000 thousand, with Land Bank of Taiwan and 9 other banks for the purpose of settling the unpaid loan balance mentioned above and replenishing operating capital.

In the event that the Company's financial statements do not meet with any of the criteria or restrictions specified, the Company shall improve it in five months starting from April 1 of the following year on the audited financial fiscal year. The improvement documentation proposed by the Company shall also be audited by certified public accountants. The Company will not be treated as a breach of the loan agreement during the period of improvement.

(15) Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Expenses under the defined contribution plan for the years ended December 31, 2025 and 2024 are NT\$34,362 thousand and NT\$33,814 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$6,109 thousand to its defined benefit plan during the 12 months beginning after December 31, 2025.

As of December 31, 2025 and 2024, the maturities of the Company's defined benefit plan were expected in 2029 and 2033.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Pension costs recognized in profit or loss for the years ended December 31, 2025 and 2024:

	For the year ended December 31,	
	2025	2024
Current period service costs	\$122	\$123
Net interest of defined benefit	104	235
Total	\$226	\$358

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	Dec. 31, 2025	Dec. 31, 2024	Jan. 1, 2024
Defined benefit obligation	\$58,922	\$62,446	\$66,042
Plan assets at fair value	(63,827)	(56,130)	(47,358)
Other non-current liabilities (assets) – net defined benefit liability (asset) on the consolidated balance sheets	\$(4,905)	\$6,316	\$18,684

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
As of January 1, 2024	\$66,042	\$(47,358)	\$18,684
Current period service costs	123	-	123
Net interest expense (revenue)	832	(597)	235
Subtotal	955	(597)	358
Remeasurement of net defined benefit liability/asset			
Actuarial gains and losses arising from changes in financial assumptions	(2,285)	-	(2,285)
Experience adjustments	(559)	-	(559)
Re-measurement on defined benefit assets	-	(3,999)	(3,999)
Subtotal	(2,844)	(3,999)	(6,843)
Benefits paid	(1,707)	1,707	-

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Contributions by employer	-	(5,883)	(5,883)
As of December 31, 2024	62,446	(56,130)	6,316
Current period service costs	122	-	122
Net interest of defined benefit	1,024	(920)	104
Subtotal	1,146	(920)	226
Remeasurement of net defined benefit liability(asset):			
Actuarial gains and losses arising from changes in financial assumptions	(1,134)	-	(1,134)
Experience adjustments	(535)	-	(535)
Re-measurement on defined benefit assets	-	(3,669)	(3,669)
Subtotal	(1,669)	(3,669)	(5,338)
Benefits paid	(3,001)	3,001	-
Contributions by employer	-	(6,109)	(6,109)
As of December 31, 2025	\$58,922	\$(63,827)	\$(4,905)

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2025	2024
Discount rate	1.29%	1.64%
Expected rate of salary increases	1.20%	2.00%

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Sensitivity analysis:

	Effect on the defined benefit obligation			
	2025		2024	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	\$-	\$999	\$-	\$1,748
Discount rate decrease by 0.5%	1,464	-	3,907	-
Future salary increase by 0.5%	1,451	-	3,872	-
Future salary decrease by 0.5%	-	1,005	-	1,750

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(16)Provisions

	Carbon fees
As of January 1, 2025	\$-
Arising during the period	5,775
As of December 31, 2025	<u>\$5,775</u>

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

A provision has been recognized for the carbon fee levied in accordance with the "Climate Change Response Act" and its related sub-laws. Based on relevant regulations and the estimated greenhouse gases emissions from emissions sources that are required for inventory registration and verification for the current year, the Company is subject to carbon fees. However, due to uncertainties related to factors such as the application of inventory methodologies and technologies, the impact of operational activities on emissions, or the results of auditing operations by the competent authority, or the implementation results of the self-determined reduction plan, the Company has made its best estimate based on applicable regulations and currently available information. The carbon fee is expected to be paid by the end of May in the following year. On June 23 2025, the Company applied to the central competent authority for approval of its self-determined reduction plan, but approval has not yet been obtained as of the issuance date of financial statement. Due to uncertainties in obtaining approval and achieving the annual designated targets, the Company has estimated the carbon fee based on the general rate.

(17)Equity

(a)Common stock

As of December 31, 2025 and 2024, the Company's authorized capital were both NT\$7,000,000 thousand, each share at par of NT\$10, divided into 700,000 thousand shares. The Company's paid-in capital were NT\$5,736,383 thousand and NT\$5,732,436 thousand respectively, divided into 573,638 thousand shares and 573,244 thousand shares, respectively. Each share has one voting right and a right to receive dividends.

The Company, upon resolution at the shareholders' meeting held on June 21, 2022, resolved to issue no more than 1,000 thousand new shares through the employee stock option. Effective December 9, 2022 the application has been approved by the FSC with Order No. Financial-Superrisory-Securities-Corporate-1110365780. The board of directors subsequently resolved to set May 12, 2023 and January 5, 2024 as the base dates for capital increase, with a par value of \$10 per share, and issued 950 thousand shares and 50 thousand shares, respectively.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

The Company, upon resolution at the shareholders' meeting held on June 19, 2023, resolved to issue no more than 1,500 thousand new shares through the employee stock option. Effective October 2, 2023 the application has been approved by the FSC with Order No. Financial-Superrisory-Securities-Corporate-1120356740. The board of directors subsequently resolved to set January 5, 2024, November 13, 2024 and January 2, 2025 as the base dates for capital increase, with a par value of \$10 per share, and issued 810 thousand shares, 640 thousand shares and 50 thousand shares, respectively.

The Company, upon resolution at the shareholders' meeting held on June 21, 2024, resolved to issue no more than 2,500 thousand new shares through the employee stock option. Effective December 10, 2024 the application has been approved by the FSC with Order No. Financial-Superrisory-Securities-Corporate-1130365911. The board of directors subsequently resolved to set January 2, 2025 and March 25, 2025 as the base dates for capital increase, with a par value of \$10 per share, and issued 320 thousand shares and 350 thousand shares, respectively.

On July 11, 2024, the Company's board of directors meetings resolved to increase the capital through an issuance of new 50,000 thousand shares with the initial issuance of 30,000 thousand shares at a price of NT\$26.5. The application has been governmentally approved by FSC in the Order No. Financial-Superrisory-Securities-Corporate-1130351075. The measurement date was at November 12, 2024.

On November 8, 2024, the Company passed the resolution in the board meeting to recover and cancel restricted stock awards, proceed with capital reduction of NT\$1,400 thousand, and to set November 11, 2024 as the reference date of capital reduction.

On May 9, 2025, the Company passed the resolution in the board meeting to recover and cancel restricted stock awards, proceed with capital reduction of NT\$1,670 thousand, and to set May 15, 2024 as the reference date of capital reduction.

On November 7, 2025, the Company passed the resolution in the board meeting to recover and cancel restricted stock awards, proceed with capital reduction of NT\$1,584 thousand, and to set November 13, 2025 as the reference date of capital reduction.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(b) Additional paid-in capital

	As of December 31,	
	2025	2024
Additional paid - in capital	\$3,597,836	\$3,569,505
All changes in interests in subsidiaries	3,074,962	3,074,962
Stock options – convertible rights	231,732	231,732
Restricted employee stock option	30,162	60,235
Others	31,239	31,239
Total	<u>\$6,965,931</u>	<u>\$6,967,673</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made either in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Retained earnings and dividend policies

(1) Distribution of earnings

The Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- i Payment of all taxes and dues;
- ii Offset prior years' operation losses;
- iii Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- iv The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(2) Dividend policy

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets, as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting for final approval. And by the Company's policy, the portion of cash dividend shall not be less than 10% of total shareholders' bonus.

(3) Legal reserve

According to the Company Act, the Company has to set aside an amount for legal reserve from current year's earnings until such legal reserve reaches the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital either by shares or by cash.

(4) Special reserve

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion and transfer to retained earnings.

As of December 31, 2025 and 2024, special reserve set aside for the first-time adoption of T-IFRS amounted to NT\$175,749 thousand.

The appropriations of earnings for the years 2025 and 2024 were approved through the Board of Directors' meetings and shareholders' meetings held on March 13, 2026 and June 23, 2025, respectively. The details of the distributions are as follows:

	<u>Appropriation of earnings</u>	
	<u>2025</u>	<u>2024</u>
Legal reserve	\$5,730	\$1,096
Appropriation (reversal) of special reserve	87,721	(232,537)
Total	<u>\$93,451</u>	<u>\$(231,441)</u>

Please refer to 6(22) for detail on employees' compensation and remuneration to directors and supervisors.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(18) Share-based payment transactions

Remuneration-based restricted employee stock option plan.

(1) The Company, upon resolution at the shareholders' meeting held on June 21, 2022, resolved to issue no more than 1,000 thousand new shares through the restricted employee share scheme at no cost, targeting employees who meet specific conditions. The registration became effective after filing with the Securities and Futures Bureau of the Financial Supervisory Commission. The board of directors resolved on May 5, 2023 and December 22, 2023 to issue 950 thousand shares and 50 thousand shares, respectively. The measurement dates were on May 12, 2023 and January 5, 2024, respectively. The actual number of new shares issued was 950 thousand shares and 50 thousand shares. The share price on the grant date were NT\$42.4 per share and NT\$43.05 per share, respectively.

The Company, upon resolution at the shareholders' meeting held on June 19, 2023, resolved to issue no more than 1,500 thousand new shares through the restricted employee share scheme at no cost, targeting employees who meet specific conditions. The registration became effective after filing with the Securities and Futures Bureau of the Financial Supervisory Commission. The board of directors resolved on December 22, 2023, August 9, 2024 and December 20, 2024 to issue 810 thousand shares, 640 thousand shares and 50 thousand shares, respectively. The measurement dates were on January 5, 2024, November 13, 2024 and January 2, 2025 respectively. The actual number of new shares issued was 810 thousand shares, 640 thousand shares and 50 thousand shares. The share price on the grant date were NT\$43.05 per share, NT\$31.95 per share and NT\$26.9 per share, respectively.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

The Company, upon resolution at the shareholders' meeting held on June 21, 2024, resolved to issue no more than 2,500 thousand new shares through the restricted employee share scheme at no cost, targeting employees who meet specific conditions. The registration became effective after filing with the Securities and Futures Bureau of the Financial Supervisory Commission. The board of directors resolved on December 20, 2024 and March 14, 2025 to issue 320 thousand shares and 350 thousand shares, respectively. The measurement dates were on January 2, 2025 and March 25, 2025, respectively. The actual number of new shares issued was 320 thousand shares and 350 thousand shares. The share price on the grant date were NT\$26.9 per share and NT\$23.85 per share, respectively.

The employees eligible for the aforementioned restricted employee stock option may receive shares under the following conditions from the date of subscription:

Vesting conditions	Issue vesting proportion
Issue vesting proportion	40%
Two years from the grant date	30%
Three years from the grant date	30%

The rights of employees are restricted as follows before meeting the vesting conditions after receiving the new shares:

- A. Upon issuance, the restricted employee stock option plan shares shall be immediately entrusted kept in custody, and senior executives must not request the return of such shares from the trustee for any reason or by any means before the vesting conditions are met.
- B. Prior to fulfilment of the vesting conditions, senior executives who receive the new shares are not allowed to sell, pledge, transfer, gift, create a right or dispose of the restricted employee stock option plan shares in any other way, except in the case of inheritance.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

C. In addition to the aforementioned restrictions, the rights of senior executives for restricted employee stock option plan shares granted through this method, before their vesting conditions are met, including but not limited to rights to dividends, bonuses, and capital reserve distributions, and rights to subscribe in cash capital increases, shall be the same as that of the Company's issued common shares. The related operational methods shall be conducted in accordance with the custody/trust agreement.

D. Before the senior executives meet the vesting conditions, all shareholder rights, including attendance, proposals, speeches, voting rights at the company's shareholder meetings, and other related shareholder rights, are entrusted to be exercised by the trust/custody institution.

E. During the vesting period, if the Company carries out capital reductions such as cash capital reductions or capital reductions to offset losses other than statutory capital reductions, the restricted employee stock option plan shares shall be cancelled in accordance with the reduction ratio. If it is a cash capital reduction, the returned cash must be entrusted/kept in custody and may only be delivered to senior executives after the vesting conditions have been met; however, if the vesting conditions are not met, the Company will reclaim such cash.

If employees voluntarily resign, retire, or are laid off, the restricted employee stock option plan shares that have not met the vesting conditions will be deemed as unvested starting from the effective date, and the shares will be recollected by the Company without compensation and cancelled.

(2) The Company recognized the expenses for the share-based payment transactions as follows:

	For the year ended December 31,	
	2025	2024
Total expense arising from equity-settled share-based payment transactions	\$25,122	\$41,812

(3) The Company did not cancel or modify any share-based payment plans as of December 31, 2025 and 2024.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Capital increase by cash

Certain employees of the Company are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

(a) The Company's board of directors meetings resolved to increase cash capital and reserve a portion of it for subscription by internal employees on July 11, 2024. And the measurement date was November 12, 2024.

(1) Information on the Employee stock option plan for Cash Capital Increase is summarized as follow:

	<u>For the year ended December 31, 2024</u>	
	<u>Option</u>	<u>Weighted average</u>
	<u>(in thousand)</u>	<u>Exercise price per</u>
		<u>Share (NT\$/share)</u>
Outstanding at beginning of period	-	\$-
Granted	30,000	26.5
Exercised	<u>(30,000)</u>	26.5
Outstanding at end of period	<u>-</u>	
Weighted-average fair value of options granted during the period (in NT\$)	<u>\$5.04</u>	

(2) The Company uses the Black-Scholes evaluation model to increase the stock rights of employees with cash capital, and the parameters used in the evaluation model are as follows:

	<u>2024.09.19</u>
Stock market price	\$31.65
Exercise price	\$26.5
Expected volatility (%)	40.67%
Expected life (Years)	0.09 years
Expected dividend yield (%)	0%
Risk-free interest rate (%)	1.2221%

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

The stock market price on the grant date is evaluated by the income method and the market method.

The expected volatility is based on the Company's stock price over 33 trading days.

- (c) The expense arising from equity-settled share-based payment transactions recognized in amount of NT\$15,120 thousand for the year ended December 31, 2024.

(19) Operating revenue

	For the year ended December 31,	
	2025	2024
Revenue from customer contracts		
Sale of goods	<u>\$4,553,459</u>	<u>\$4,080,113</u>

Analysis of revenue from contracts with customers during the years ended December 31, 2025 and 2024 are as follows:

(a) Disaggregation of revenue

	2025	2024
	Semi-conductor	Semi-conductor
	business	business
Sale of goods	<u>\$4,553,459</u>	<u>\$4,080,113</u>

The timing for revenue recognition :

At a point in time	<u>\$4,553,459</u>	<u>\$4,080,113</u>
--------------------	--------------------	--------------------

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(b)Contract balances

A. Contract liabilities

	As of		
	Dec.31, 2025	Dec.31,2024	Jan.1,2024
Sales of goods	\$53,288	\$91,008	\$133,724
Current	\$53,288	\$91,008	\$67,748
Non-current	-	-	65,976
Total	\$53,288	\$91,008	\$133,724

The changes in the Company's balances of contract liabilities for the year ended December 31, 2025 are as follows:

	Sales of goods
The opening balance transferred to revenue	\$(39,375)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	1,655

The changes in the Company's balances of contract liabilities for the year ended December 31, 2024 are as follows:

	Sales of goods
The opening balance transferred to revenue	\$(43,262)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	546

(20)Expected credit losses (gains)

	For the year ended December 31,	
	2025	2024
Operating expenses – Expected credit losses (gains)		
Account receivables	\$-	\$-

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its accounts receivable at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2025 and 2024 are as follow:

A. The Company needs to consider the grouping of trade receivables by counter-parties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follow:

2025.12.31

	Neither past due	Past due					Total
		<=90 days	91-120 days	121-180 days	181-365 days	>=365 days	
Gross carrying amount	\$857,919	\$20,825	\$123	\$-	\$24	\$-	\$878,891
Loss ratio	0.1%	1%	5%	10%	50%	100%	
Lifetime expected credit losses	(767)	(208)	(6)	-	(12)	-	(993)
Carrying amount of trade receivables	\$857,152	\$20,617	\$117	\$-	\$12	\$-	\$877,898

2024.12.31

	Neither past due	Past due					Total
		<=90 days	91-120 days	121-180 days	181-365 days	>=365 days	
Gross carrying amount	\$882,798	\$39,604	\$-	\$-	\$-	\$48	\$922,450
Loss ratio	0.1%	1%	5%	10%	50%	100%	
Lifetime expected credit losses	(549)	(396)	-	-	-	(48)	(993)
Carrying amount of trade receivables	\$882,249	\$39,208	\$-	\$-	\$-	\$-	\$921,457

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

B. The movement in the provision for impairment of notes receivable and accounts receivable for the years ended December 31, 2025 and 2024 are as follows:

	Account receivables
Beginning balance as of January 1, 2025	\$993
Addition (reversal) for the current period	-
Write off for the current period	-
Ending balance as of December 31, 2025	<u>\$993</u>
Beginning balance as of January 1, 2024	\$993
Addition (reversal) for the current period	-
Write off for the current period	-
Ending balance as of December 31, 2024	<u>\$993</u>

(21)Leases

(a)Company as a lessee

The Company leases various properties, including real estate such as land. The lease terms range from 3 to 20 years. The Company is not allowed to loan, sublease or sell without obtaining the consent from the lessors.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

(i)Right-of-use assets

	Land	Machinery	Total
Cost:			
2025.01.01	\$282,212	\$10,112	\$292,324
Other changes	-	-	-
2025.12.31	<u>\$282,212</u>	<u>\$10,112</u>	<u>\$292,324</u>

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

	Land	Machinery	Total
2024.01.01	\$258,563	\$10,112	\$268,675
Other changes	23,649	-	23,649
2024.12.31	<u>\$282,212</u>	<u>\$10,112</u>	<u>\$292,324</u>
Depreciation and impairment:			
2025.01.01	\$63,605	\$1,601	\$65,206
Depreciation	18,256	1,011	19,267
2025.12.31	<u>\$81,861</u>	<u>\$2,612</u>	<u>\$84,473</u>
2024.01.01	\$45,350	\$590	\$45,940
Depreciation	18,255	1,011	19,266
2024.12.31	<u>\$63,605</u>	<u>\$1,601</u>	<u>\$65,206</u>
Net carrying amount:			
2025.12.31	<u>\$200,351</u>	<u>\$7,500</u>	<u>\$207,851</u>
2024.12.31	<u>\$218,607</u>	<u>\$8,511</u>	<u>\$227,118</u>

(ii) Lease liabilities

	As of December 31,	
	2025	2024
Lease liabilities	<u>\$209,109</u>	<u>\$229,371</u>
Current	\$17,957	\$20,261
Non-current	191,152	209,110
Total	<u>\$209,109</u>	<u>\$229,371</u>

Please refer to Note 6(23)(d) for the interest on lease liabilities recognized during the year ended December 31, 2025 and 2024 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2025 and 2024.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

B. Income and costs relating to leasing activities

	For the year ended December 31,	
	2025	2024
Short-term leased expense (rental expense)	\$22,851	\$20,656

The portfolio of short-term leases of the Company to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expenses disclosed above, and the amount of its lease commitments is NT\$0.

C. Cash outflow relating to leasing activities

Expenses under the defined contribution plan for the years ended December 31, 2025 and 2024 are NT\$48,240 thousand and NT\$46,045 thousand, respectively.

(22) Summary of employee benefits, depreciation and amortization by function is as follows:

	For the year ended December 31,					
	2025			2024		
	Cost of goods sold costs	Operating expense	Total	Cost of goods sold costs	Operating expenses	Total
Employee benefits						
Salaries & wages	\$627,841	\$217,979	\$845,820	\$595,931	\$184,173	\$780,104
Labor and health insurance	67,822	17,400	85,222	64,419	17,129	81,548
Pension	25,451	9,137	34,588	25,348	8,824	34,172
Directors' remuneration	-	600	600	-	300	300
Other employee benefits	841	2	843	910	41	951
Depreciation	573,653	67,589	641,242	457,250	139,770	597,020
Amortization	271	3,405	3,676	287	4,177	4,464

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Note:

1. The headcounts of the Company amounted to 1,079 and 1,089, respectively, as of December 31, 2025 and 2024. Among the Company's directors, there were 8 who were not the employees.
2. Companies who have been listed on Taiwan Stock Exchange or Taiwan Over-The Counter Securities Exchange should disclose the following information:
 - (1) Average employee benefits of 2025 and 2024 are NT\$902 thousand and NT\$830 thousand respectively.
 - (2) Average salaries of 2025 and 2024 are NT\$790 thousand and NT\$722 thousand respectively.
 - (3) Changes in average salaries are 9.4%.
 - (4) In accordance with the regulations, the Company has established an audit committee to replace the supervisor, so the supervisor's remuneration has not been recognized.
 - (5) The salary and remuneration policy of the Company:

According to Articles 29 of the Company's Articles of Incorporation, not lower than 5% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. In addition to the basic salaries, employees' annual salaries are also adjusted based on the Company's performance to motivate and retain outstanding employees. In addition, according to Articles 25 of the Company's Articles of Incorporation, the Company pays remuneration to directors for performing duties whether the Company makes profit or not. The Company authorizes the Board of Directors to determine the remunerations which are allocated according to directors performance, level of contribution referencing the industry standards. In accordance with the regulations, the compensation committee will make recommendations on directors' remuneration and the salaries of managers, then submit the proposal to the Board of Directors for approval.

According to the resolution, not lower than 5% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, a report of such distribution is submitted to the shareholders' meeting. According to the amended Articles of Incorporation approved through the shareholder's meeting held on June 23, 2025, no lower than 35% of employee remuneration shall be allocated to grassroots employees. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended December 31, 2025, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2025 to be 5.03% of profit of the current year and 0.5% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2025 amounted to NT\$6,000 thousand and NT\$600 thousand, respectively. The Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2024 to be 6.02% of profit of the current year and 1.81% of profit of the current year, respectively, recognized as employee benefits expense. Employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2024 amount to NT\$1,000 thousand and NT\$300 thousand, respectively.

The Company's Board has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$6,000 thousand and NT\$600 thousand, respectively, in a meeting held on March 13, 2026. No differences exist between the estimated amount and the actual distribution of the employee bonuses and remuneration to directors for the year ended December 31, 2025.

Actual distribution of employees' compensation and remuneration to directors of 2024 amount to NT\$1,000 thousand and NT\$300 thousand, respectively. No differences exist between the estimated amount and the actual distribution of the employee bonuses and remuneration to directors for the year ended December 31, 2024.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(23) Non-operating income and expenses

(a) Interest income

	For the year ended December 31,	
	2025	2024
Financial assets measured at amortized cost		
Interest income	\$26,177	\$30,476

(b) Other income

	For the year ended December 31,	
	2025	2024
Other income – others	\$75,347	\$13,017

(c) Other gains and losses

	For the year ended December 31,	
	2025	2024
Foreign exchange gains (losses), net	\$(57,760)	\$41,533
Gains (losses) on financial assets/liabilities at fair value through profit or loss	14,169	(13,829)
Losses due to major disasters	-	(12,431)
Others	(2,325)	(3,054)
Gains on disposal of property, plant and equipment	7,755	428
Total	\$(38,161)	\$12,647

(d) Finance costs

	For the year ended December 31,	
	2025	2024
Interest on borrowings from bank	\$83,946	\$59,020
Interests on lease liabilities	5,127	5,601
Interests on bonds payable	35,406	12,225
Total	\$124,479	\$76,846

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(24) Components of other comprehensive income

For the year ended December 31, 2025

	Arising during the period	Reclassification during the period	Other comprehensive income, pre- tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans	\$5,338	\$-	\$5,338	\$-	\$5,338
Unrealized gain (losses) from equity instruments investments measured at fair value through other comprehensive income	(14,904)	-	(14,904)	-	(14,904)
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for under equity method	670	-	670	-	670
May be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for under equity method	(168,858)	-	(168,858)	23,651	(145,207)
Total of other comprehensive income	\$(177,754)	\$-	\$(177,754)	\$23,651	\$(154,103)

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

For the year ended December 31, 2024

	Arising during the period	Reclassification during the period	Other comprehensive income, pre- tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans	\$6,843	\$-	\$6,843	\$-	\$6,843
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for under equity method	(31,679)	-	(31,679)	-	(31,679)
May be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for under equity method	335,937	-	335,937	-	335,937
Total of other comprehensive income	\$311,101	\$-	\$311,101	\$-	\$311,101

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(25)Income tax

(a)The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the year ended December 31,	
	2025	2024
Current income tax expense (income):		
Current income tax charge	\$34,135	\$38,604
Adjustments in respect of current income tax of prior periods	-	(5,381)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	26,553	(21,954)
Total income tax expense	<u>\$60,688</u>	<u>\$11,269</u>

Income tax relating to components of other comprehensive income

	For the year ended December 31,	
	2025	2024
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for under equity method	<u>\$(23,651)</u>	<u>\$-</u>

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(b)A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2025	2024
Accounting income before tax from continuing operations	\$112,585	\$15,302
Tax payable at the enacted tax rates	\$22,517	\$3,060
Surtax on undistributed earnings	12,120	1,088
Tax effect of revenues exempt from taxation	(5,848)	2,766
Tax effect of expenses not deductible for tax purposes	6,389	5,211
Tax effect of deferred tax assets/liabilities	5,432	(8,194)
Adjustments in respect of current income tax of prior periods	-	(5,381)
Other adjustments according to the Tax Law	20,078	12,719
Total income tax expense recognized in profit or loss	\$60,688	\$11,269

(c)Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2025

	Beginning balance as of Jan. 1, 2025	Deferred tax income (expense) recognized in P/L	Deferred tax income (expense) recognized in OCI	Ending balance as of Dec. 31, 2025
Temporary differences				
Unrealized loss on inventory valuation	\$24,484	\$-	\$-	\$24,484
Unrealized exchange loss (gain)	(2,739)	285	-	(2,454)
Pension expense	1,967	-	-	1,967
Unrealized intragroup profits and losses	8,400	-	-	8,400
Unpaid liability transferred to revenue	275	-	-	275
Accumulated compensated absences expense	2,747	-	-	2,747
Exchange differences	-	-	23,651	23,651

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

	Beginning balance as of Jan. 1, 2025	Deferred tax income (expense) recognized in P/L	Deferred tax income (expense) recognized in OCI	Ending balance as of Dec. 31, 2025
Investment income	(70,956)	(26,838)	-	(97,794)
Deferred tax income/ (expense)		<u>\$(26,553)</u>	<u>\$23,651</u>	
Net deferred tax assets/(liabilities)	<u>\$(35,822)</u>			<u>\$(38,724)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$37,873</u>			<u>\$61,524</u>
Deferred tax liabilities	<u>\$73,695</u>			<u>\$100,248</u>

For the year ended December 31, 2024

	Beginning balance as of Jan. 1, 2024	Deferred tax income (expense) recognized in P/L	Deferred tax income (expense) recognized in OCI	Ending balance as of Dec. 31, 2024
Temporary differences				
Unrealized loss on inventory valuation	\$18,062	\$6,422	\$-	\$24,484
Unrealized exchange loss (gain)	6,422	(9,161)	-	(2,739)
Pension expense	1,967	-	-	1,967
Unrealized intragroup profits and losses	8,400	-	-	8,400
Unpaid liability transferred to revenue	275	-	-	275
Accumulated compensated absences expense	2,747	-	-	2,747
Investment income	(95,649)	24,693	-	(70,956)
Deferred tax income/ (expense)		<u>\$21,954</u>	<u>\$-</u>	
Net deferred tax assets/(liabilities)	<u>\$(57,776)</u>			<u>\$(35,822)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$37,873</u>			<u>\$37,873</u>
Deferred tax liabilities	<u>\$95,649</u>			<u>\$73,695</u>

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(d) Unrecognized deferred tax assets

As of December 31, 2025 and 2024, deferred tax assets that have not been recognized as they may not be used to offset future taxable profits amount to NT\$61,589 thousand and NT\$56,333 thousand, respectively.

(e) Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company did not recognize deferred tax liability for taxes that would be payable on the unappropriated earnings of the Company's overseas subsidiaries before the year 2022, as the Company has determined that unappropriated earnings of its subsidiaries will not be distributed in the foreseeable future. As at December 31, 2025 and 2024, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liability has not been recognized, both aggregate to NT\$516,484 thousand.

(f) The assessment of income tax returns

As at December 31, 2025, the status of tax authority's assessment of the income tax returns of the Company is as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2023

(26) Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

	For the year ended	
	December 31,	
	2025	2024
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$51,897	\$4,033
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	571,721	549,430
Basic earnings per share (in NT\$)	\$0.09	\$0.01
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$51,897	\$4,033
Gain or loss on valuation of redemption	Note	Note
Interest expense from convertible bonds	Note	Note
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	\$51,897	\$4,033
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	571,721	549,430
Effect of dilution:		
Employee compensation — stock (in thousand shares)	203	266
Restricted employee stock option	931	192
Convertible bonds (in thousands shares)	Note	Note
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	572,855	549,888
Diluted earnings per share (in NT\$)	\$0.09	\$0.01

Note: It is not applicable due to anti-dilutive effect.

There were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

7. Related party transactions

(1) Deal with related parties as of the end of the reporting period

Related parties and Relationship

Related parties	Relationship
Huaxin (Shanghai) Technology Co. Ltd.	Subsidiary
Silicon Works Technology Corp.	Subsidiary
Wafer Works (Shanghai) Co., Ltd.	Subsidiary
Wafer Works Epitaxial Corp.	Subsidiary
Wafer Works (Yangzhou) Corp.	Subsidiary
Wafer Works (Zhengzhou) Corp.	Subsidiary
Sharp Right Limited	Subsidiary
Helitek Company Ltd.	Subsidiary
Wafer Works Materials (Shanghai) Corp.	Subsidiary

(2) Significant transactions with related parties

A. Operating revenue

	For the year ended December 31,	
	2025	2024
Helitek Company Ltd.	\$1,702,921	\$809,693
Wafer Works Epitaxial Corp.	229,538	133,356
Huaxin (Shanghai) Technology Co. Ltd.	39,353	47,913
Wafer Works (Zhengzhou) Corp.	37,523	85,124
Wafer Works (Shanghai) Co., Ltd.	2,201	13,074
Wafer Works (Yangzhou) Corp.	5,692	4,943
Wafer Works Materials (Shanghai) Corp.	9,447	-
Total	\$2,026,675	\$1,094,103

The sales price to related parties was determined through mutual agreement based on market condition. The collection terms for related parties were 60 days from delivery by telegraphic transfer, similar to those for third parties.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

The Company purchased raw materials on behalf of its subsidiaries in the amount of NT\$14,835 thousand and NT\$20,692 thousand for the years ended December 31, 2025 and 2024, respectively.

B.Purchases

	For the year ended December 31,	
	2025	2024
Huaxin (Shanghai) Technology Co. Ltd.	\$121	\$3,694
Wafer Works (Zhengzhou) Corp.	119,255	31,765
Wafer Works (Shanghai) Co., Ltd.	-	1,007
Wafer Works (Yangzhou) Corp.	98,736	130,419
Silicon Works Technology Corp.	79,964	-
Wafer Works Materials (Shanghai) Corp.	22,816	-
Helitek Company Ltd.	14,549	16,973
Total	<u>\$335,441</u>	<u>\$183,858</u>

The purchase price to related parties was determined through mutual agreement based on market condition. The payment terms to related parties were 30~60 days from delivery by telegraphic transfer, similar to those for third parties.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

C.Accounts receivable

	As of December 31,	
	2025	2024
Wafer Works Epitaxial Corp.	\$27,108	\$23,674
Helitek Company Ltd.	320,602	114,750
Sharp Right Limited	44,487	46,405
Wafer Works (Shanghai) Co., Ltd.	-	5,315
Wafer Works (Zhengzhou) Corp.	11,729	47,690
Wafer Works (Yangzhou) Corp.	5,824	7
Huaxin (Shanghai) Technology Co. Ltd.	8,106	126,733
Silicon Works Technology Corp.	27,208	-
Wafer Works Materials (Shanghai) Corp.	8,063	-
Total	453,127	364,574
Less: loss allowance	-	-
Net	\$453,127	\$364,574

D.Other receivables

	As of December 31,	
	2025	2024
Sharp Right Limited	\$50,221	\$51,951
Wafer Works (Zhengzhou) Corp.	1,460	125
Wafer Works (Yangzhou) Corp.	-	11
Silicon Works Technology Corp.	10,931	-
Wafer Works Materials (Shanghai) Corp.	19,175	-
Helitek Company Ltd.	85	41
Total	\$81,872	\$52,128

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

E.Accounts payable

	As of December 31,	
	2025	2024
Wafer Works (Shanghai) Co., Ltd.	\$-	\$858
Wafer Works (Zhengzhou) Corp.	20,905	6,958
Wafer Works (Yangzhou) Corp.	6,560	11,708
Silicon Works Technology Corp.	46,424	-
Helitek Company Ltd.	2,742	2,635
Total	<u>\$76,631</u>	<u>\$22,159</u>

F.Other payable

	As of December 31,	
	2025	2024
Wafer Works (Zhengzhou) Corp.	\$23	\$-
Silicon Works Technology Corp.	6	-
Wafer Works Materials (Shanghai) Corp.	3	-
Helitek Company Ltd.	600	298
Total	<u>\$632</u>	<u>\$298</u>

G.Purchase of property, plant and equipment

Asset	Related parties	Carrying Value	Sell price	Gain(Loss) on Diposal	Reference basis for price decision
<u>2025</u>					
Machinery	Wafer Works Materials (Shanghai) Corp.	<u>\$9,207</u>	<u>\$15,896</u>	<u>\$6,689</u>	Bidding
	Wafer Works (Zhengzhou) Corp.	<u>\$-</u>	<u>\$176</u>	<u>\$176</u>	Bidding

2024

None

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

H. Deposits received

	For the year ended December 31,	
	2025	2024
Silicon Works Technology Corp.	\$200	\$-

I. Leases (Rental revenue)

Related party name	Leased property	Start/end date of lease	Payment method	For the year ended December 31,	
				2025	2024
Silicon Works Technology Corp.	Buildings	2025.03.01-2026.02.28	The monthly rent is NT\$143 thousand	\$1,430	\$-
Silicon Works Technology Corp.	Equipment	2025.04.01-2025.12.31	The monthly rent is NT\$4,000 thousand	\$36,000	\$-

J. Key management personnel compensation

	For the year ended December 31,	
	2025	2024
Short-term employee benefit	\$29,189	\$36,262
Post-employment benefit	726	784
Total	\$29,915	\$37,046

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

8. Assets pledged as collateral

Assets pledged for security	Carrying amount		Secured liabilities
	As of Dec. 31,		
	2025	2024	
Financial assets measured at amortized cost-current	\$19,732	\$8,362	Long-term loans
Financial assets measured at amortized cost-current	6,500	6,500	Customs duty guarantee
Financial assets measured at amortized cost-noncurrent	21,967	21,967	Land leased
Property, plant and equipment – land	259,131	259,131	Long-term loans
Property, plant and equipment – buildings	939,051	964,357	Long-term loans
Property, plant and equipment-Machinery and equipment	57,990	69,215	Long-term loans
Total	<u>\$1,304,371</u>	<u>\$1,329,532</u>	

9. Significant contingencies and unrecognized contract commitments

(a)As of December 31, 2025, outstanding contracts related to the purchased property, plant and equipment were as follows:

Type of Asset	Total Amount	Amount paid to date	Amount outstanding
Equipment	\$3,900,047	\$2,871,824	\$1,028,223
Construction	5,531,888	3,551,688	1,980,200
Total	<u>\$9,431,935</u>	<u>\$6,423,512</u>	<u>\$3,008,423</u>

The above amount paid are classified under prepayment for equipment, construction in progress and equipment awaiting examination.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

- (b)The Company signed a 3-year purchase contracts with Supplier A for the period from August 16, 2021 through August 16, 2024 for stabilizing the material sources and to enhance the relationship with the supplier. On September 16, 2025, the Company extended the contract to July 31, 2026. In 2024, a second contract was signed for a period of four years, from April 5, 2024 to May 31, 2028. And in 2025, a third contract was signed for a period of three years, from September 16, 2025 to September 30, 2028. Under the agreements, installment prepayments which are to be offset by the Company's future purchase orders were agreed and paid by the Company.
- (c)The Company signed a 3-year purchase contracts with Supplier B for the period from August 15, 2022 through December 31, 2025 for stabilizing the material sources and to enhance the relationship with the supplier. Under the agreements, installment prepayments which are to be offset by the Company's future purchase orders were agreed and paid by the Company.
- (d)As of December 31, 2025, the Company issued a tariff guarantee of NT\$32,000 thousand to the bank for the purpose of importing goods.

10. Losses due to major disasters

None.

11. Significant subsequent events

The Company's board meeting resolved to increase the capital through an issuance of 50,000 thousand new shares with the initial issuance of 30,000 thousand shares at a price of NT\$26.50 per share. The application has been governmentally approved by the FSC with Order No. Financial-Supervisory-Securities-Corporate-1130351075. The base date for the cash capital increase was November 12, 2024.

On March 13, 2026, the Company's board meeting resolved to increase the capital through an issuance of 50,000 thousand new shares with the follow-up issuance of 20,000 thousand shares at par of NT\$10 per share and authorize the Chairman to manage the relevant issuance affairs.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

12. Others

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2025	2024
Financial assets at fair value through profit or loss:		
Financial asset measured at fair value through other comprehensive income	\$243,696	\$108,600
Financial assets measured at amortized cost		
Cash and cash equivalents	1,752,458	3,351,104
Certificate of deposit – restricted	48,199	36,829
Accounts receivables	424,771	556,883
Accounts receivables – related party	453,127	364,574
Other receivables	83,614	49,288
Other receivables – related party	81,872	52,128
Total	\$3,087,737	\$4,519,406

Financial liabilities

	As of December 31,	
	2025	2024
Financial liabilities at fair value through profit or loss:		
Designated measured at fair value through profit or loss	\$6,295	\$20,464
Financial liabilities measured at amortized cost:		
Short-term borrowings	820,000	720,000
Payable	2,301,191	792,727
Long-term borrowings (current portion including)	4,306,503	2,774,435
Bonds payable	1,680,375	1,644,969
Lease liabilities (current portion including)	209,109	229,371
Total	\$9,323,473	\$6,181,966

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures, and manages the aforementioned risks based on its policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rare that a single risk variable will change independently from other risk variable, i.e. there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. Therefore, hedge accounting is not adopted.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit/loss and equity is performed on significant monetary items denominated in foreign currencies as of the reporting period-end. The Company's foreign currency risk is mainly related to volatility in the exchange rates of US dollars. The information of the sensitivity analyses is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2025 and 2024 is decreased/increased by NT\$6,449 thousand and NT\$7,114 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates primarily to the Company's investments with variable interest rates and bank borrowings with fixed interest rates and variable interest rates, which are all categorized as bank borrowings and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2025 and 2024 to decreased/increased by NT\$5,127 thousand and NT\$3,494 thousand, respectively.

Equity price risk

The fair value of the Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed equity securities, including fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Board of Directors reviews and approves all equity investment decisions.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

At the reporting date, a change of 1% in the price of the unlisted equity securities measured at fair value through profit or loss could increase/decrease the Company's profit for the year ended December 31, 2025 and 2024 by NT\$2,437 thousand and NT\$1,086 thousand, respectively.

Please refer Note12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4)Credit risk management

Credit risk is the risk that the counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2025 and 2024, receivables from the top ten customers were accounted for 58.65% and 50.19% of the Company's total accounts receivable, respectively. The concentration of credit risk is relatively not significant for the remaining receivables.

Credit risk from balances with banks, fixed-income securities and other financial instruments is managed by the Company's finance division in accordance with the Company's policy. The counterparties that the Company transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Consequently, there is no significant credit risk for these counter parties.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

The Company adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5)Liquidity risk management

The Company maintains financial flexibility through the use of cash and cash equivalents, highly-liquid marketable securities, bank loans, etc. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over than 5 years	Total
As of Dec. 31, 2025							
Borrowings	\$1,408,529	\$140,827	\$560,086	\$880,547	\$1,022,679	\$1,584,887	\$5,597,555
Payables	2,301,191	-	-	-	-	-	2,301,191
Bonds Payable	303,648	-	-	1,500,000	-	-	1,803,648
Lease Liabilities	23,545	21,699	21,699	21,699	15,270	147,674	251,586
As of Dec. 31, 2024							
Borrowings	\$1,095,764	\$727,945	\$717,819	\$804,460	\$267,216	\$44,147	\$3,657,351
Payables	792,727	-	-	-	-	-	792,727
Bonds Payable	-	297,600	-	-	1,500,000	-	1,797,600
Lease Liabilities	25,389	22,622	21,699	21,699	21,699	157,518	270,626

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the year ended December 31, 2025:

	Short-term borrowings	Bonds Payable	Long-term borrowings	Refundable deposits	Lease liabilities	Total liabilities from financing activities
As of January 1, 2025	\$720,000	\$1,644,969	\$2,774,435	\$11,400	\$229,371	\$5,380,175
Cash flows	100,000	-	1,534,720	(11,200)	(25,389)	1,598,131
Non-cash changes						
Interest on lease liabilities	-	-	-	-	5,127	5,127
Interest expense	-	35,406	-	-	-	35,406
Others	-	-	(2,652)	-	-	(2,652)
As of December 31, 2025	\$820,000	\$1,680,375	\$4,306,503	\$200	\$209,109	\$7,016,187

Movement schedule of liabilities for the year ended December 31, 2024:

	Short-term borrowings	Bonds Payable	Long-term borrowings	Refundable deposits	Lease liabilities	Total liabilities from financing activities
As of January 1, 2024	\$440,000	\$292,695	\$1,798,961	\$48,108	\$225,510	\$2,805,274
Cash flows	280,000	1,554,776	986,715	(36,708)	(25,389)	2,759,394
Non-cash changes						
Lease range change	-	-	-	-	23,649	23,649
Interest on lease liabilities	-	-	-	-	5,601	5,601
Interest expense	-	12,225	-	-	-	12,225
Others	-	(214,727)	(11,241)	-	-	(225,968)
As of December 31, 2024	\$720,000	\$1,644,969	\$2,774,435	\$11,400	\$229,371	\$5,380,175

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- i. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value.
- ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.
- iii. The fair value of derivative financial instrument is based on market quotations. For unquoted derivatives that are not options, the fair value is determined based on discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the option pricing model.
- iv. The fair value of other financial assets and liabilities is determined using discounted cash flow analysis. The interest rate and discount rate are selected with reference to those of similar financial instruments.

(b) Fair value of financial instruments measured at amortized cost

Other than the item is listed in the table below, the carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

	Carrying amount	
	Dec. 31, 2025	Dec. 31, 2024
Financial liabilities		
Bonds payable	\$1,680,375	\$1,644,969

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

	Fair value	
	Dec. 31, 2025	Dec. 31, 2024
Financial liabilities		
Bonds payable	\$1,690,141	\$1,638,084

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2025 and 2024 is as follows:

Forward Foreign Exchange Contract

Forward foreign exchange contracts manage exposures of certain transactions but have not been designated as hedging instrument.

As of December 31, 2025 and 2024, the held forward foreign exchange contracts are as follows (foreign currency unit: thousand dollars):

Item	Total Amount	Term
As of December 31, 2025		
Forward foreign exchange contract	Sell USD 7,400	2025.11.14~2026.02.10
As of December 31, 2024		
Forward foreign exchange contract	Sell USD 7,180	2024.11.14~2025.02.08

The counterparties for the aforementioned derivative financial instrument transactions are well-known domestic and foreign banks with good creditworthiness, therefore the credit risk is not high.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6 for further information on this transaction.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instruments investments measured at fair value through other comprehensive income	\$-	\$-	\$243,696	\$243,696
Financial liabilities at fair value:				
Embedded derivatives	\$-	\$-	\$4,500	\$4,500
Forward exchange agreement	-	1,795	-	1,795

As of December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instruments investments measured at fair value through other comprehensive income	\$-	\$-	\$108,600	\$108,600
Financial liabilities at fair value:				
Embedded derivatives	\$-	\$-	\$18,000	\$18,000
Forward exchange agreement	-	2,464	-	2,464

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	<u>Assets</u>
	At fair value through other comprehensive income
	<u>Shares</u>
As of January 1, 2025	\$108,600
Total gains and losses recognized for the year ended December 31, 2025:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	(14,904)
Acquired	150,000
As of December 31, 2025	<u>\$243,696</u>
	<u>Liabilities</u>
	At fair value through profit or loss
	Derivative financial instruments
As of January 1, 2025	\$18,000
Total gains recognized	
Amount recognized in profit or loss (presented in “other gains and losses“)	(13,500)
As of December 31, 2025	<u>\$4,500</u>

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

	<u>Assets</u>
	At fair value through other comprehensive income
	<u>Shares</u>
As of January 1, 2024	\$45,500
Acquired	63,100
As of December 31, 2024	<u>\$108,600</u>
	<u>Liabilities</u>
	At fair value through profit or loss
	<u>Derivative financial instruments</u>
As of January 1, 2024	\$-
Total gains recognized	
Amount recognized in profit or loss	
(presented in “other gains and losses“)	7,200
Acquired	10,800
As of December 31, 2024	<u>\$18,000</u>

Total gains and losses recognized in profit or loss in the table above contain gains and losses related to assets or liabilities on hand as of December 31, 2025 and 2024 in the amount both of NT\$0.

Total gains and losses recognized in profit or loss in the table above contain gains and losses related to assets or liabilities on hand as of December 31, 2025 and 2024 in the amount of NT\$13,500 thousand and NT\$(7,200) thousand, respectively.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2025

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial asset measured at fair value through other comprehensive income					
Shares	Market Approach	Liquidity discount	25%	The higher the Liquidity discount, the lower the fair value estimate	When the percentage of illiquidity increases (decreases) by 10%, the equity of the Company will decrease/increase by NT\$24,370 thousand
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for valuation of convertible bonds	Volatility	49%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in the Company's profit or loss increase NT\$10 thousand/ decrease NT\$60 thousand

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

As of December 31, 2024

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial asset measured at fair value through other comprehensive income					
Shares	Market Approach	Liquidity discount	25%	The higher the Liquidity discount, the lower the fair value estimate	When the percentage of illiquidity increases (decreases) by 10%, the equity of the Company will decrease/increase by NT\$10,860 thousand
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for valuation of convertible bonds	Volatility	28.11%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in the Company's profit or loss increase NT\$70 thousand/ decrease NT\$120 thousand

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date to ensure the valuation is reasonable.

(c) Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables (Please refer to the Note 6(13))	\$-	\$-	\$1,690,141	\$1,690,141

As of December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables (Please refer to the Note 6(13))	\$-	\$-	\$1,638,084	\$1,638,084

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of December 31, 2025		
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$23,898	31.85	\$761,126
Non Monetary items:			
USD	\$254,346	31.43	\$7,994,101
<u>Financial liabilities</u>			
Monetary items:			
USD	\$3,674	31.64	\$116,236
	As of December 31, 2024		
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$24,592	32.79	\$806,247
Non Monetary items:			
USD	\$245,976	32.79	\$8,064,332
<u>Financial liabilities</u>			
Monetary items:			
USD	\$2,893	32.79	\$94,856

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

The Company's functional currency is variety. It is impossible to disclose the foreign exchange gains or losses on monetary financial assets and financial liabilities with significant influence by each functional currency. The Foreign exchange gains or losses of the Company amounted to NT\$(57,760) thousand and NT\$41,533 thousand respectively for the years ended December 31, 2025 and 2024.

(11)Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) Information on significant transactions:

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: None.

C. Marketable securities held as of December 31, 2025 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 5.

D. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the year ended December 31, 2025: Please refer to attachment 2.

E. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of December 31, 2025: Please refer to attachment 3.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(2) Information on investees:

A. Name, locations and related information of investees as of December 31, 2025 (excluding investees in Mainland China): Please refer to attachment 4.

B. Investees over which the Company exercises control shall be disclosed of information under Note 13(1):

(a) Financing provided to others: None.

(b) Endorsement/Guarantee provided to others: Please refer to attachment 1.

(c) Marketable securities held as of December 31, 2025 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 5.

(d) Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the year ended December 31, 2025: Please refer to attachment 6.

(e) Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of December 31, 2025: Please refer to attachment 7.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(3) Information on investments in Mainland China:

A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), book value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China:

Amount in thousand; Currency denomination in NTD unless otherwise specified

Investee company	Main Business and Product	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2025	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2025	Accumulated Inward Remittance of Earnings as of December 31, 2025	Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Wafer Works (Shanghai) Co., Ltd.	R&D, production and sales of semiconductor materials	\$2,975,670 (Note1&3)	Reinvesting in a Mainland company through reinvestment in an existing company in a third location	\$510,951	\$-	\$-	\$510,951	\$723,725	42.87%	\$310,282 (Note3&4)	\$7,695,603 (Note3&4)	\$712,774	\$510,951	\$1,722,378	No maximum (Note5)

English Translation of Parent-Company-Only Financial Statements and Footnotes Originally Issued in Chinese

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Investee company	Main Business and Product	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2025	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2025	Accumulated Inward Remittance of Earnings as of December 31, 2025	Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Wafer Works Epitaxial Corp.	R&D, production and sales of semiconductor materials	\$3,076,688 (Note3,6)	Reinvesting in a Mainland company through reinvestment in an existing company in a third location	\$516,782	\$-	\$-	\$516,782	\$736,643	42.87%	\$736,643 (Note3,4)	\$2,052,984 (Note3,4)	\$-	\$516,782	\$576,023	
Wafer Works (Yangzhou) Corp.	R&D, production and sales of semiconductor materials	\$487,406 (Note3,7)	(Note 2)	\$-	\$-	\$-	\$-	\$(42,339)	42.87%	\$(42,339) (Note3,4)	\$155,080 (Note3,4)	\$-	\$-	\$-	

English Translation of Parent-Company-Only Financial Statements and Footnotes Originally Issued in Chinese

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Investee company	Main Business and Product	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2025	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2025	Accumulated Inward Remittance of Earnings as of December 31, 2025	Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Wafer Works (Zhengzhou) Corp.	R&D, production and sales of semiconductor materials	\$9,479,811 (Note3,8)	(Note8)	\$-	\$-	\$-	\$-	\$182,835	42.87%	\$182,835 (Note3,4)	\$4,256,363 (Note3,4)	\$-	\$-	\$-	
Huaxin (Shanghai) Technology Co. Ltd	Selling business	\$30,211 (Note10)	(Note11)	\$30,211	\$-	\$-	\$30,211	\$(2,650)	100.00%	\$(2,650) (Note3,4)	\$23,507 (Note3,4)	\$-	\$30,211	\$30,211	
Wafer works Materials (Shanghai) Corp.	R&D, production and sale of semiconductor materials	\$223,580 (Note3)	(Note12)	\$-	\$-	\$-	\$-	\$(22,381)	77.16%	\$(17,267) (Note3,4)	\$154,829 (Note3,4)	\$-	\$-	\$134,148	

English Translation of Parent-Company-Only Financial Statements and Footnotes Originally Issued in Chinese

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Investee company	Main Business and Product	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2025	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2025	Accumulated Inward Remittance of Earnings as of December 31, 2025	Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Shenzhen SIVNON Semiconductor Co., Ltd	R&D, production and sale of power semiconductor	\$30,556	(Note9)	\$-	\$-	\$-	\$-	\$(10,424)	2.57%	\$57 (Note3)	\$5,776 (Note3)	\$-	\$-	\$-	

Note 1: 48.0307% shares of Wafer Works (Shanghai) Co., Ltd. owned by Silicon Technology Investment (Cayman) Corp. But 89.2615% shares of Silicon Technology Investment (Cayman) Corp. owned by Wafer Works Investment Corp. Therefore, Wafer Works (Shanghai) Co., Ltd. indirectly invested by Wafer Works Corp.

Note 2: Wafer Works (Shanghai) Co., Ltd. invested directly to Wafer Works (Yangzhou) Corp.

Note 3: Foreign currencies were converted into New Taiwan dollars based on exchanged rate on December 31, 2025.

Note 4: The investment income (loss) recognized under equity method and by calculation was based on audited financial statements.

Note 5: The Company qualified and approved by Taiwan, R.O.C. government to be operation headquarter in Taiwan, thus there are no limitation of investee in mainland China.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

Note 6: It was a wholly-owned subsidiary by the Company's indirect subsidiary, Silicon Technology Investment (Cayman) Corp. The Company's board in a meeting held on November 10, 2016 has resolved that Silicon Technology Investment (Cayman) Corp. participates in a cash addition conducted by Wafer Works (Shanghai) Co., Ltd. by using all ownership interest on Wafer Works Epitaxial Corp. As a result of the capital addition, Wafer Works (Shanghai) Co., Ltd. owns 100% interest of Wafer Works Epitaxial Corp.

Note 7: The Company's board in a meeting held on November 10, 2016 resolved that Wafer Works (Shanghai) Co., Ltd. participates in a cash addition conducted by Wafer Works (Yangzhou) Corp. for 30% ownership interest. As a result of the capital addition, Wafer Works (Shanghai) Co., Ltd. owns 100% interest of Wafer Works (Yangzhou) Corp.

Note 8: The Company's board has resolved on February 16, 2017 Wafer Works (Zhengzhou) Corp. to be established through Wafer Works (Shanghai) Co., Ltd.'s investment.

Note 9: Wafer Works (Shanghai) Co., Ltd. owns 6% interest of Shenzhen SIVNON Semiconductor Co., Ltd.

Note 10: The paid-in capital is USD1,000 thousand, equivalent to NT\$30,211 thousand.

Note 11: An investee company in which the Company holds a 100% equity interest through reinvestment using the Company's own funds.

Note 12: Wafer works Materials (Shanghai) Corp. is invested by Wafer Works Investment Corp. and Wafer Works (Shanghai) Co., Ltd. to hold 60% and 40% of the shares respectively.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

B. Significant transactions with the investees in mainland China:

(a) Purchase and accounts payable with the related parties:

	Purchase		Accounts payable	
	Amount	%	Amount	%
Huaxin (Shanghai) Technology Co., Ltd.	\$121	0.01%	\$-	-%
Wafer Works (Zhengzhou) Corp.	119,255	7.13	20,905	4.79
Wafer Works (Yangzhou) Corp.	98,736	5.90	6,560	1.50
Wafer works Materials (Shanghai) Corp.	22,816	1.36	-	-
Total	<u>\$240,928</u>	<u>14.40%</u>	<u>\$27,465</u>	<u>6.29%</u>

Purchasing prices of the Company to related parties have the same product prices as purchase to non-related parties. Payment terms are also similar to the ones for non-related parties, which is 30 to 60 days from delivery by telegraphic transfer.

(b) Sales and receivables with the related parties:

	Operating revenue		Accounts receivable	
	Amount	%	Amount	%
Wafer Works Epitaxial Corp.	\$229,538	5.04%	\$27,108	3.08%
Wafer Works (Shanghai) Co., Ltd.	2,201	0.05	-	-
Huaxin (Shanghai) Technology Co., Ltd.	39,353	0.86	8,106	0.92
Wafer Works (Zhengzhou) Corp.	37,523	0.82	11,729	1.33
Wafer Works (Yangzhou) Corp.	5,692	0.13	5,824	0.66
Wafer works Materials (Shanghai) Corp.	9,447	0.21	8,064	0.92
Total	<u>\$323,754</u>	<u>7.11%</u>	<u>\$60,831</u>	<u>6.91%</u>

Sales of the Company to related parties have the same product prices as sales to non-related parties. Collection terms are also similar to the ones for non-related parties, which is 60 days from delivery by telegraphic transfer.

WAFER WORKS CORPORATION

Notes to the Parent-Company-Only Financial Statements

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

(c) Property transaction amounts and resulting gain or loss:

<u>Variety</u>	<u>Related parties</u>	<u>Carrying Value</u>	<u>Price</u>	<u>Gain on disposal</u>	<u>Reference basis for price decision</u>
Machinery	Wafer works Materials (Shanghai) Corp.	\$9,207	\$15,896	\$6,689	Negotiated price
Machinery	Wafer Works (Zhengzhou) Corp.	-	176	176	Negotiated price
Total		<u>\$9,207</u>	<u>\$16,072</u>	<u>\$6,865</u>	

(d) The purpose and balance of a note guarantee and a guarantee endorsement or providing for secure: None.

(e) The amount of maximum financing, the balance interest rates, and lump sum interest expense: None.

(f) The other events' impact over current profit or loss or the significant influence of transaction events over the financial conditions:

a. For the year ended December 31, 2025, the Company sell of fixtures to Wafer Works (Zhengzhou) Corp. in the amount of NT\$1,460 thousand, which were recorded under other receivables.

b. For the year ended December 31, 2025, the Company sell of fixtures to Wafer works Materials (Shanghai) Corp. in the amount of NT\$19,175 thousand, which were recorded under other receivables.

14. Segment information

The Company has provided the operating segments disclosure in the consolidated financial statements.

ATTACHMENT 1 (Endorsement/Guarantee provided to others)

(All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

WAFER WORKS CORP.

No. (Note1)	Endorser/Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note3)	Maximum balance for the period (Note4)	Ending balance (Note5 and 8)	Actual amount provided (Note6)	Amount of collateral guarantee/endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/endorsemen t amount (Note3)	Guarantee Provided by Parent Company (Note7)	Guarantee Provided by A Subsidiary (Note7)	Guarantee Provided to Subsidiaries in Mainland China (Note7)
		Company name	Relationship (Note2)										
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works (ZhengZhou) Corp.	Affiliated Company	\$8,092,800	\$8,491,584	\$8,092,800	\$1,708,480	\$-	53.80%	\$8,092,800	N	N	Y

Note1: Wafer Works Corp. and its subsidiaries are coded as follows:

1. Wafer Works Corp. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the above table.

Note2: The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

1. The company with business contacts.
2. The company directly and indirectly holds more than 50% of the shares with voting rights.
3. Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.
4. The company directly and indirectly holds more than 90% of the shares with voting rights.
5. Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.
6. A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.
7. The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note3: According to Wafer Works (shanghai) Co., Ltd.'s procedures of Endorsement and Guarantee, the limitation and total amount of endorsement or guarantee of the company and its subsidiaries for each guarantee party shall not exceed RMB 1,500,000,000.

Note4: Maximum amount of endorsements or guarantees for others in the current year.

Note5: At the end of the year, the Company assumes the responsibility of endorsement or guarantee as soon as the amount of endorsement or guarantee agreements or bills signed with banks is approved; moreover, any other related endorsements or guarantees should be included in the balance of endorsements or guarantees.

Note6: The actual amount drawn within the endorsement/guarantee balance by the Company being endorsed or guaranteed should be entered.

Note7: A "Y" should be filled in for endorsements or guarantees provided by a listed parent company for its subsidiary, by a subsidiary for its listed parent company, or originating from mainland China.

ATTACHMENT 2 (Related party transactions with purchases and sales amount of at least NT\$100 million or 20 percent of the paid-in capital)

(All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

WAFER WORKS CORP.

Company	Related party	Relationship	Transactions			Details of non-arm's length transaction		Notes and accounts receivables(payable)		Note
			Purchases(Sales)	Amount	Percentage of total purchases (sales)(%)	Term	Unit Price	Term	Balance	
Wafer Works Corp.	Helitek Company Ltd.	Affiliated Company	Sales	\$1,702,921	37.40%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	Similar to general customers.	Similar to general customers.	\$320,602	36.48%
Wafer Works Corp.	Wafer Works Epitaxial Corp.	Affiliated Company	Sales	\$229,538	5.04%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	Similar to general customers.	Similar to general customers.	\$27,108	3.08%
Wafer Works Corp.	Wafer Works (Yangzhou) Corp.	Affiliated Company	Purchases	\$(119,255)	7.13%	Paid at 60 days after shipment arrival by using telegraphic transfer (T/T)	Incomparable due to different product specification.	No comparable non-related party.	\$(20,905)	(4.79)%

ATTACHMENT 3 (Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital)

(All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

WAFER WORKS CORP.

<u>Company</u>	<u>Related party</u>	<u>Relationship with the Company</u>	<u>Ending Balance</u>	<u>Turnover rate (times)</u>	<u>Overdue receivables</u>		<u>Amounts received in subsequent period</u>	<u>Allowance for doubtful accounts</u>
					<u>Amount</u>	<u>Collection status</u>		
Wafer Works Corp.	Helitek Company Ltd.	Affiliated Company	Accounts receivable	7.82	\$-	-	\$317,560	\$-
			\$320,602					

ATTACHMENT 4 (Names, Locations and Related Information of Investees)

(All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

Wafer Works Corp.

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment		Investments as of December 31, 2025					Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book Value	Net income (loss) of investee company	Investment income (loss) recognized	
Wafer Works Corp.	Wafer Works Investment Corp.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	Investment Holding Company	USD 66,566	USD 66,566	66,566,226	100.00%	\$7,938,773	\$318,210	\$318,210	(Note)
Wafer Works Corp.	Heli-Vantech Corp.	No.1, Ln. 445, Sec. 2, Meishih Rd., Yangmei Township, Taoyuan County, Taiwan	Design, trading and manufacturing of semiconductor materials	5,000	5,000	500,000	100.00%	2,503	-	-	
Wafer Works Corp.	Silicon Works Technology Corp.	No. 100, Longyuan 1st Rd., Longtan Dist., Taoyuan County, Taiwan	Manufacturing and trading of electronic components, machinery and chemical materials	60,000	-	6,000,000	100.00%	74,967	14,967	14,967	
Wafer Works Corp.	WBG Works Corp.	No.1, Ln. 445, Sec. 2, Meishih Rd., Yangmei Township, Taoyuan County, Taiwan	Manufacturing and trading of Electronic components, materials and machinery	20,000	-	2,000,000	100.00%	20,102	102	102	
Wafer Works Corp.	Wafer Works Japan	3-2-3 Shinyokohama, Kohoku-ku, Yokohama-shi, Kanagawa 222-0033 Japan	Sales Activities	JPY 22,000	-	22,000,000	100.00%	7,113	(1,788)	(1,788)	
Wafer Works Investment Corp.	Silicon Technology Investment (Cayman) Corp.	Grand Pavilion, Hibiscus Way, P.O. Box 31119, KY1-1205, Grand Cayman, Cayman Islands	Investment Holding Company	USD 53,141	USD 53,141	Common stock 1 Preferred stock A 6,970,327 Preferred stock B 38,991,198	89.26%	7,624,680	346,288	309,102	
Wafer Works Investment Corp.	Wafermaster Investment Corp.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	Investment Holding Company	USD 5,084	USD 5,084	5,083,900	100.00%	206,199	21,791	21,791	
Silicon Technology Investment (Cayman) Corp.	Sharp Right Limited	Rooms 2006-8.20/F., Two Chinachem Exchange Square, 338 King's Road	Trading Company	HKD 10	HKD 10	-	100.00%	(97,161)	-	-	
Wafermaster Investment Corp.	Helitek Company Ltd.	4033 Clipper CT Fremont, CA 94538-6540	Manufacturing and trading of semiconductor materials.	USD 2,200	USD 2,200	3,400,000 (Preferred stock 2,000,000)	100.00%	206,190	21,791	21,791	

Note: This includes investment gain accounted for using the equity method of NT\$318,210 thousand, realized benefits of current upstream transaction of NT\$13,328 thousand, and unrealized benefit of current upstream transaction of NT\$13,328 thousand.

ATTACHMENT 5 (Marketable securities held) (excluding investments in subsidiaries, associates and joint ventures)

(All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

WAFER WORKS CORP.

				As of December 31, 2025			
Holding Company	Securities Type and Name	Relationship with the Company	Financial Statement Account	Shares/Units	Book Value	Percentage of ownership (%)	Fair value
Wafer Works Corp.	GaN Power Technology Co., Ltd.	The Company is corporate director of the related party.	Financial asset at fair value through OCI, noncurrent	4,550,000	\$45,500	9.40%	<u>\$33,989</u>
	Loss: Financial assets at fair value through other comprehensive income, valuation adjustments				(11,511)		
	Net				<u>\$33,989</u>		
Wafer Works Corp.	SweGaN AB	-	Financial asset at fair value through OCI, noncurrent	33,945	\$63,100	5.40%	<u>\$61,597</u>
	Loss: Financial assets at fair value through other comprehensive income, valuation adjustments				(1,503)		
	Net				<u>\$61,597</u>		
Wafer Works Corp.	Heng Yuan Investment Co., Ltd.	The Company is corporate director of the related party.	Financial asset at fair value through OCI, noncurrent	15,000,000	\$150,000	18.07%	<u>\$148,110</u>
	Loss: Financial assets at fair value through other comprehensive income, valuation adjustments				(1,890)		
	Net				<u>\$148,110</u>		
Wafer Works Investment Corp.	Can Yang Investments Limited	-	Financial asset at fair value through OCI, noncurrent	153,488	\$18,858	0.20%	<u>\$5,185</u>
	Loss: Financial assets at fair value through other comprehensive income, valuation adjustments				(13,673)		
	Net				<u>\$5,185</u>		
Wafer Works Investment Corp.	Solargiga Energy Holdings Limited	-	Financial asset at fair value through OCI, noncurrent	96,227,822	\$169,752	2.90%	<u>\$30,308</u>
	Loss: Financial assets at fair value through other comprehensive income, valuation adjustments				(139,444)		
	Net				<u>\$30,308</u>		
Heli-Vantech Corp.	United Renewable Energy Co., Ltd.	-	Financial asset at fair value through OCI, noncurrent	138,747	\$5,622	0.01%	<u>\$1,195</u>
	Loss: Financial assets at fair value through other comprehensive income, valuation adjustments				(4,427)		
	Net				<u>\$1,195</u>		

ATTACHMENT 6 (Related party transactions with purchases and sales amount of at least NT\$100 million or 20 percent of the paid-in capital)

(All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

WAFER WORKS CORP.

Purchase (sales) Company	Counterparty	Relationship	Transactions			Details of non-arm's length transaction		Notes and accounts receivables(payable)		Note	
			Purchases (Sales)	Amount	Percentage of total purchases (sales)(%)	Term	Unit Price	Term	Balance		Percentage of total notes and accounts receivables(payable)
Wafer Works (Zhengzhou) Corp.	Wafer Works Epitaxial Corp.	Affiliated Company	Sales	\$2,247,425	90.37%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	Similar to general customers.	Similar to general customers.	\$364,774	86.65%	
Wafer Works (Zhengzhou) Corp.	Wafer Works Corp.	Affiliated Company	Sales	\$119,255	4.80%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	Similar to general customers.	Similar to general customers.	\$20,905	4.97%	
Wafer Works Epitaxial Corp.	Wafer Works Corp.	Affiliated Company	Purchases	\$(229,538)	7.14%	Paid at 60 days after shipment arrival by using telegraphic transfer (T/T)	Incomparable due to different product specification.	No comparable non-related party.	\$(27,108)	5.27%	
Helitek Company Ltd.	Wafer Works Corp.	Affiliated Company	Purchases	\$(1,702,921)	98.22%	Paid at 60 days after shipment arrival by using telegraphic transfer (T/T)	Incomparable due to different product specification.	No comparable non-related party.	\$(320,602)	(100.00)%	

ATTACHMENT 7 (Receivable from related parties of at least NT\$100 million or 20 percent of the paid-in capital)

(All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

WAFER WORKS CORP.

Company	Counterparty	Relationship	Ending Balance	Turnover rate (times)	Overdue Receivables		Subsequent collection	Allowance for doubtful accounts
					Amount	Actions taken		
Wafer Works (Zhengzhou) Corp.	Wafer Works Epitaxial Corp.	Affiliated Company	Accounts receivables \$364,774	6.80	\$-	-	\$300,478	\$-
Wafer Works (Shanghai) Co., Ltd.	Wafer Works Epitaxial Corp.	Affiliated Company	Dividend receivables \$527,203	-	\$-	-	\$-	\$-
Wafer Works (Shanghai) Co., Ltd.	Wafer Works Materials (Shanghai) Corp.	Affiliated Company	Dividend receivables \$101,549	-	\$-	-	\$3,562	\$-

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

1. Statement of Cash and Cash Equivalents

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Petty cash:		<u>\$254</u>	1.Exchange Rate
Checking and savings accounts :			USD:NTD=31.43:1
Savings		931,672	JPY:NTD=0.2008:1 EUR:NTD=36.9:1 CNY:NTD=4.496:1
			2.Cash and Cash equivalents were not pledged.
Savings accounts :			
— USD		120,986	USD 3,849
— EUR		11,649	EUR 315
— JPY		24,627	JPY 122,646
— CNY		13,270	CNY 2,951
Fixed-term deposits:			
Time deposits — NTD		550,000	
Cash equivalents		<u>100,000</u>	
Subtotal		<u>1,752,204</u>	
Total		<u><u>\$1,752,458</u></u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

2. Statement of Financial Assets Measured at Amortized Cost - Current

As of December 31, 2025

(In Thousands Of New Taiwan Dollars)

Item	Description	Shares/Units	Par Value	Amount	Interest Rate	Acquisition Cost	Note
Land Bank of Taiwan	Savings account					\$19,732	Please refer to Note 8
Land Bank of Taiwan	Time deposits	1		\$6,500	0.830%	<u>6,500</u>	Please refer to Note 8
Total						<u><u>\$26,232</u></u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

3. Statement of Accounts Receivable, net

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Client Name	Amount	Note
Client A	\$93,658	1.The amount of individual client included in others does not exceed 5% of the account balance.
Client B	41,439	
Client C	34,708	2.Non related parties.
Client D	27,835	
Others	<u>228,124</u>	
Subtotal	425,764	
Less: loss allowance	<u>(993)</u>	
Net	<u><u>\$424,771</u></u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

4. Statement of Other Receivables, net

As of December 31, 2025

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Interest	\$504	
Vat Refund Receivable	82,653	
Others	<u>457</u>	
Total	<u><u>\$83,614</u></u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

5. Statement of Inventories

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Raw materials	\$229,707	\$210,947	1. Inventories are valued at lower of cost or net realizable value item by item.
Supplies & parts	489,285	489,101	
Work in progress	626,651	713,247	
Finished goods	330,099	391,808	
Merchandises	30,580	1,208	
Subtotal	1,706,322	<u>\$1,806,311</u>	2. Inventories were not pledged.
Less: allowance for inventory valuation losses	<u>(245,405)</u>		
Net	<u>\$1,460,917</u>		

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

6. Statement of Prepayments

As of December 31, 2025

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Office supplies	\$113,253	Other prepaid expenses relate to miscellaneous expenditures such as software maintenance costs and repair expenses.
Other prepaid expense	70,261	
Prepayment for purchases	<u>89,806</u>	
Total	<u><u>\$273,320</u></u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

7. Statement of Other current Assets

As of December 31, 2025

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Payment on behalf of others	\$87,711	
Overpaid sales tax	<u>52,780</u>	
Total	<u><u>\$140,491</u></u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

8.Statement of Changes in Financial Assets Measured at Fair Value Through Other Comprehensive Income - Non-current

For the Year Ended December 31, 2025

(In Thousands Of New Taiwan Dollars)

Investee companies	As of January 1, 2025		Addition		Decrease		As of December 31, 2025		Collateral	Note
	Shares	Carrying amount	Shares	Amount	Shares	Amount	Shares	Carrying amount		
GaN Power Technology Co., Ltd.	4,550,000	\$45,500	-	\$-	-	\$-	4,550,000	\$45,500	None	
Add: Revaluation adjustments for financial assets at fair value through other comprehensive income - non-current		-		-		(11,511)		(11,511)		
SweGaN AB	33,495	63,100	-	-	-	-	33,945	63,100	None	
Add: Revaluation adjustments for financial assets at fair value through other comprehensive income - non-current		-		-		(1,503)		(1,503)		
Heng Yuan Investment Co., Ltd.	-	-	15,000,000	150,000	-	-	15,000,000	150,000	None	
Add: Revaluation adjustments for financial assets at fair value through other comprehensive income - non-current		-		-		(1,890)		(1,890)		
Total		<u>\$108,600</u>		<u>\$150,000</u>		<u>\$(14,904)</u>		<u>\$243,696</u>		

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

9. Statement of Financial Assets Measured at Amortized Cost - Current - Non Current

As of December 31, 2025

(In Thousands Of New Taiwan Dollars)

Item	Description	Shares/Units	Par Value	Amount	Interest Rate	Acquisition Cost	Note
Mega International Commercial Bank	Time deposits	4	-	\$9,967	0.685%~1.69%	\$9,967	Please refer to Note 8
Land Bank of Taiwan	Time deposits	1	-	12,000	0.83%	12,000	Please refer to Note 8
Total				<u>\$21,967</u>		<u>\$21,967</u>	

10. Statement of Changes in Long-term Investment Accounted for Under the Equity Method
For the Year ended December 31, 2025

(In Thousands of New Taiwan Dollars)

Investee companies	As of January 1, 2025		Additions		Decrease		As of December 31, 2025			Fair Value/Net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit price (NTD)	Total amount		
Wafer Works Investment Corp.	66,566	\$8,009,004	-	\$(70,231) (Note 1)	-	\$-	66,566	100.00%	\$7,938,773	\$120.09	\$7,994,101	None	
Heli-Vantech Corp.	500	2,709	-	(206) (Note 2)	-	-	500	100.00%	2,503	5.01	2,503	None	
Huaxin (Shanghai) Technology Co. Ltd	-	(76,787)	-	100,294 (Note3)	-	-	-	100.00%	23,507	-	23,507	None	
Silicon Works Technology Corp.	-	-	6,000	74,967 (Note4)	-	-	6,000	100.00%	74,967	-	74,967	None	
WBG Works Corp.	-	-	2,000	20,102 (Note5)	-	-	2,000	100.00%	20,102	-	20,102	None	
Wafer Works Japan	-	-	4,400	7,113 (Note6)	-	-	4,400	100.00%	7,113	-	7,113	None	
Total		<u>\$7,934,926</u>		<u>\$132,039</u>		<u>\$-</u>			<u>\$8,066,965</u>		<u>\$8,122,293</u>		

Note 1: Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method amounted to NT\$318,210 thousand, changes of unrealized gains or losses on financial assets measured at fair value through other comprehensive income recognized based on the proportion of holdings were NT\$876 thousand, dividends received from associates and joint ventures accounted for using the equity method were NT\$(220,148) thousand, realized and unrealized gross profit from upstream transactions were NT\$42,000 thousand and NT\$(42,000) thousand, respectively, and share of other comprehensive income of associates and joint other ventures accounted for using the equity method was NT\$(169,169) thousand.

Note 2: Changes of unrealized gains or losses on financial assets measured at fair value through comprehensive income recognized based on the proportion of holdings were NT\$(206) thousand.

Note 3: An increase of NT\$101,670 thousand was recognized in the current period due to the derecognition of accounts receivable. In addition, the share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method amounted to NT\$(2,650) thousand, and the share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method amounted to NT\$1,274 thousand.

Note 4: Including investment in the amount of NT\$60,000 thousand, share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method amounted to NT\$14,967 thousand.

Note 5: Including investment in the amount of NT\$20,000 thousand, share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method amounted to NT\$102 thousand.

Note 6: Including investment in the amount of NT\$9,864 thousand, share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method amounted to NT1,788 thousand and share of other comprehensive income of subsidiaries, associates, and joint ventures associates, and joint ventures accounted for using the equity method amounted to NT\$(963) thousand.

Wafer Works Corp.

11. Statement of Prepayment for equipment

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount	Note
Supplier A	\$908,941	
Others	545,124	
Total	<u>\$1,454,065</u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

12. Statement of Refundable deposits

As of December 31, 2025

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Security deposit to Investment	\$45,000	
Security deposit to custom authority	25,500	
Others	<u>31,500</u>	
Total	<u><u>\$102,000</u></u>	

Wafer Works Corp.

13. Statement of Other non-current assets

As of December 31, 2025

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Prepayments for materials		
Supplier E	\$29,414	
Supplier F	24,784	
Total	<u>\$54,198</u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

14. Statement of Short-term Loans

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Description	Type	As of December 31, 2025	Contract Period	Interest Rates	Loan Commitments	Collateral	Note
Taipei Fubon Bank	Credit loans	\$200,000	2025.12.19-2026.03.19	Note	NTD 400,000	None	
Cathay United Bank	Credit loans	100,000	2025.12.10-2026.03.10	Note	NTD 300,000	None	
Cathay United Bank	Credit loans	150,000	2025.12.26-2026.01.26	Note	NTD 300,000	None	
Bank of Taiwan	Credit loans	70,000	2025.12.26-2026.04.29	Note	NTD 200,000	None	
First Bank	Credit loans	150,000	2025.12.17-2026.01.16	Note	NTD 300,000	None	
Mega International Commercial Bank	Credit loans	150,000	2025.11.26-2026.02.24	Note	NTD 150,000	None	
Total		<u>\$820,000</u>					

Note: As of December 31, 2025 the interest rate intervals for short-term loans were 1.87%~1.90%.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

15. Statement of Accounts Payable

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount	Note
Supplier B	\$44,791	1.The amount of individual vendor included in "others" does not exceed 5% of the account balance.
Supplier C	23,712	
Supplier D	18,602	
Others	<u>272,257</u>	
Total	<u><u>\$359,362</u></u>	2.All accounts are not related parties.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

16. Statement of Other Payables

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Accrued Payroll	\$165,610	
Employee Bonus	29,759	
Compensation Payable To Directors And Supervisors	600	
Accrued Interest Payable	6,666	
Accrued Utilities Expense	53,987	
Accrued Insurance Expense	24,970	
Accrued Shipping Expenses	43,598	
Payables On Equipment	1,390,749	
Others	148,627	
Total	<u>\$1,864,566</u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

17. Statement of Changes in Current Tax Liabilities

For the Year ended December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Balance as of January 1, 2025	\$322,753	
Add: Income tax accrual for 2025	22,015	
Surtax on undistributed earnings accrual for 2024	12,120	
Adjustments in respect of current income tax of prior periods	1,089	
Less : Other income tax impacts adjusted according		
to tax laws	(22,015)	
Tax payment	(2,600)	
Balance as of December 31, 2025	<u>\$333,362</u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

18. Statement of Lease Liabilities

As of December 31, 2025

(In Thousands Of New Taiwan Dollars)

Item	Period	Discount rate	Amount
Land	2010/05/15~2029/12/31	2.477%	\$32,615
Land	2022/10/01~2041/12/31	2.300%	175,575
Machinery	2023/06/01~2026/03/31	2.300%	919
Less: Current portion of lease liabilities			(17,957)
Non-Current portion of lease liabilities			<u>\$191,152</u>

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

19. Statements of Bonds Payable

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Description	Trustee.	Issue Date	Interest Payment Date	Interest Rates	Amount			Repayment Method	Collateral	Note
					Issue Amount	Converted or Redeemed Amount	As of December 31, 2025			
7th Unsecured Convertible Bonds Payable	Fubon Securities Co.,Ltd.	2021.7.27	-	-%	\$300,000	\$(2,400)	\$303,648	According to the terms of conversion, please refer to Note 6(13).	None	
8th Unsecured Convertible Bonds Payable	Fubon Securities Co.,Ltd.	2024.9.27	-	-%	1,500,000	-	1,500,000	According to the terms of conversion, please refer to Note 6(13).	None	
Less: Discounts on bonds payable							(123,273)			
Net							1,680,375			
Less: Current portion of bonds payable							(301,308)			
Non-Current portion of bonds payable							<u>\$1,379,067</u>			

Wafer Works Corp.

20. Statement of Contract liability

As of December 31, 2025

(In Thousands of New Taiwan Dollars)

Client Name	Amount	Note
Client D	\$51,047	1.The amount of individual client of the account balance.
Others	2,241	
Total	<u>\$53,288</u>	2.Received in advance.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

21. Statement of Changes in Net Defined Benefit Liability (Asset)

For the Year ended December 31, 2025

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
As of January 1, 2025	\$6,316	
Add: Pension costs	226	
Less: Actuarial gains and losses	(5,338)	
Current period contribution	<u>(6,109)</u>	
As of December 31, 2025	<u><u>\$(4,905)</u></u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

22. Statement of Operating Revenues

For the Year ended December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Quantity	Amount	Note
Semiconductor wafer	5,660 thousands PCS	\$4,552,645	
Others		<u>814</u>	
Total net operating revenues		<u><u>\$4,553,459</u></u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

23. Statement of Operating Costs

For the Year ended December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Direct Materials		
Beginning balance	\$288,714	
Add: Raw materials purchased	357,931	
Others	108,881	
Transfer	3,897	
Less: Ending balance	(229,707)	
Sales	(931)	
Others	(48,429)	
Transfer	(55,465)	
Transfer	(3)	
Direct materials used	<u>424,888</u>	
Supplies and parts		
Beginning balance	530,185	
Add: Supplies and parts purchased	1,210,879	
Less: Ending balance	(489,285)	
Procurement	(18,655)	
Others	(103,546)	
Write-off	(798)	
Supplies and parts used	<u>1,128,780</u>	
Direct labor	383,642	
Manufacturing overhead (Detailed list 24)	<u>1,947,573</u>	
Manufacturing cost	3,884,883	
Add: Work in process, beginning balance	624,792	
Transfer	55,465	
Transfer	1,150,835	
Less: Work in process, ending balance	(626,651)	
Sales	(40,806)	
Transfer	(293)	
Others	(16,402)	
Cost of finished goods	5,031,823	
Add: Finished goods, beginning balance	199,136	
Finished goods purchased	130	
Others	86,310	
Transfer	3	
Transfer	293	
Less: Finished goods, ending balance	(330,099)	
Transfer	(1,150,835)	
Others	(35,580)	
Transfer	(3,897)	
Cost of goods sold at normal production level	<u>3,797,284</u>	
Merchandise cost		
Beginning balance	29,510	
Add: Merchandise purchased	103,364	
Less: Ending balance	(30,580)	
Cost of merchandise sold	102,294	
Cost of raw materials sold directly	41,737	
Other costs	10,172	
Loss from inventory valuation	27,160	
Loss from inventory write-off	798	
Total	<u><u>\$3,979,445</u></u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

24. Statement of Manufacturing Overhead

For the Year ended December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Indirect labor	\$334,010	
Utilities	575,962	
Insurance	51,579	
Depreciation	573,653	
Amortization	271	
Import and export fee	26,591	
Equipment maintenance expense	234,485	
Others	151,022	
Total	<u>\$1,947,573</u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

25. Statement of Selling Expenses

For the Year ended December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	\$29,808	
Depreciation	506	
Import and export fee	54,310	
Consumables	16,522	
Sample fee	28,043	
Others	16,996	
Total	<u>\$146,185</u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

26. Statement of General and Administrative Expenses

For the Year ended December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	\$152,866	
Rent expense	14,029	
Maintenance Expense	14,030	
Utilities	21,828	
Depreciation	59,213	
Amortization	3,405	
Insurance	17,073	
Others	93,542	
Total	<u>\$375,986</u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Wafer Works Corp.

27. Statement of Research and Development Expenses

For the Year ended December 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	\$43,687	
Utilities	16,755	
Depreciation	7,870	
Materials utilized for testing	54,724	
Indirect materials	35,671	
Others	48,276	
Total	<u>\$206,983</u>	