

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

Ticker: 6182

**WAFER WORKS CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
AS OF MARCH 31, 2025 AND 2024
AND FOR THE THREE-MONTH PERIODS THEN ENDED**

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The reader is advised that these consolidated 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.

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

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Wafer Works Corp.(the "Company") and its subsidiaries as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2025 and 2024, and the notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 4(3), the financial statements of some non-significant subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of NT\$405,531 thousand and \$462,141 thousand, constituting 1.18% and 1.39% of the consolidated total assets, and total liabilities of NT\$22,301 thousand and NT\$20,054 thousand, constituting 0.27% and 0.24% of the consolidated total liabilities as of March 31, 2025 and 2024, respectively ; and total comprehensive income of NT\$(12,897) thousand and NT\$567 thousand, constituting (3.83)% and 0.09% of the consolidated total comprehensive income for the three-month periods ended March 31, 2025 and 2024, respectively. The information related to above subsidiaries disclosed in Note 13 was also not reviewed by independent accountants.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries been reviewed by independent accountants described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2025 and 2024, and their consolidated financial performance and cash flows for the three-month periods ended March 31, 2025 and 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Cheng, Ching-Piao

Chang, Chih-Ming

Ernst & Young

May 9, 2025

Taipei, Taiwan,

Republic of China

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Wafer Works Corp. and Subsidiaries

Consolidated Balance Sheets

As of March 31, 2025, December 31, 2024 and March 31, 2024

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of March 31, 2025		As of December 31, 2024		As of March 31, 2024	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
11xx	Current assets							
1100	Cash and cash equivalents	6(1)	\$7,455,254	22	\$7,878,232	23	\$9,250,260	28
1110	Financial assets at fair value through profit or loss	6(2)	12,102	-	-	-	11,110	-
1136	Financial assets measured at amortized cost	6(4), 8	389,780	1	1,713,301	5	781,648	2
1150	Notes receivable, net	6(5)	21,094	-	25,938	-	5,757	-
1170	Accounts receivable, net	6(6)	1,781,343	6	1,658,564	5	1,678,619	5
1200	Other receivables		115,703	-	59,368	-	46,647	-
1310	Inventories, net	6(7)	2,680,899	8	2,756,057	8	2,878,320	9
1410	Prepayments	6(8)	398,801	1	362,914	1	262,895	1
1470	Other current assets		99,830	-	53,250	-	48,029	-
	Total current assets		<u>12,954,806</u>	<u>38</u>	<u>14,507,624</u>	<u>42</u>	<u>14,963,285</u>	<u>45</u>
15xx	Non-current assets							
1517	Financial asset at fair value through OCI	6(3)	142,858	-	151,161	-	177,650	1
1536	Financial assets measured at amortized cost	6(4), 8	68,225	-	21,967	-	21,967	-
1600	Property, plant and equipment, net	6(9), 8, 9	18,193,720	53	17,409,088	50	15,952,029	48
1755	Right-of-use assets, net	6(24), 8	893,501	3	905,716	3	936,049	3
1780	Intangible assets, net	6(10)	44,238	-	43,947	-	47,268	-
1840	Deferred tax assets	4	46,121	-	46,018	-	42,744	-
1915	Prepayment for equipment	9	1,884,102	6	1,305,271	5	957,151	3
1920	Refundable deposits	9	87,037	-	85,429	-	85,450	-
1990	Other non-current assets	9	22,272	-	28,704	-	22,687	-
	Total non-current assets		<u>21,382,074</u>	<u>62</u>	<u>19,997,301</u>	<u>58</u>	<u>18,242,995</u>	<u>55</u>
	Total Assets		<u>\$34,336,880</u>	<u>100</u>	<u>\$34,504,925</u>	<u>100</u>	<u>\$33,206,280</u>	<u>100</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Wafer Works Corp. and Subsidiaries

Consolidated Balance Sheets-(Continued)

As of March 31, 2025, December 31, 2024 and March 31, 2024

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of March 31, 2025		As of December 31, 2024		As of March 31, 2024	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
21xx	Current liabilities							
2100	Short-term loans	6(11)	\$100,000	-	\$765,608	2	\$723,069	2
2120	Financial liabilities at fair value through profit or loss	6(12)	-	-	2,464	-	2,528	-
2130	Contract liabilities	6(22), 9	411,121	1	429,026	1	437,134	1
2170	Accounts payable		518,483	2	427,414	1	483,407	2
2200	Other payables	6(13)	782,088	3	844,093	3	852,743	3
2230	Current income tax liabilities	4	359,449	1	345,567	1	397,861	1
2250	Provisions	4,6(19)	1,798	-	-	-	-	-
2322	Current portion of long-term loans	6(17), 8	54,434	-	882,748	3	1,582,691	5
2281	Lease liabilities	6(24)	80,391	-	78,754	-	72,569	-
2399	Other current liabilities	6(14),6(15)	3,494	-	7,382	-	4,249	-
	Total current liabilities		<u>2,311,258</u>	<u>7</u>	<u>3,783,056</u>	<u>11</u>	<u>4,556,251</u>	<u>14</u>
25xx	Non-current liabilities							
2500	Financial liabilities at fair value through profit or loss	6(12)	26,550	-	18,000	-	-	-
2527	Contract liabilities	6(22), 9	-	-	-	-	62,847	-
2530	Bonds payable	6(16)	1,653,616	5	1,644,969	5	293,748	1
2540	Long-term loans	6(17), 8	3,525,609	11	2,554,333	7	2,419,143	8
2570	Deferred tax liabilities	4	83,963	-	73,695	-	100,802	-
2581	Lease liabilities	6(24)	317,205	1	336,471	1	369,841	1
2630	Long-term deferred revenue	6(15)	365,795	1	383,504	1	355,548	1
2640	Accrued pension liabilities	4	4,817	-	6,316	-	17,342	-
2645	Deposits received		5,304	-	11,400	-	39,173	-
	Total non-current liabilities		<u>5,982,859</u>	<u>18</u>	<u>5,028,688</u>	<u>14</u>	<u>3,658,444</u>	<u>11</u>
	Total liabilities		<u>8,294,117</u>	<u>25</u>	<u>8,811,744</u>	<u>25</u>	<u>8,214,695</u>	<u>25</u>
31xx	Equity attributable to shareholders of the parent							
3100	Capital	6(20)						
3110	Common stock		5,739,636	17	5,732,436	17	5,427,436	16
3200	Capital surplus	6(20)	6,972,773	20	6,967,673	20	6,264,251	19
3300	Retained earnings							
3310	Legal reserve		776,095	2	776,095	2	718,608	2
3320	Special reserve		408,286	1	408,286	1	265,458	1
3350	Unappropriated earnings		1,406,564	4	1,376,992	4	1,920,685	6
3400	Other components of equity		(40,069)	-	(142,603)	-	(215,973)	(1)
31xx	Equity attributable to the parent company		<u>15,263,285</u>	<u>44</u>	<u>15,118,879</u>	<u>44</u>	<u>14,380,465</u>	<u>43</u>
36xx	Non-controlling interests	6(20)	10,779,478	31	10,574,302	31	10,611,120	32
	Total equity		<u>26,042,763</u>	<u>75</u>	<u>25,693,181</u>	<u>75</u>	<u>24,991,585</u>	<u>75</u>
	Total liabilities and equity		<u>\$34,336,880</u>	<u>100</u>	<u>\$34,504,925</u>	<u>100</u>	<u>\$33,206,280</u>	<u>100</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Wafer Works Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three-month periods ended March 31, 2025 and 2024
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Notes	For the three-month periods ended March 31,			
			2025		2024	
			Amount	%	Amount	%
4000	Operating revenues	6(22)	\$2,303,920	100	\$1,972,861	100
5000	Operating costs	6(7), 6(25)	(1,825,828)	(79)	(1,537,342)	(78)
5900	Gross profit		478,092	21	435,519	22
6000	Operating expenses	6(25)				
6100	Sales and marketing		(34,433)	(1)	(39,329)	(2)
6200	General and administrative		(192,661)	(8)	(198,967)	(10)
6300	Research and development		(168,389)	(7)	(208,102)	(11)
6450	Expected credit gains (losses)	6(23)	3,454	-	(1,808)	-
	Total operating expenses		(392,029)	(16)	(448,206)	(23)
6900	Operating income (loss)		86,063	5	(12,687)	(1)
7000	Non-operating incomes and expenses	6(26)				
7100	Interest incomes		39,493	1	32,493	2
7010	Other incomes		31,570	1	21,755	1
7020	Other gains or losses		10,565	-	48,350	3
7050	Finance costs		(33,969)	(1)	(49,349)	(3)
	Total non-operating incomes and expenses		47,659	1	53,249	3
7900	Income before income tax		133,722	6	40,562	2
7950	Income tax expenses	4, 6(28)	(52,290)	(3)	(19,961)	(1)
8200	Net income		81,432	3	20,601	1
8300	Other comprehensive income (loss)	6(27)				
8310	Item that not be reclassified to profit or loss					
8316	Unrealized gains or losses on financial assets at fair value through other comprehensive income (loss)		(10,332)	-	(1,399)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation		265,986	12	633,512	32
	Total other comprehensive income (loss), net of tax		255,654	12	632,113	32
8500	Total comprehensive income		\$337,086	15	\$652,714	33
8600	Net income attributable to:					
8610	Stockholders of the parent		\$29,572	1	\$1,562	-
8620	Non-controlling interests		51,860	2	19,039	1
			\$81,432	3	\$20,601	1
8700	Total comprehensive income (loss) attributable to:					
8710	Stockholders of the parent		\$134,182	6	\$241,161	12
8720	Non-controlling interests		202,904	9	411,553	21
			\$337,086	15	\$652,714	33
9750	Earnings per share-basic (in NTD)	6(29)	\$0.05		\$-	
9850	Earnings per share-diluted (in NTD)	6(29)	\$0.05		\$-	

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Wafer Works Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the three-month periods ended March 31, 2025 and 2024

(Amounts Expressed In Thousands of New Taiwan Dollars)

	Items	Equity Attributable to Shareholders of the Parent									Non-controlling Interests	Total Equity
		Capital		Retained Earnings			Others			Total		
		Common stock		Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income			
Code		3100	3200	3310	3320	3350	3410	3420	3490	31xx	36xx	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	\$6,166,480	\$18,162,593
D1	Net income for the three-month periods ended March 31, 2024					1,562				1,562	19,039	20,601
D3	Other comprehensive income (loss), net of tax, for the three-month periods ended March 31, 2024						240,998	(1,399)		239,599	392,514	632,113
D5	Total comprehensive income (loss)	-	-	-	-	1,562	240,998	(1,399)	-	241,161	411,553	652,714
M7	Change in ownership interest of subsidiaries		2,130,629							2,130,629	4,027,634	6,158,263
O1	Non-controlling interests increase (decrease)										5,453	5,453
T1	Restricted Employee Stock and Other	8,600	28,423						(24,461)	12,562		12,562
Z1	Balance as of March 31, 2024	<u>\$5,427,436</u>	<u>\$6,264,251</u>	<u>\$718,608</u>	<u>\$265,458</u>	<u>\$1,920,685</u>	<u>\$(44,335)</u>	<u>\$(124,352)</u>	<u>\$(47,286)</u>	<u>\$14,380,465</u>	<u>\$10,611,120</u>	<u>\$24,991,585</u>
A1	Balance as of January 1, 2025	\$5,732,436	\$6,967,673	\$776,095	\$408,286	\$1,376,992	\$50,604	\$(154,632)	\$(38,575)	\$15,118,879	\$10,574,302	\$25,693,181
D1	Net income for the three-month periods ended March 31, 2025					29,572				29,572	51,860	81,432
D3	Other comprehensive income (loss), net of tax, for the three-month periods ended March 31, 2025						114,942	(10,332)		104,610	151,044	255,654
D5	Total comprehensive income (loss)	-	-	-	-	29,572	114,942	(10,332)	-	134,182	202,904	337,086
O1	Non-controlling interests increase (decrease)										2,272	2,272
T1	Restricted Employee Stock and Other	7,200	5,100						(2,076)	10,224		10,224
Z1	Balance as of March 31, 2025	<u>\$5,739,636</u>	<u>\$6,972,773</u>	<u>\$776,095</u>	<u>\$408,286</u>	<u>\$1,406,564</u>	<u>\$165,546</u>	<u>\$(164,964)</u>	<u>\$(40,651)</u>	<u>\$15,263,285</u>	<u>\$10,779,478</u>	<u>\$26,042,763</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Wafer Works Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the three-month periods ended March 31, 2025 and 2024

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	For the three-month periods ended March 31		Code	Items	For the three-month periods ended March 31	
		2025	2024			2025	2024
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$133,722	\$40,562	B00010	Acquisition (disposal) of financial assets at fair value through other comprehensive income	-	(63,100)
A20000	Adjustments:			B00040	Acquisition of financial assets at amortised cost	-	(465,849)
A20010	Profit or loss not effecting cash flows:			B00050	Disposal of financial assets at amortised cost	1,277,263	-
A20100	Depreciation (Including right of use assets)	482,340	440,328	B02700	Acquisition of property, plant and equipment	(1,076,344)	(358,834)
A20200	Amortization	3,109	3,066	B02800	Proceeds from disposal of property, plant and equipment	701	1,411
A20300	Expected credit losses (gain on recovery)	(3,454)	1,808	B03700	Decrease (increase) in refundable deposits	(1,608)	(411)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	6,086	6,693	B04500	Acquisition of intangible assets	(2,854)	(250)
A20900	Interest expense	33,969	49,349	B07100	Decrease (increase) in prepayments for equipment	(578,831)	(103,827)
A21200	Interest income	(39,493)	(32,493)	B09900	Other investing activities	9,483	-
A21900	Share-based payment	12,496	18,015	BBBB	Net cash provided by (used in) investing activities	(372,190)	(990,860)
A22500	Loss (gain) on disposal of property, plant and equipment	(563)	(463)				
A29900	Loss (gain) on government grants	(23,543)	(17,240)	CCCC	Cash flows from financing activities:		
A30000	Changes in operating assets and liabilities:			C00100	Increase in (repayment of) short-term loans	(665,608)	(238,149)
A31115	Financial assets at fair value through profit or loss	(12,102)	(11,110)	C01600	Increase in long-term loans	3,433,905	149,300
A31130	Notes receivable	4,844	(650)	C01700	Repayment of long-term loans	(3,313,285)	(123,678)
A31150	Accounts receivable	(119,413)	(187,151)	C03000	Increase (decrease) in guarantee deposits received	(6,096)	(8,935)
A31180	Other receivable	(53,514)	(17,203)	C04020	Payments of lease liabilities	(23,513)	(22,122)
A31200	Inventories	75,158	(99,011)	C05800	Increase (decrease) in non-controlling interests	-	6,158,263
A31230	Prepayment	(29,455)	6,673	CCCC	Net cash provided by (used in) financing activities	(574,597)	5,914,679
A31240	Other current assets	(46,580)	(28,560)				
A32125	Contract liabilities	(17,905)	2,983	DDDD	Effect of exchange rate changes on cash and cash equivalents	125,164	308,145
A32150	Accounts payable	91,069	127,054				
A32180	Other payable	(83,007)	(63,701)	EEEE	Net Increase (decrease) in cash and cash equivalents	(422,978)	5,414,788
A32200	Provisions	1798	-	E00100	Cash and cash equivalents at beginning of period	7,878,232	3,835,472
A32230	Other current liabilities	(70)	(413)	E00200	Cash and cash equivalents at end of period	\$7,455,254	\$9,250,260
A32240	Accrued pension liabilities	(1,499)	(1,342)				
A33000	Cash generated from operations	413,993	237,194				
A33100	Interest received	36,947	31,716				
A33300	Interest paid	(23,498)	(46,926)				
A33500	Income tax paid	(28,797)	(39,160)				
AAAA	Net cash provided by (used in) operating activities	398,645	182,824				

(The accompanying notes are an integral part of the consolidated financial statements.)

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) Technical 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 consolidated financial statements of the Company and subsidiaries (“the Group”) for the three-month periods ended March 31, 2025 and 2024 were authorized for issue by the Board of Directors on May 9, 2025.

3. Newly issued or revised standards and interpretations

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

The Group 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 1 January 2025. The adoption of these new standards and amendments had no material impact on the Group.

- (2) The Q&A related to the early application of certain amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" issued by the FSC, which has not yet been adopted by the Group as at the date when the Group’s financial statements were authorized for issue.

In the Q&A, only Section 4.1 (Classification of Financial Assets) of the application guidance is allowed to early adopt from 1 January 2025. Additionally, entities must also comply with

WAFER WORKS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

the requirements of paragraphs 20B, 20C and 20D of IFRS 7 and disclose the fact of early adoption of these amendments in the financial statements.

- (3) Standards or interpretations issued, revised or amended, by IASB which have not been endorsed by FSC, but not yet adopted by the Group as at the date when the Group'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 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 17 “Insurance Contracts”	January 1, 2023
c	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
d	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
e	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	January 1, 2026
f	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
g	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	January 1, 2026

- (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

WAFER WORKS CORPORATION AND SUBSIDIARIES

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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.

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 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.

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

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

(1) 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.

(2) 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.

(3) 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.

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

This standard permits 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.

(E) 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.

(F) 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.

(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.

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

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the three-month periods ended March 31, 2025 and 2024 have been prepared in accordance with the Regulations Governing the

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Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

Except for the following 4(4)~4(6), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2024. For more details, please refer to Note 4 of the Company's consolidated financial statements for the year ended December 31, 2024.

(2)Basis of preparation

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

(3)Basis of consolidation

The same principles of consolidation have been applied in the Group's consolidated financial statements as those applied in the Group's consolidated financial statements for the year ended December 31, 2024. For the principles of consolidation, please refer to Note 4(3) of the Group's consolidated financial statements for the year ended December 31, 2024.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Wafer Works Corp.	Wafer Works Investment Corp.	Investment Holding Company	100.00%	100.00%	100.00%
Wafer Works Corp.	Heli-Vantech Corp.	Design, trading and manufacturing of semiconductor materials	100.00%	100.00%	100.00%
Wafer Works Corp.	HuaXin (Shanghai)	Trading of semiconductor	100.00%	100.00%	100.00%

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Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
	Technology Co., Ltd.	materials			
Wafer Works Corp.	Silicon Works Technology Corporation	Manufacturing and international trade of electronic components, machinery, chemical materials, and related products	100.00% (Note1)	-	-
Wafer Works Investment Corp.	Silicon Technology Investment (Cayman) Corp.	Investment Holding Company	89.2615%	89.2615%	89.2615%
Wafer Works Investment Corp.	Wafermaster Investment Corp.	Investment Holding Company	100.00%	100.00%	100.00%
Silicon Technology Investment (Cayman) Corp.	Wafer Works (Shanghai) Co., Ltd.	R&D, production and sales of semiconductor materials	48.0307% (Note)	48.0307% (Note)	48.2772% (Note)
Silicon Technology Investment (Cayman) Corp.	Sharp Right Limited	Trading company	100.00%	100.00%	100.00%
Wafermaster Investment Corp.	Helitek Company Ltd.	Trading of semiconductor materials	100.00%	100.00%	100.00%
Wafer Works (Shanghai) Co., Ltd.	Wafer Works (Yangzhou) Corp.	R&D, production and sales of semiconductor materials	100.00%	100.00%	100.00%

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Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Wafer Works (Shanghai) Co., Ltd.	Wafer Works Epitaxial Corp.	R&D, production and sales of semiconductor materials	100.00%	100.00%	100.00%
Wafer Works (Shanghai) Co., Ltd.	Wafer Works (Zhengzhou) Corp.	R&D, production and sales of semiconductor materials	100.00%	100.00%	100.00%

Note : The subsidiary of the Company, Wafer Works (Shanghai) Co., Ltd. was officially listed on the Shanghai Stock Exchange's STAR Market on February 8, 2024 and conducted a cash issuance in 66,206 thousand shares. And some employee share options were exercised in 3,398 thousand shares on May 22, 2024.

The Company's subsidiary, Silicon Technology Investment (Cayman) Corp., did not participate in the cash capital increase and exercise employee share, reducing its ownership interest on Wafer Works (Shanghai) Co., Ltd. reduced from 53.6413% to 48.0307%. Although the Group had 48.0307% ownership of Wafer Works (Shanghai) Co., Ltd. However, after taking into consideration factors such as absolute size of the Company's holding, relative size of the other shareholdings, how widely spread are the remaining shareholders, the Group reached the conclusion that it has de facto control over these invested companies.

Note1 : The company directly invested in the establishment of a wholly owned subsidiary, which completed its registration on March 4, 2025.

The financial statements of some non-significant subsidiaries were not reviewed by independent accountants. The total assets of these subsidiaries as of March 31, 2025 and 2024 are NT\$405,531 thousand and NT\$462,141 thousand. The total liabilities of these subsidiaries as of March 31, 2025 and 2024 are NT\$22,301 thousand and NT\$20,054 thousand. The total comprehensive income of these subsidiaries for the three-month periods ended March 31, 2025 and 2024 are NT\$(12,897) thousand and NT\$567 thousand.

(4) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, 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 Group 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

(5) Post-employment benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(6) Income taxes

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require

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a material adjustment to the carrying amount of the asset or liability affected in future periods.

The same significant accounting judgments, estimates and assumptions have been applied in the Group's consolidated financial statements for the three-month periods ended March 31, 2025 as those applied in the Group's consolidated financial statements for the year ended December 31, 2024. For significant accounting judgments, estimates and assumptions, please refer to Note 5 to the Group's consolidated financial statements for the year ended December 31, 2024.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Cash on hand	\$284	\$284	\$389
Checking and savings	2,274,555	4,129,943	8,343,847
Time deposits (Note)	4,950,415	3,748,005	756,024
Resale agreements collateralized by corporate bonds	230,000	-	150,000
Total	<u>\$7,455,254</u>	<u>\$7,878,232</u>	<u>\$9,250,260</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 assets at fair value through profit or loss

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Mandatorily measured at fair value through profit or loss:			
Stocks	<u>\$12,102</u>	<u>\$-</u>	<u>\$11,110</u>
Current	\$12,102	\$-	\$11,110
Non-current	-	-	-
Total	<u>\$12,102</u>	<u>\$-</u>	<u>\$11,110</u>

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Financial assets at fair value through profit or loss were not pledged.

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

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Equity instruments investments measured at fair value through other comprehensive income –			
Non-current:			
Listed companies stocks	\$184,960	\$182,692	\$178,452
Unlisted companies stocks	128,523	128,271	127,800
Valuation adjustment of financial assets as measured by fair value through profit and loss	(170,625)	(159,802)	(128,602)
Total	<u>\$142,858</u>	<u>\$151,161</u>	<u>\$177,650</u>

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

(4) Financial assets measured at amortized cost

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Certificate of deposit – restricted	\$87,937	\$230,199	\$217,289
Time deposits	370,068	1,505,069	586,326
	<u>\$458,005</u>	<u>\$1,735,268</u>	<u>\$803,615</u>
Current	\$389,780	\$1,713,301	\$781,648
Non-current	68,225	21,967	21,967
Total	<u>\$458,005</u>	<u>\$1,735,268</u>	<u>\$803,615</u>

The Group 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.

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(5)Notes receivable

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Notes receivable arising from operating activities	\$21,094	\$25,938	\$5,757
Less: loss allowance	-	-	-
Total	<u>\$21,094</u>	<u>\$25,938</u>	<u>\$5,757</u>

Notes receivable were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(23) for more details on loss allowance and Note 12 for more details on credit risk management.

(6)Trade receivables

(a)Trade receivables, net consist of the follow:

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Trade receivables	\$1,786,886	\$1,667,473	\$1,688,439
Less: loss allowance	(5,543)	(8,909)	(9,820)
Total	<u>\$1,781,343</u>	<u>\$1,658,564</u>	<u>\$1,678,619</u>

(b)Accounts receivable were not pledged.

(c)Accounts receivable are generally on 60 to 90 day terms. The total carrying amounts were NT\$1,786,886 thousand, NT\$1,667,473 thousand and NT\$1,688,439 thousand as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively. Please refer to Note 6(23) for more details on loss allowance of accounts receivable for the three-month periods ended March 31, 2025 and 2024, respectively. Please refer to Note 12 for more details on credit risk management.

(7)Inventories

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(a) Inventories consist of the following:

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Raw materials	\$387,058	\$447,883	\$420,231
Supplies & parts	861,170	864,601	936,180
Work in progress	821,901	800,313	817,582
Finished goods	592,447	618,823	687,748
Merchandises	18,323	24,437	16,579
Total	<u>\$2,680,899</u>	<u>\$2,756,057</u>	<u>\$2,878,320</u>

(b) The cost of inventories recognized in expenses amounted to NT\$1,825,828 thousand and NT\$1,537,342 thousand for the three-month periods ended March 31, 2025 and 2024, respectively. The following losses were included in cost of sales :

Item	For the three-month periods ended March 31,	
	2025	2024
Loss from inventory market decline	<u>\$1,902</u>	<u>\$5,154</u>

(c) Inventories were not pledged.

(8) Prepayments

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Office supplies	\$113,149	\$115,308	\$125,428
Other prepaid expenses	86,012	96,127	84,539
Prepayment for purchase	199,640	151,479	52,928
Total	<u>\$398,801</u>	<u>\$362,914</u>	<u>\$262,895</u>

(9) Property, plant and equipment

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Owner occupied property, plant and equipment	<u>\$18,193,720</u>	<u>\$17,409,088</u>	<u>\$15,952,029</u>

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(a) Owner occupied property, plant and equipment

	Land	Buildings	Machinery	Transportation	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2025	\$259,131	\$4,541,900	\$24,610,981	\$39,820	\$485,934	\$435,674	\$2,995,374	\$33,368,814
Additions	-	-	-	-	-	-	1,099,041	1,099,041
Reclassification	-	-	401,823	270	2,672	2,285	(407,050)	-
Disposals	-	-	(50,073)	-	(114)	(269)	-	(50,456)
Exchange differences	-	43,507	198,106	441	3,020	2,223	6,278	253,575
As of March 31, 2025	<u>\$259,131</u>	<u>\$4,585,407</u>	<u>\$25,160,837</u>	<u>\$40,531</u>	<u>\$491,512</u>	<u>\$439,913</u>	<u>\$3,693,643</u>	<u>\$34,670,974</u>

Depreciation and impairment:

As of January 1, 2025	\$-	\$1,106,841	\$14,170,717	\$26,493	\$353,408	\$302,267	\$-	\$15,959,726
Depreciation	-	33,097	406,829	809	11,792	8,102	-	460,629
Disposals	-	-	(49,954)	-	(108)	(256)	-	(50,318)
Exchange differences	-	8,680	94,339	263	2,300	1,635	-	107,217
As of March 31, 2025	<u>\$-</u>	<u>\$1,148,618</u>	<u>\$14,621,931</u>	<u>\$27,565</u>	<u>\$367,392</u>	<u>\$311,748</u>	<u>\$-</u>	<u>\$16,477,254</u>

	Land	Buildings	Machinery	Transportation	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2024	\$259,131	\$4,380,027	\$22,587,949	\$33,214	\$480,493	\$434,331	\$1,399,814	\$29,574,959
Additions	-	-	-	-	-	-	404,856	404,856
Reclassification	-	181	229,756	-	3,140	1,106	(234,183)	-
Disposals	-	-	(8,234)	-	(11)	-	-	(8,245)
Exchange differences	-	117,103	500,782	932	8,359	5,989	8,958	642,123
As of March 31, 2024	<u>\$259,131</u>	<u>\$4,497,311</u>	<u>\$23,310,253</u>	<u>\$34,146</u>	<u>\$491,981</u>	<u>\$441,426</u>	<u>\$1,579,445</u>	<u>\$30,613,693</u>

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	Land	Buildings	Machinery	Transportation	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Depreciation and impairment:								
As of January 1, 2024	\$-	\$963,036	\$12,441,296	\$29,088	\$303,222	\$269,976	\$-	\$14,006,618
Depreciation	-	31,899	364,907	368	14,856	7,999	-	420,029
Disposals	-	-	(7,287)	-	(10)	-	-	(7,297)
Exchange differences	-	19,605	212,793	788	5,480	3,648	-	242,314
As of March 31, 2024	<u>\$-</u>	<u>\$1,014,540</u>	<u>\$13,011,709</u>	<u>\$30,244</u>	<u>\$323,548</u>	<u>\$281,623</u>	<u>\$-</u>	<u>\$14,661,664</u>
Net carrying amount as of:								
March 31, 2025	<u>\$259,131</u>	<u>\$3,436,789</u>	<u>\$10,538,906</u>	<u>\$12,966</u>	<u>\$124,120</u>	<u>\$128,165</u>	<u>\$3,693,643</u>	<u>\$18,193,720</u>
December 31, 2024	<u>\$259,131</u>	<u>\$3,435,059</u>	<u>\$10,440,264</u>	<u>\$13,327</u>	<u>\$132,526</u>	<u>\$133,407</u>	<u>\$2,995,374</u>	<u>\$17,409,088</u>
March 31, 2024	<u>\$259,131</u>	<u>\$3,482,771</u>	<u>\$10,298,544</u>	<u>\$3,902</u>	<u>\$168,433</u>	<u>\$159,803</u>	<u>\$1,579,445</u>	<u>\$15,952,029</u>

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

(c) Significant components of PPE are depreciation over their useful lives.

(10) Intangible assets

	Computer software
Cost:	
As of January 1, 2025	\$82,671
Addition	2,854
Reduction	(270)
Exchange differences	1,018
As of March 31, 2025	<u>\$86,273</u>
Cost:	
As of January 1, 2024	\$78,381
Addition	250
Reduction	(287)

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	Computer software
Exchange differences	2,621
As of March 31, 2024	<u>\$80,965</u>

Amortization:

As of January 1, 2025	\$38,724
Amortization and Impairment	3,109
Decrease	(270)
Exchange differences	472
As of March 31, 2025	<u>\$42,035</u>

Amortization:

As of January 1, 2024	\$29,969
Amortization and Impairment	3,066
Decrease	(287)
Exchange differences	949
As of March 31, 2024	<u>\$33,697</u>

Net carrying amount as of:

March 31, 2025	<u>\$44,238</u>
December 31, 2024	<u>\$43,947</u>
March 31, 2024	<u>\$47,268</u>

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

	For the three-month periods ended March 31,	
	2025	2024
Operating costs	\$341	\$297
General and administrative	2,763	2,764
Research and development	5	5
Total	<u>\$3,109</u>	<u>\$3,066</u>

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(11) Short-term loans

	Interest Rate (%)	As of		
		Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Unsecured financial structure loans	1.79%~2.06%	\$100,000	\$765,608	\$723,069

The Group's unused short-term lines of credits amounted to NT\$7,962,010 thousand, NT\$6,918,336 thousand and NT\$7,315,691 thousand as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively.

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

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Mandatorily measured at fair value through profit or loss:			
Embedded derivative	\$26,550	\$18,000	\$-
Forward exchange contracts	-	2,464	2,528
Total	\$26,550	\$20,464	\$2,528
Current	\$-	\$2,464	\$2,528
Non-current	26,550	18,000	-
Total	\$26,550	\$20,464	\$2,528

(13) Other payables

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Accrued expense	\$554,753	\$637,760	\$650,039
Payable on equipment	223,343	200,646	192,224
Accrued interest payable	3,992	5,687	10,480
Total	\$782,088	\$844,093	\$852,743

(14) Other current liabilities

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(a) Other current liabilities consist of the following:

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Other current liabilities	\$2,847	\$2,917	\$2,181
Deferred government grants income	647	4,465	2,068
Total	<u>\$3,494</u>	<u>\$7,382</u>	<u>\$4,249</u>

(b) Please refer to Note 6(15) for more details on the change of the deferred government grants income for the three-month periods ended March 31, 2025 and 2024.

(c) Please refer to Note 6(17) for more details on interest rate of the deferred government grants income.

(15) Deferred revenue

Government grants

	For the three-month periods ended Mar. 31,	
	2025	2024
Beginning balance	\$387,969	\$358,409
Received during the period	11,895	2,525
Early repayment during the period	(14,955)	-
Released to the statement of comprehensive income	(23,543)	(17,240)
Exchange differences	<u>5,076</u>	<u>13,922</u>
Ending Balance	<u>\$366,442</u>	<u>\$357,616</u>

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Current	\$647	\$4,465	\$2,068
Non-current	365,795	383,504	355,548
Total	<u>\$366,442</u>	<u>\$387,969</u>	<u>\$357,616</u>

The Group obtain Government grants because the local semiconductor industry in mainland

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China develops and throws facilities for manufacture. The grants relates to assets, so it recognizes to deferred revenue and install to recognize to revenue.

(16)Bonds payable

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

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Liability component:			
Principal amount	\$1,797,600	\$1,797,600	\$297,600
Less: discounts on bonds payable	(143,984)	(152,631)	(3,852)
Subtotal	1,653,616	1,644,969	293,748
Less: current portion	-	-	-
Net	<u>\$1,653,616</u>	<u>\$1,644,969</u>	<u>\$293,748</u>
Embedded derivative - redemption, put options	<u>\$26,550</u>	<u>\$18,000</u>	<u>\$-</u>
Equity component - conversion right	<u>\$231,732</u>	<u>\$231,732</u>	<u>\$12,685</u>

For the details of the gain and loss from valuation through profit and loss on embedded derivative, redemption, put options, and the interest expense on the convertible bonds payable, please refer to Notes 6(26) to the consolidated financial statement.

B. On July 27, 2021, the Group 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%

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- (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 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.

Due to the distribution of cash dividends at NT\$2.50 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\$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.

(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 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

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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) 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 Group 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% of par value

(D) Coupon rate: 0%

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

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- (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 exercise the right to sell back in accordance with Article 19 of the Company's conversion rules, or 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 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.
- (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

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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.

- (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

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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.

(J) Put option of the bondholders: The bondholders can execute put option after three years from the 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 March 31, 2025. The surplus due to the conversion amounted to NT\$1,938 thousand, recorded under additional paid-in capital.

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(17) Long-term loans

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

Debtor	As of March 31, 2025	Maturity and Terms
Secured Long-Term Joint guarantee Loan from Land Bank of Taiwan and others	\$2,760,000	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 1st 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 1st to 4th payments will each repay 3% of the principal, 5th to 8th payments will be 5% each, 9th to 12th payments will be 7% each, 13th to 16th payments will be 10% each and the remaining principal will be repaid up at maturity.
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.
Credit Long-Term Loan from Chang Hwa Bank	271,317	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. Interest will be paid on the 15th of each month.
Credit Long-Term Loan from Hua Nan Bank	4,721	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.

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Debtor	As of March	Maturity and Terms
	31, 2025	
Credit Long-Term Loan from Chang Hwa Bank	4,683	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	5,177	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 First Commercial Bank	14,877	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	2,817	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	2,727	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.
Secured Long-Term Loan from China Development Bank	462,580	Effective March 25, 2025 to March 25, 2035. Grace period is 3 years. the following terms are defined as every 6 months since then. The principal and interest are repayable in installments of equal amount for 15 terms. Interest shall be paid quarterly.
Total	3,592,019	
Less: current portion	(54,434)	
Syndicated loan	(11,976)	

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Debtor	As of March 31, 2025	Maturity and Terms
arrangement fee		
Non-current portion	<u>\$3,525,609</u>	

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 1st 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 1st to 4th payments will each repay 3% of the principal, 5th to 8th payments will be 5% each, 9th to 12th payments will be 7% each and the remaining principal will be repaid up at maturity.
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 construction is completed, the long-term factory construction shelving funds may be refinanced.
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 two years. Principal is prepaid from the third year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.

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Debtor	As of December 31, 2024	Maturity and Terms
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 form 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 day 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 day 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 form 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	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 day of each month. Interest will be paid on the 15th of each month.
Secured 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 day of each month. Interest will be paid on the 15th of each month.

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Debtor	As of December 31, 2024	Maturity and Terms
Secured 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 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 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 from 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 from the fourth year monthly on the 15th day of each month.
Secured Long-Term Joint guarantee Loan from Taiwan Cooperative Bank	133,403	Effective July 30, 2019 to July 30, 2026. Grace period is 42 months from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 8 terms. Interest shall be paid quarterly. The 1st to 3rd payments will each repay 10% of the principal, and the remaining principal will be repaid up at maturity.
Credit Long-Term Joint guarantee Loan from Taiwan Cooperative Bank	155,256	Effective July 30, 2019 to July 30, 2026. Grace period is 42 months from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since

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Debtor	As of December 31, 2024	Maturity and Terms
Secured Long-Term Loan from China Development Bank	373,987	then. The principal is repayable in installments of equal amount for 8 terms. Interest shall be paid quarterly. The 1st to 3rd payments will each repay 10% of the principal, and the remaining principal will be repaid up at maturity. Effective September 25, 2018 to September 25, 2026. Grace period is 1 years. the following terms are defined as every 6 months since then. The principal and interest are repayable in installments of equal amount for 15 terms. Interest shall be paid quarterly.
Total	3,437,081	
Less: current portion	(882,748)	
Non-current portion	<u>\$2,554,333</u>	
Debtor	As of March 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 1st 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 1st to 4th payments will each repay 3% of the principal, 5th to 8th payments will be 5% each, 9th to 12th payments will be 7% each and the remaining principal will be repaid up at maturity.

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Debtor	As of March 31, 2024	Maturity and Terms
Secured Long-Term Loan from Land Bank of Taiwan	5,120	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.
Secured Long-Term Loan from Land Bank of Taiwan	73,576	Effective July 9, 2020 to June 15, 2027. Interest payments are due monthly for the first three years. Principal is prepaid form the third year monthly on the 15 th day of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Loan from Land Bank of Taiwan	78,733	Effective June 9, 2021 to June 15, 2027. Interest payments are due monthly for the first two years. Principal is prepaid form 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	9,145	Effective October 19, 2020 to October 19, 2025. The principal will be paid monthly on the 15th day of each month and interest shall be paid monthly.
Credit Long-Term Loan from Taiwan Cooperative Bank	35,474	Effective March 10, 2022 to March 10, 2027. The principal will be paid monthly on the 15th day of each month and interest shall be paid monthly.
Credit Long-Term Loan from Taiwan Cooperative Bank	228,078	Effective May 20, 2022 to May 20, 2027. Interest payments are due monthly for the first two years. Principal is prepaid form 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	60,676	Effective March 1, 2023 to February 15, 2030. Interest payments are due monthly for the first three years. Principal is prepaid form

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Debtor	As of March 31, 2024	Maturity and Terms
		the fourth year monthly on the 15th day of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Loan from Land Bank of Taiwan	54,228	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. Interest will be paid on the 15th of each month.
Secured Long-Term Loan from Chang Hwa Bank	16,637	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 day of each month. Interest will be paid on the 15th of each month.
Secured Long-Term Loan from Hua Nan Bank	60,220	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.
Secured Long-Term Loan from Taiwan Business Bank	8,121	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.
Secured Long-Term Joint guarantee Loan from Taiwan Cooperative Bank	347,286	Effective July 30, 2019 to July 30, 2024. Grace period is 42 months from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly. The 1st to 3rd payments will each repay 10% of the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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Debtor	As of March 31, 2024	Maturity and Terms
		principal, and the remaining principal will be repaid up at maturity.
Secured Long-Term Joint guarantee Loan from Taiwan Cooperative Bank	404,176	Effective July 30, 2019 to July 30, 2024. Grace period is 42 months from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly. The 1st to 3rd payments will each repay 10% of the principal, and the remaining principal will be repaid up at maturity.
Secured Long-Term Loan from China Development Bank	640,449	Effective September 25, 2018 to September 25, 2026. Grace period is 1 years. the following terms are defined as every 6 months since then. The principal and interest are repayable in installments of equal amount for 15 terms. Interest shall be paid quarterly.
Credit Long-Term Loan from China Construction Bank	90,204	Effective May 24, 2023 to November 23, 2024. Interest is paid quarterly and calculated based on the outstanding principal balance, with the principal paid off at maturity.
Secured Long-Term Loan from China Development Bank	549,119	Effective October 23, 2019 to October 22, 2025. Grace period is 1 year from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 9 terms. Interest shall be paid quarterly.
Credit Long-Term Loan from China Construction Bank	40,592	Effective November 14, 2022 to November 13, 2024. Grace period is half year from the initial draw-down date. The initial draw-

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Debtor	As of March	Maturity and Terms
	31, 2024	
		down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal is repayable in installments of equal amount for 4 terms. Interest shall be paid quarterly.
Total	4,001,834	
Less: current portion	(1,582,691)	
Non-current portion	<u>\$2,419,143</u>	

(a) 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.

(b) The Group has entered into an agreement of syndicated loans in credit line of RMB370,000 thousand with Taiwan Cooperative Bank and 3 other banks on May 6, 2019. According to the agreement, the Company's annual consolidated financial statements should meet certain criteria with respect to liquidity ratio, liability ratio and interest expenditure coverage, and the tangible net value shall not be less than RMB1,000,000 thousand.

The Group signed the supplementary agreement on April 15, 2024, and the syndicate of lending banks agreed to extend the original credit period from 5 years to 7 years.

(c) On September 19, 2019, the Group signed a loan contract with China Development Bank in credit line of USD1,800,000 thousand. According to the contract, the Company's financial statements should maintain a specific debt ratio during the loan period.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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(d) As of March 31, 2025, December 31, 2024 and March 31, 2024, the interest rate intervals for long-term loans were 1.33%~3.20%, 1.33%~5.19% and 1.33%~7.88%, respectively.

(e) The Group received a low-interest government loan from the Ministry of Economic Affairs in the amounting NT\$321,250 thousand with a term of 5~7 years and annual interest rates of 1.33%~1.63% payable monthly on the 15th day each month. The government grant of the low-interest government loan was recorded under other liabilities-deferred government grants income. The Group shall recognize the government grant income when it is reasonably assured that the Group meets all the terms of the government grant agreement.

(f) Please refer to Note 8 for more detail of assets pledged as collaterals.

(18) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended March 31, 2025 and 2024 were NT\$8,403 thousand and NT\$8,279 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended March 31, 2025 and 2024 were NT\$56 thousand and NT\$90 thousand, respectively.

(19) Provisions

	<u>Carbon fee</u>
As of January 1, 2025	\$-
Arising during the period	<u>1,798</u>
As of March 31, 2025	<u><u>\$1,798</u></u>

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 Group is subject to carbon fees. However, due to uncertainties related to factors such as the application of inventory methodologies and

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technologies, the impact of operational activities on emissions, or the results of auditing operations by the competent authority, the Group 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.

(20)Equity

(a)Common stock

As of March 31, 2025, December 31, 2024 and March 31, 2024, the Company's authorized capital were NT\$7,000,000 thousand, each share at par value of NT\$10, divided into 700,000 thousand shares. The Company's paid-in capital were NT\$5,739,636 thousand, NT\$5,732,436 thousand and NT\$5,427,436 thousand, respectively, divided into 573,964 thousand shares, 573,244 thousand shares and 542,744 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-Supervisory-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.

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-Supervisory-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-Supervisory-Securities-Corporate-1130365911. The board of directors

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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 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 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.

(b) Additional paid-in capital

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Additional paid-in capital	\$3,569,505	\$3,569,505	\$3,065,181
All changes in interests in subsidiaries	3,074,962	3,074,962	3,095,943
Stock options – convertible rights	231,732	231,732	12,685
Restricted employee stock option	65,335	60,235	59,203
Other	31,239	31,239	31,239
Total	<u>\$6,972,773</u>	<u>\$6,967,673</u>	<u>\$6,264,251</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

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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.

(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

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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:

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 March 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 2024 and 2023 were approved through the Board of Directors' meetings and shareholders' meetings held on March 15, 2025 and June 21, 2024, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share	
	2024	2023	(in NT\$)	
			2024	2023
Legal reserve	\$1,097	\$57,487		
Special reserve	(232,537)	142,828		
Common stock — cash dividend	-	352,783	\$-	\$0.65
Total	<u>\$(231,440)</u>	<u>\$553,098</u>		

Please refer to 6(25) for detail on employees' compensation and remuneration to directors and supervisors.

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(d) Non-controlling interests

	For the three-month periods ended March 31,	
	2025	2024
Beginning balance	\$10,574,302	\$6,166,480
Profit attributable to non-controlling interests	51,860	19,039
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	151,044	392,514
Issue of shares by the subsidiary	-	6,158,263
Acquisition of new shares in a subsidiary not in proportionate to ownership interest	-	(2,130,629)
Issuance of employees share options by the subsidiary	2,272	5,453
Ending balance	<u>\$10,779,478</u>	<u>\$10,611,120</u>

(21) Share-based payment plans

(a) Share-based payment plan for employees of the parent entity

Remuneration-based restricted employee stock option plan.

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. 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

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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. 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 \$43.05 per share, NT\$31.95 per share and NT\$26.9 per share, 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 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. 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

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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.

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.

On May 12, 2023, the Company issued 950 thousand restricted employee stock option through a capital increase, generating a capital surplus - employee stock options of \$30,780 thousand. As of March 31, 2025, the unearned employee compensation balance was \$3,171 thousand.

On January 5, 2024, the Company issued 860 thousand restricted employee stock option through a capital increase, generating a capital surplus - employee stock options of \$28,423

thousand. As of March 31, 2025, the unearned employee compensation balance was \$6,339 thousand.

On November 13, 2024, the Company issued 640 thousand restricted employee stock option through a capital increase, generating a capital surplus - employee stock options of \$14,048 thousand. As of March 31, 2025, the unearned employee compensation balance was \$14,910 thousand.

On January 2, 2025, the Company issued 370 thousand restricted employee stock option through a capital increase, generating a capital surplus - employee stock options of \$6,253 thousand. As of March 31, 2025, the unearned employee compensation balance was \$8,336 thousand.

On March 25, 2025, the Company issued 350 thousand restricted employee stock option through a capital increase, generating a capital surplus - employee stock options of \$4,848 thousand. As of March 31, 2025, the unearned employee compensation balance was \$7,895 thousand.

(b) Share-based payment plan for employees of the subsidiary

On May 15, 2020, the subsidiary was authorized by the Shareholders' meeting to issue employee share options with a total number of 8,080 thousand units. Each unit entitles an optionee to subscribe for one share of the subsidiary's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares by the subsidiary. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 12 months from the grant date.

The fair value of the share options is estimated at the grant date using a binomial option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The contractual term of each option granted is six years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

On November 7, 2022, the subsidiary was authorized by the Extraordinary Shareholders'

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meeting to issue employee share options with a total number of 4,450 thousand units. Each unit entitles an optionee to subscribe for one share of the subsidiary's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares by the subsidiary. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 12 months and after the completion of the initial public offering and listing of the company from the grant date.

The fair value of the share options is estimated at the grant date using a Black-Scholes-model, taking into account the terms and conditions upon which the share options were granted.

The contractual term of each option granted is eight years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (in thousands)	Exercise price of share options (in dollars)
2020.05.15	8,080	RMB 3.13
2022.11.18	4,450	RMB 3.79

The following table lists the inputs to the model used for the plan granted during the period ended 31 December 2022 and 2020:

	For the year ended December 31, 2022	For the year ended December 31, 2020
Expected volatility (%)	43.36%	52.3%~59.0%
Risk-free interest rate (%)	2.43%	1.54%~1.77%
Expected option life (Years)	8 years	6 years
Option pricing model	Black-Scholes-model	Binomial option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

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The following table contains further details on the aforementioned share-based payment plan:

	For the three-month periods ended March 31,			
	2025		2024	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (in dollars)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (in dollars)
Outstanding at beginning of period	7,236	RMB 3.40	11,064	RMB 3.40
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at end of period	<u>7,236</u>	RMB 3.40	<u>11,064</u>	RMB 3.40
Exercisable at end of period	-	-	-	-
For share options granted during the period, weighted average fair value of those options at the measurement date (in dollars)		-		-

The information on the outstanding share options as of March 31, 2025, December 31, 2024 and March 31, 2024, are as follows:

	<u>exercise price</u>	<u>Weighted average remaining contractual life (Years)</u>
As at 31 March 2025		
share options outstanding at the end of the period	RMB 3.13	1 Years
share options outstanding at the end of the period	RMB 3.79	5.75 Years

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As at 31 December 2024

share options outstanding at the end of the period	RMB 3.13	1 Years
share options outstanding at the end of the period	RMB 3.79	6 Years

As at 31 March 2024

share options outstanding at the end of the period	RMB 3.13	2 Years
share options outstanding at the end of the period	RMB 3.79	6.75Years

(c)The expense recognized for employee services received for the the three-month periods ended March 31, 2025 and 2024, are shown in the following table:

	For the three-month periods ended March 31,	
	2025	2024
Total expense arising from equity-settled share-based payment transactions	\$12,496	\$18,015

(d)No modification or cancellation of share-based payment plan has occurred during the three-month periods ended March 31, 2025 and 2024, respectively.

(22)Operating revenue

	For the year ended March 31,	
	2025	2024
Revenue from customer contracts		
Sale of goods	\$2,303,920	\$1,972,861

Analysis of revenue from contracts with customers during the three-month periods ended March 31, 2025 and 2024 are as follows:

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(a) Disaggregation of revenue

	For the year ended March 31,	
	2025	2024
	Semi-conductor business	Semi-conductor business
Sale of goods	\$2,303,920	\$1,972,861
The timing for revenue recognition:		
At a point in time	\$2,303,920	\$1,972,861

(b) Contract balances

A. Contract liabilities

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Sales of goods	\$411,121	\$429,026	\$499,981
Current	\$411,121	\$429,026	\$437,134
Non-current	-	-	62,847
Total	\$411,121	\$429,026	\$499,981

Analysis of contract liabilities during the three-month periods ended March 31, 2025 are as follows:

	Sales of goods
The opening balance transferred to revenue	\$(18,168)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	263

Analysis of contract liabilities during the three-month periods ended March 31, 2024 are as follows:

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	Sales of goods		
The opening balance transferred to revenue	\$(12,475)		
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	15,458		
(23)Expected credit losses (gains)			
	For the three-month periods ended Mar. 31,		
	<table border="1"> <tr> <th>2025</th><th>2024</th></tr> </table>	2025	2024
2025	2024		
Operating expenses – Expected credit losses (gains)			
Account receivables	<table border="1"> <tr> <td>\$(3,454)</td><td>\$1,808</td></tr> </table>	\$(3,454)	\$1,808
\$(3,454)	\$1,808		

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

The Group measures the loss allowance of its trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively, are as follows:

A. The Group 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:

As of March 31, 2025

		Past due					
	Neither past due (Note)	<=90 days	91-120 days	121-180 days	181-365 days	>=365 days	Total
Gross carrying amount	\$1,698,701	\$107,668	\$636	\$-	\$-	\$975	\$1,807,980
Loss ratio	0.21%	1%	5%	10%	50%	100%	
Lifetime expected credit losses	(3,500)	(1,036)	(32)	-	-	(975)	(5,543)
Carrying amount of trade receivables	\$1,695,201	\$106,632	\$604	\$-	\$-	\$-	\$1,802,437

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As of December 31, 2024

	Neither past due (Note)	Past due					Total
		<=90 days	91-120 days	121-180 days	181-365 days	>=365 days	
Gross carrying amount	\$1,526,123	\$162,881	\$-	\$-	\$-	\$4,407	\$1,693,411
Loss ratio	0.19%	1%	5%	10%	50%	100%	
Lifetime expected credit losses	(2,873)	(1,629)	-	-	-	(4,407)	(8,909)
Carrying amount of trade receivables	\$1,523,250	\$161,252	\$-	\$-	\$-	\$-	\$1,684,502

As of March 31, 2024

	Neither past due (Note)	Past due					Total
		<=90 days	91-120 days	121-180 days	181-365 days	>=365 days	
Gross carrying amount	\$1,495,260	\$188,348	\$-	\$1,456	\$8,122	\$1,010	\$ 1,694,196
Loss ratio	0.18%	1%	5%	10%	50%	100%	
Lifetime expected credit losses	(2,720)	(1,883)	-	(146)	(4,061)	(1,010)	(9,820)
Carrying amount of trade receivables	\$1,492,540	\$186,465	\$-	\$1,310	\$4,061	\$-	\$1,684,376

Note: all the Group's note receivables were not past due.

B. The movement in the provision for impairment of notes receivable and accounts receivable during the three-month periods ended March 31, 2025 and 2024 are as follows:

	Notes receivable	Accounts receivable
Beginning balance as of January 1, 2025	\$-	\$8,909
Addition (reversal) for the current period	-	(3,454)
Effect of exchange rate	-	88
Ending balance as of March 31, 2025	\$-	\$5,543

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Beginning balance as of January 1, 2024	\$-	\$7,708
Addition (reversal) for the current period	-	1,808
Effect of exchange rate	-	304
Ending balance as of March 31, 2024	<u>\$-</u>	<u>\$9,820</u>

(24)Leases

(a)Group as a lessee

The Group leases various properties, including real estate such as buildings, transportation equipment and other equipment. The Group leases various properties, including real estate such as land and buildings, machinery and equipment. The lease terms range from 1 to 50 years. The Group is not allowed to loan, sublease or sell without obtaining the consent from the lessors.

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

A. Amounts recognized in the balance sheet

(i)Right-of-use assets

	Land	Buildings	Machinery and equipment	Other equipment	Total
Cost:					
As of January 1, 2025	\$866,808	\$29,476	\$10,112	\$298,889	\$1,205,285
Exchange differences	8,331	378	-	4,260	12,969
As of March 31, 2025	<u>\$875,139</u>	<u>\$29,854</u>	<u>\$10,112</u>	<u>\$303,149</u>	<u>\$1,218,254</u>
As of January 1, 2024	\$814,241	\$27,606	\$10,112	\$281,560	\$1,133,519
Exchange differences	22,430	1,164	-	11,366	34,960
As of March 31, 2024	<u>\$836,671</u>	<u>\$28,770</u>	<u>\$10,112</u>	<u>\$292,926</u>	<u>\$1,168,479</u>

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	Land	Buildings	Machinery and equipment	Other equipment	Total
Depreciation and impairment:					
As of January 1, 2025	\$145,940	\$13,086	\$1,601	\$138,942	\$299,569
Depreciation	8,134	1,399	253	11,925	21,711
Exchange differences	1,205	181	-	2,087	3,473
As of March 31, 2025	<u>\$155,279</u>	<u>\$14,666</u>	<u>\$1,854</u>	<u>\$152,954</u>	<u>\$324,753</u>
As of January 1, 2024	\$110,109	\$7,118	\$590	\$87,573	\$205,390
Depreciation	7,518	1,303	253	11,225	20,299
Exchange differences	2,677	323	-	3,741	6,741
As of March 31, 2024	<u>\$120,304</u>	<u>\$8,744</u>	<u>\$843</u>	<u>\$102,539</u>	<u>\$232,430</u>
Net carrying amount:					
March 31, 2025	<u>\$719,860</u>	<u>\$15,188</u>	<u>\$8,258</u>	<u>\$150,195</u>	<u>\$893,501</u>
December 31, 2024	<u>\$720,868</u>	<u>\$16,390</u>	<u>\$8,511</u>	<u>\$159,947</u>	<u>\$905,716</u>
March 31, 2024	<u>\$716,367</u>	<u>\$20,026</u>	<u>\$9,269</u>	<u>\$190,387</u>	<u>\$936,049</u>

Please refer to Note 8 for more details on right-of-use assets under pledge.

(ii)Lease liabilities

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Lease liabilities	<u>\$397,596</u>	<u>\$415,225</u>	<u>\$442,410</u>
Current	\$80,391	\$78,754	\$72,569
Non-current	317,205	336,471	369,841
Total	<u>\$397,596</u>	<u>\$415,225</u>	<u>\$442,410</u>

Please refer to Note 6(26)(d) for the interest on lease liabilities recognized during the three-month periods ended March 31, 2025 and 2024, and refer to Note12(5)

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Liquidity Risk Management for the maturity analysis for lease liabilities as on March 31, 2025, December 31, 2024 and March 31, 2024.

B. Income and costs relating to leasing activities

	For the three-month periods ended	
	March 31,	
	2025	2024
Short-term leased expense (rental expense)	\$6,718	\$13,507

As of March 31, 2025, December 31, 2024, and March 31, 2024, the portfolio of short-term leases of the Group 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 expense disclosed above and the amount of its lease commitments is NT\$0.

C. Cash outflow relating to leasing activities

During the three-month periods ended March 31, 2025 and 2024, the Group's total cash outflow for leases amounting to NT\$30,231 thousand and NT\$35,629 thousand, respectively.

(24) Summary of employee benefits, depreciation and amortization by function are as follows:

	For the three-month periods ended March 31,					
	2025			2024		
	Cost of goods sold	Operating expense	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries & wages	\$267,284	\$127,282	\$394,566	\$259,745	\$133,979	\$393,724
Labor and health insurance	17,147	3,940	21,087	15,890	4,264	20,154
Pension	6,452	2,007	8,459	6,163	2,206	8,369
Other employee benefits	2,157	661	2,818	2,258	731	2,989
Depreciation	413,044	69,296	482,340	353,252	87,076	440,328
Amortization	341	2,768	3,109	297	2,769	3,066

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According to the resolution, no higher than 2% of profit of the current year is distributable as remuneration to directors and supervisors and no lower than 5% of profit of the current year is distributable as employees' compensation. However, the company's accumulated losses shall have been covered. 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 thereto a report of such distribution is submitted to the shareholders' meeting. 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 three-month periods ended March 31, 2025, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the three-month periods ended March 31, 2025 to be 5.006% of profit of the current year and 1.201% of profit of the current year, respectively. As such, employees' compensation and remuneration to directors and supervisors for the three-month periods ended March 31, 2025 amount to NT\$2,500 thousand and NT\$600 thousand, respectively. The Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the three-month periods ended March 31, 2024 to be 12.831% of profit of the current year and 1.989% of profit of the current year, respectively. As such, employees' compensation and remuneration to directors and supervisors for the three-month periods ended March 31, 2024 amount to NT\$1,000 thousand and NT\$155 thousand, respectively. The employees's compensation and remuneration to directors and supervisors were recognized as salaries.

The Company's Board has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$1,000 thousand and NT\$300 thousand, respectively, in a meeting held on March 14, 2025. 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.

Actual distribution of employees' compensation and remuneration to directors and supervisors of 2023 amount to NT\$45,000 thousand and NT\$6,300 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, 2023.

(26) Non-operating income and expenses

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(a)Interest income

	For the three-month periods ended March 31,	
	2025	2024
Financial assets measured at amortized cost		
Interest income	\$39,493	\$32,493

(b)Other incomes

	For the three-month periods ended March 31,	
	2025	2024
Other income – others	\$31,570	\$21,755

(c)Other gains and losses

	For the three-month periods ended March 31,	
	2025	2024
Foreign exchange gains (losses), net	\$17,133	\$57,019
Gains (losses) on financial assets/liabilities at fair value through profit or loss	(6,086)	(6,693)
Others	(1,045)	(2,439)
Gains on disposal of property, plant and equipment	563	463
Total	\$10,565	\$48,350

(d)Finance costs

	For the three-month periods ended March 31,	
	2025	2024
Interest on borrowings from bank	\$22,078	\$44,580
Interests on lease liabilities	3,244	3,716
Interests on bonds payable	8,647	1,053
Total	\$33,969	\$49,349

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(27) Components of other comprehensive income

For the three-month periods ended March 31, 2025

			Other	Tax relating to	Other
	Reclassification	comprehensive	components of	comprehensive	comprehensive
Arising during	during the	income, pre-	comprehensive	income, net of	income, net of
the period	period	tax	income	tax	tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	\$(10,332)	\$-	\$(10,332)	\$-	\$(10,332)
May be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign financial statements	265,986	-	265,986	-	265,986
Total of other comprehensive income	\$255,654	\$-	\$255,654	\$-	\$255,654

For the three-month periods ended March 31, 2024

			Other	Tax relating to	Other
	Reclassification	comprehensive	components of	comprehensive	comprehensive
Arising during	during the	income, pre-	comprehensive	income, net of	income, net of
the period	period	tax	income	tax	tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	\$(1,399)	\$-	\$(1,399)	\$-	\$(1,399)
May be reclassified to profit or loss in subsequent periods:					

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Exchange differences on translation of					
foreign financial statements	633,512	-	633,512	-	633,512
Total of other comprehensive income	<u>\$632,113</u>	<u>\$-</u>	<u>\$632,113</u>	<u>\$-</u>	<u>\$632,113</u>

(28) 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 three-month periods ended March 31,	
	2025	2024
Current income tax expense (income):		
Current income tax charge	\$34,785	\$14,884
Adjustments in respect of current income tax of prior periods	7,236	(76)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	10,269	5,153
Total income tax expense	<u>\$52,290</u>	<u>\$19,961</u>

(b) The assessment of income tax returns

As of March 31, 2025, the assessment status of income tax returns of the Company and subsidiaries are as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2023
Subsidiary- Heli-Vantech Corp.	Assessed and approved up to 2023

(29) 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

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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.

	For the three-month periods ended March 31,	
	2025	2024
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$29,572	\$1,562
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	571,274	540,934
Basic earnings per share (in NT\$)	\$0.05	\$-
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$29,572	\$1,562
Gain or loss on valuation of redemption	Note	-
Interest expense from convertible bonds	Note	842
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	\$29,572	\$2,404
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	571,274	540,934
Effect of dilution:		
Employee compensation — stock (in thousand shares)	150	948
Restricted employee stock option	23	175
Convertible bonds (in thousand shares)	Note	4,746
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	571,447	546,803

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	For the three-month periods ended March 31,	
	2025	2024
Diluted earnings per share (in NT\$)	\$0.05	\$-

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.

(30)The changes of the ownership interests in subsidiaries

Acquisition of new shares in a subsidiary not in proportionate to ownership interest

Wafer Works (Shanghai) Co., Ltd. was officially listed on the Shanghai Stock Exchange's STAR Market on February 8, 2024. As a result of the completion of the initial public offering, the Group's holding interest on Wafer Works (Shanghai) Corp., has been reduced to 48.2772%. The Group received additional cash of NT\$6,158,263 thousand and the carrying amount of Wafer Works (Shanghai) Corp.'s net assets (excluding goodwill on the original acquisition) became NT\$8,706,047 thousand. Details of reduction on Wafer Works (Shanghai) Corp.'s equity, including changes in non-controlling interests and adjustments to accumulate other comprehensive income, were listed below:

Additional cash received from the offerings	\$6,158,263
Increase (decrease) to non-controlling interests	(4,027,634)
Difference recognized in capital surplus or retained earning within equity	<u>\$2,130,629</u>

(31)Subsidiary that has material non-controlling interests

Financial information of subsidiary in which the Group has material non-controlling interests are as below:

Proportion of equity interest held by non-controlling interests:

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Name	Country	As of		
		Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Silicon Technology Investment (Cayman) Corp.	Cayman	10.74%	10.74%	10.74%
Wafer Works (Shanghai) Co., Ltd.	China	51.97%	51.97%	51.73%

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Accumulated balances of material non-controlling interest:			
Silicon Technology Investment (Cayman) Corp.	\$958,811	\$940,685	\$954,446
Wafer Works (Shanghai) Co., Ltd.	\$9,820,667	\$9,633,617	\$9,656,674

	For the three-month periods ended	
	March 31,	
	2025	2024
Profit(loss) allocated to material non-controlling interest:		
Silicon Technology Investment (Cayman) Corp.	\$4,669	\$1,467
Wafer Works (Shanghai) Co., Ltd.	\$47,191	\$17,572

The summarized financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Silicon Technology Investment (Cayman) Corp. and Wafer Works (Shanghai) Co., Ltd. summarized information of profit or loss for the three-month periods ended Mar. 31, 2025 and 2024, respectively, are as follows:

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	For the three-month periods ended March 31,			
	2025		2024	
	Wafer Works (Shanghai)		Wafer Works (Shanghai)	
	Silicon	Co., Ltd.	Silicon	Co., Ltd.
Operating revenue	\$1,284,366	\$1,284,366	\$1,105,036	\$1,105,036
Profit/loss from continuing operation	90,669	90,806	31,229	33,524
Total comprehensive income	352,071	353,241	648,321	727,287

Silicon Technology Investment (Cayman) Corp. summarized information of financial position as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively, are as follows:

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Current assets	\$7,685,896	\$8,321,284	\$10,284,793
Non-current assets	12,892,595	12,178,396	11,852,525
Current liabilities	1,019,540	1,638,613	2,551,650
Non-current liabilities	928,541	585,001	1,155,586

Wafer Works (Shanghai) Co., Ltd. summarized information of financial position as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively, are as follows:

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Current assets	\$7,667,347	\$8,302,837	\$10,265,957
Non-current assets	12,892,595	12,178,396	11,852,525
Current liabilities	919,199	1,539,544	2,454,948
Non-current liabilities	928,541	585,001	1,155,586

Silicon Technology Investment (Cayman) Corp. and Wafer Works (Shanghai) Co., Ltd. summarized information of cash flows for the three-month periods ended March 31, 2025 and 2024, respectively, are as follows:

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	For the three-month periods ended March 31,			
	2025		2024	
	Wafer Works (Shanghai)		Wafer Works (Shanghai)	
	Silicon	Co., Ltd.	Silicon	Co., Ltd.
Operating activities	\$423,481	\$ 423,516	\$231,026	\$233,364
Investing activities	477,413	477,413	(731,134)	(731,134)
Financing activities	(270,321)	(270,321)	5,812,826	5,812,826
Net increase(decrease) in cash and cash equivalents	640,733	640,868	5,318,868	5,321,206

7. Related party transactions

(a)Key management personnel compensation

	For the three-month periods ended March 31,	
	2025	2024
Short-term employee benefits	\$9,026	\$6,819
Post-employment benefits	191	196
Total	\$9,217	\$7,015

8. Assets pledged as collateral

Assets pledged for security	Carrying Amount As of			Secured liabilities
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024	
Financial assets measured at amortized cost-current	\$40,056	\$33,110	\$157,951	Customs duty guarantee and loans
Financial assets measured at amortized cost-current	25,914	175,122	37,371	Long-term loans
Financial assets measured at amortized cost-noncurrent	21,967	21,967	21,967	Land leased
Property, plant and equipment – land	259,131	259,131	259,131	Long-term loans
Property, plant and equipment – buildings	2,021,401	2,640,409	2,689,949	Long-term loans

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Assets pledged for security	Carrying Amount As of			Secured liabilities
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024	
Property, plant and equipment – machinery and equipment	66,409	1,459,863	1,596,326	Long-term loans
Property, plant and equipment –office equipment	-	426	839	Long-term loans
Property, plant and equipment –other equipment	-	416	1,582	Long-term loans
Right-of-use assets – land	257,890	256,344	259,666	Long-term loans
Right-of-use assets – land	187,219	207,514	208,903	Performance guarantee
Total	<u>\$2,879,987</u>	<u>\$5,054,302</u>	<u>\$5,233,685</u>	

9. Significant contingencies and unrecognized contract commitments

(a)The Group’s unused letters of credit (LC) as of March 31, 2025 were as follows:

Currency	LC Amount		Security
JPY	JPY	33,950 thousand	RMB 1,870 thousand

The security was classified under financial assets measured at amortized cost-current.

(b)As of March 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
Construction in progress	\$5,406,848	\$2,443,530	\$2,963,318
Equipment	4,064,130	2,253,659	1,810,471
Total	<u>\$9,470,978</u>	<u>\$4,697,189</u>	<u>\$4,773,789</u>

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

(c)The Company signed a 4-year purchase contract with Supplier A for the period from April 5,

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2024 through May 31, 2028, to stabilize the material sources and strengthen the relationship with the supplier. Under the agreements, installment prepayments, which are to be offset by the Company's future purchase orders, were agreed upon and paid by the Company.

(d)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.

(e)To develop long-term business and establishing long-term strategic alliances relation with ownstream suppliers. The Company is entitled to receive in advance specific payments in an installment basis while customers shall put their purchase orders in compliance with the regulation within the agreement by using its prepayment. As of March 31, 2025, the Group's contracts are as follows:

<u>Customer</u>	<u>Contract period</u>	<u>Contract liability balance</u>
Customer A	2022.04.26~2024.12.31	\$255,733
Customer B	2022.01.01~2024.12.31	76,520
Customer C	2022.01.01~2024.12.31	54,181
Customer D	2022.01.01~2024.12.31	22,866
Customer E	2021.10.01~2024.12.31	961
Total		<u>\$410,261</u>

(f)As of March 31, 2025, the Group issued a tariff guarantee of NT\$32,000 thousand to the bank for the purpose of importing goods.

10. Significant disaster loss

None.

11. Significant subsequent events

None.

12. Others

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(1) Categories of financial instruments

Financial assets

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Financial asset at fair value through P/L:	\$12,102	\$-	\$11,110
Mandatorily measured at fair value through P/L			
Financial assets at fair value through OCI	142,858	151,161	177,650
Financial assets measured at amortized cost			
Cash and petty cash	7,455,254	7,878,232	9,250,260
Financial assets measured at amortized cost	458,005	1,735,268	803,615
Notes receivables	21,094	25,938	5,757
Accounts receivables	1,781,343	1,658,564	1,678,619
Other receivables	115,703	59,368	46,647
Total	<u>\$9,986,359</u>	<u>\$11,508,531</u>	<u>\$11,973,658</u>

Financial liabilities

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Financial liabilities at fair value through P/L:			
Mandatorily measured at fair value through P/L	\$26,550	\$18,000	\$2,528
Financial liabilities at amortized cost:			
Short-term loans	100,000	765,608	723,069
Payable	1,300,571	1,271,507	1,336,150
Long-term loans (current portion included)	3,580,043	3,437,081	4,001,834
Bonds payable	1,653,616	1,644,969	293,748
Lease liabilities (current portion included)	397,596	415,225	442,410
Total	<u>\$7,058,376</u>	<u>\$7,552,390</u>	<u>\$6,799,739</u>

(2) Financial risk management objectives and policies

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

The Group 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 Group complies with its financial risk management policies at all times.

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

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency. The information of the

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sensitivity analysis are as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the three-month periods ended March 31, 2025 and 2024 would decreased/increased by NT\$16,190 thousand and NT\$13,708 thousand, respectively.

When NTD strengthens/weakens against RMB by 1%, the profit for the three-month periods ended March 31, 2025 and 2024 would increased/decreased by NT\$222 thousand and NT\$2 thousand, respectively.

Interest rate risk

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

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 three-month periods ended March 31, 2025 and 2024 to decrease/increase by NT\$3,680 thousand and NT\$4,725 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities, including fair value through other comprehensive income. The Group 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 Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT\$1,429 and NT\$1,777 on the equity attributable to the Group for

the three-month periods ended March 31, 2025 and 2024, respectively.

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

As of March 31, 2025, December 31, 2024 and March 31, 2024, receivables from the top ten customers were accounted for 57.04%, 55.15% and 59.32% of the Group's total accounts receivable, respectively. The concentration of credit risk is relatively insignificant for the remaining receivables.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counterparties.

The Group 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.

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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 Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, etc. The table below summarizes the maturity profile of the Group'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 Mar. 31, 2025							
Loans	\$246,136	\$208,865	\$146,503	\$514,141	\$755,373	\$2,318,253	\$4,189,271
Payables	1,300,571	-	-	-	-	-	1,300,571
Bonds payable	-	297,600	-	-	1,500,000	-	1,797,600
Lease Liabilities	91,549	86,405	37,320	32,084	29,941	176,572	453,871
As of Dec. 31, 2024							
Loans	\$1,730,887	\$833,485	\$717,819	\$804,460	\$267,216	\$44,147	\$4,398,014
Payables	1,271,507	-	-	-	-	-	1,271,507
Bonds payable	-	297,600	-	-	1,500,000	-	1,797,600
Lease Liabilities	90,582	86,896	50,139	32,850	31,937	182,099	474,503
As of Mar. 31, 2024							
Loans	\$2,461,713	\$958,385	\$609,827	\$887,475	\$50,992	\$46,087	\$5,014,479
Payables	1,336,150	-	-	-	-	-	1,336,150
Bonds payable	-	-	297,600	-	-	-	297,600
Lease Liabilities	85,901	86,083	82,100	34,613	29,552	189,587	507,836

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(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the three-month periods ended March 31, 2025:

	Short-term		Long-term	Guarantee		Total liabilities
	borrowings	Bonds payable	borrowings	deposit	Lease	from financing
				received	liabilities	activities
As of January 1, 2025	\$765,608	\$1,644,969	\$3,437,081	\$11,400	\$415,225	\$6,274,283
Cash flows	(665,608)	-	120,620	(6,096)	(23,513)	(574,597)
Non-cash changes						
Lease range changes	-	-	-	-	3,244	3,244
Interest expense	-	8,647	-	-	-	8,647
Other	-	-	12,898	-	-	12,898
Currency rate change	-	-	9,444	-	2,640	12,084
As of March 31, 2025	<u>\$100,000</u>	<u>\$1,653,616</u>	<u>\$3,580,043</u>	<u>\$5,304</u>	<u>\$397,596</u>	<u>\$5,736,559</u>

Movement schedule of liabilities for the three-month periods ended March 31, 2024:

	Short-term		Long-term	Guarantee		Total liabilities
	borrowings	Bonds payable	borrowings	deposit	Lease	from financing
				received	liabilities	activities
As of January 1, 2024	\$961,218	\$292,695	\$3,892,670	\$48,108	\$451,605	\$5,646,296
Cash flows	(238,149)	-	25,622	(8,935)	(22,122)	(243,584)
Non-cash changes						
Lease range changes	-	-	-	-	3,716	3,716
Interest expense	-	1,053	-	-	-	1,053
Other	-	-	(1,928)	-	-	(1,928)
Currency rate change	-	-	85,470	-	9,211	94,681
As of March 31, 2024	<u>\$723,069</u>	<u>\$293,748</u>	<u>\$4,001,834</u>	<u>\$39,173</u>	<u>\$442,410</u>	<u>\$5,500,234</u>

(7) Fair values of financial instruments

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

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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 Group 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 Group's financial assets and liabilities measured at amortized cost approximate their fair value:

	Carrying amount		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Financial liabilities:			
Bonds payable	\$1,653,616	\$1,644,969	\$293,748
	Fair value		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Financial liabilities:			

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	Fair value		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Bonds payable	<u>\$1,651,387</u>	<u>\$1,638,084</u>	<u>\$289,624</u>

(c) Fair value measurement hierarchy for financial instruments

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

(8) Derivative financial instruments

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

Forward Foreign Exchange Contract

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

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

Item	Contract amount	Contract period
As of March 31, 2025		
None		
As of December 31, 2024		
Forward foreign exchange contract	Sell USD 7,180	2024.11.14~2025.02.08
As of March 31, 2024		
Forward foreign exchange contract	Sell USD 5,734	2024.02.15~2024.05.24

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.

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 Group 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) 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 Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

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

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

As of March 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Stock	\$12,102	\$-	\$-	\$12,102
Financial assets at fair value through other comprehensive income				
Equity instruments investments measured at fair value through other comprehensive income	\$28,780	\$-	\$114,078	\$142,858
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Embedded derivative	\$-	\$-	\$26,550	\$26,550

As of December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Equity instruments investments measured at fair value through other comprehensive income	\$37,153	\$-	\$114,008	\$151,161
Financial liabilities at fair value:				
Financial liabilities at fair value				

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through profit or loss				
Embedded derivative	\$-	\$-	\$18,000	\$18,000
Forward exchange agreement	\$-	\$2,464	\$-	\$2,464

As of March 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Stock	\$11,110	\$-	\$-	\$11,110
Financial assets at fair value through other comprehensive income				
Equity instruments investments measured at fair value through other comprehensive income	\$63,771	\$-	\$113,879	\$177,650
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Forward exchange agreement	\$-	\$2,528	\$-	\$2,528

Transfers between Level 1 and Level 2 during the period

For the three-month periods ended March 31, 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value hierarchy.

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

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	Assets
	At fair value through OCI
	Stock
Beginning balances as of January 1, 2025	\$114,008
Currency rate change	70
Ending balances as of March 31, 2025	<u>\$114,078</u>

	Liabilities
	At fair value through P/L
	Derivative financial instruments
Beginning balances as of January 1, 2025	\$18,000
Total gains and losses recognized for the three-month periods ended March 31, 2025:	
Amount recognized in profit or loss (presented in “ Other gains and losses ”)	
Amount recognized in OCI(presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	8,550
Ending balances as of March 31, 2025	<u>\$26,550</u>

	Assets
	At fair value through OCI
	Stock
Beginning balances as of January 1, 2024	\$50,565
Acquisition	63,100
Currency rate change	214
Ending balances as of March 31, 2024	<u>\$113,879</u>

Total gains and losses recognized in profit or loss for the three-month periods ended March 31, 2025 and 2024 in the table above contain gains and losses related to assets on hand in the amount of NT\$0.

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Total gains and losses recognized in profit or loss for the three-month periods ended March 31, 2025 and 2024 in the table above contain gains and losses related to assets or liabilities on hand in the amount of NT\$(8,550) and NT\$0 thousand, respectively.

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 are as below:

As of March 31, 2025

	Valuation	Significant	Quantitative	Relationship	
	techniques	unobservable inputs	information	between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through OCI					
Stock	Market approach	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT\$11,408 thousand

	Valuation	Significant	Quantitative	Relationship	
	techniques	unobservable inputs	information	between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for valuation of convertible bonds	Volatility	31.93%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase /decrease in the Group's profit or loss by NT\$170 thousand/ NT\$220 thousand

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As of December 31, 2024

	Valuation	Significant	Quantitative	Relationship	
	techniques	unobservable inputs	information	between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through OCI					
Stock	Market approach	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by NT\$11,401 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 increase /decrease in the Group's profit or loss by NT\$70 thousand/ NT\$120 thousand

As of March 31, 2024

	Valuation	Significant	Quantitative	Relationship	
	techniques	unobservable inputs	information	between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through OCI					
Stock	Market approach	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the	10% increase (decrease) in the discount for lack of marketability would result

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				lower the fair value of the stocks	in decrease (increase) in the Group's equity by NT\$11,388 thousand
				Relationship between inputs and fair value	Sensitivity of the input to fair value
	Valuation techniques	Significant unobservable inputs	Quantitative information		
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for valuation of convertible bonds	Volatility	22.06%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$0

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

The Group'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 Financial Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(C) Fair value measurement hierarchy of the Group's liabilities not measured at fair value but for which the fair value is disclosed

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As of March 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 payable (Please refer to 6(16))	\$-	\$-	\$1,651,387	\$1,651,387

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 payable (Please refer to 6(16))	\$-	\$-	\$1,638,084	\$1,638,084

As of March 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 payable (Please refer to 6(16))	\$-	\$-	\$289,624	\$289,624

(10) Significant assets and liabilities denominated in foreign currencies

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

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	As of					
	March 31, 2025			December 31, 2024		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$56,486	33.21	\$1,875,624	\$52,819	32.78	\$1,731,656
RMB	\$8,839	4.57	\$40,422	\$6,548	4.48	\$29,321
<u>Financial liabilities</u>						
Monetary items:						
USD	\$7,735	33.17	\$256,588	\$4,585	32.78	\$150,321
RMB	\$3,977	4.57	\$18,186	\$2,392	4.48	\$10,712
	As of					
	March 31, 2024					
	Foreign currencies	Exchange rate	NTD			
<u>Financial assets</u>						
Monetary items:						
USD	\$65,872	32.00	\$2,107,909			
RMB	\$1,188	4.42	\$5,257			
<u>Financial liabilities</u>						
Monetary items:						
USD	\$23,044	31.99	\$737,105			
RMB	\$1,249	4.41	\$5,506			

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

The Group entities' functional currency is variety. It can not be disclosed the foreign exchange gains or losses on monetary financial assets and financial liabilities with each significant influence. The Foreign exchange gains or losses of the Group amounted to NT\$17,133 thousand and NT\$57,019 thousand for the three-month periods ended March 31,

2025 and 2024, respectively.

(11) Capital management

The primary objective of the Group'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 Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group 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 for the three-month periods ended March 31, 2025: None.
- b. Endorsement/Guarantee provided to others for the three-month periods ended March 31, 2025: None.
- c. Securities held as of March 31, 2025 (excluding subsidiaries, associates and joint ventures): Please refer to Attachment 5.
- d. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the three-month periods ended March 31, 2025: Please refer to Attachment 2.
- e. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of March 31, 2025: Please refer to Attachment 3.
- f. Significant intercompany transactions between the parent with subsidiaries or among subsidiaries were disclosed in Attachment 8.

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(2) Information on investees:

- A. If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 4.
- B. If an investee is controlled by an investor, the related information for the investee shall be disclosed as the same as Note 13(1):
 - (a) Financing provided to others for the three-month periods ended March 31, 2025: None.
 - (b) Endorsement/Guarantee provided to others for the three-month periods ended March 31, 2025: Please refer to Attachment 1.
 - (c) Securities held as of March 31, 2025 (excluding subsidiaries, associates and joint ventures): Please refer to Attachment 5.
 - (d) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the three-month periods ended March 31, 2025: Please refer to Attachment 6.
 - (e) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of March 31, 2025: Please refer to Attachment 7.

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(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:

Investee company	Main businesses and products	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 Mar. 31, 2025	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Mar. 31, 2025	Accumulated Inward Remittance of Earnings as of Mar. 31, 2025	Accumulated Investment in Mainland China as of Mar. 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	per Limit on Investment Up
					Outflow	Inflow									
Wafer Works (Shanghai) Co., Ltd.	R&D, production and sales of semiconductor materials	\$3,078,292 (Note1,3)	Reinvesting in a Mainland company through reinvestment in an existing company in a third location.	\$510,951	\$-	\$-	\$510,951	\$91,675	42.87%	\$39,304 (Note3,4,12)	\$7,934,108 (Note3,4,12)	\$492,626	\$510,951	\$2,034,720	No maximum (Note5)

English Translation of Financial Statements and Footnotes Originally Issued in Chinese

WAFER WORKS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

Investee company	Main businesses and products	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 Mar. 31, 2025	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Mar. 31, 2025	Accumulated Inward Remittance of Earnings as of Mar. 31, 2025	Accumulated Investment in Mainland China as of Mar. 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	per Limit on Investment Up
					Outflow	Inflow									
Wafer Works Epitaxial Corp.	R&D, production and sales of semiconductor materials	\$3,182,795 (Note3,6)	Reinvesting in a Mainland company through reinvestment in an existing company in a third location.	\$516,782	\$-	\$-	\$516,782	\$121,519	42.87%	\$121,519 (Note3,4,12)	\$2,075,522 (Note3,4,12)	\$-	\$516,782	\$608,554	
Wafer Works (Yangzhou) Corp.	R&D, production and sales of semiconductor materials	\$504,215 (Note3,7)	(Note2)	\$-	\$-	\$-	\$-	\$(12,875)	42.87%	\$(12,875) (Note3,12)	\$174,115 (Note3,12)	\$-	\$-	\$-	

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WAFER WORKS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

Investee company	Main businesses and products	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 Mar. 31, 2025	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Mar. 31, 2025	Accumulated Inward Remittance of Earnings as of Mar. 31, 2025	Accumulated Investment in Mainland China as of Mar. 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	per Limit on Investment Up
					Outflow	Inflow									
Wafer Works (Zhengzhou) Corp.	R&D, production and sales of semiconductor materials	\$6,861,225 (Note 3,8)	(Note 8)	\$-	\$-	\$-	\$-	\$22,819	42.87%	\$22,819 (Note 3,4,12)	\$3,067,161 (Note 3,4,12)	\$-	\$-	\$-	
HuaXin (Shanghai) Technology Co., Ltd.	Trading of semiconductor materials	\$30,211 (Note 10)	(Note 11)	\$30,211	\$-	\$-	\$30,211	\$(1,240)	100.00%	\$(1,240) (Note 3,4,12)	\$(79,654) (Note 3,4,12)	\$-	\$30,211	\$30,211	

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WAFER WORKS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

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 March 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.

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.

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. applied for a shareholding restructuring to become a company limited by shares in September 2019. The registration procedures were completed on December 17, 2019.

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: Transactions between consolidated entities are eliminated in the consolidated financial statements.

B. Significant transactions with the investees in mainland China:

- (a) Purchase and accounts payable with the related parties: Please refer to Attachment 8.
- (b) Sales and receivables with the related parties: Please refer to Attachment 8.
- (c) Property transaction amounts and resulting gain or loss: None.
- (d) The purpose and balance of a note guarantee and a guarantee endorsement or providing for secure: Please refer to Attachment 1.
- (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: Please refer to Attachment 8.
- (g) The aforementioned transaction had been eliminated in the consolidated financial statements: Please refer to Attachment 8.

14. Segment information

The Group's revenue is primarily derived from the manufacture and sale of semiconductor wafers. The Group's chief operating decision maker reviews the consolidated operating results to make decisions about resources to be allocated to the segment and to assess its overall performance. Therefore, it operates as a single operating segment and the financial statements are prepared on the same basis as the significant accounting policies described in Note 4.

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

WAFER WORKS CORP. AND SUBSIDIARIES

No. (Note1)	Endorser/Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note3)	Maximum balance for the period (Note4)	Ending balance (Note5)	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	\$8,231,400	\$8,491,584	\$8,231,400	\$457,300	\$-	53.93%	\$8,231,400	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 guaranteed party shall not exceed RMB 1,800,000,000.

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 for purchases and sales amounts exceeding the lower of 100 million dollars or 20 percent of capital stock for the three-month periods ended March 31, 2025)

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

WAFER WORKS CORP. AND SUBSIDIARIES

									Notes and accounts		
			Transactions				Details of non-arm's length transaction		receivables(payable)		
			Purchases	Percentage of		Term	Unit Price	Term	Percentage of total		Note
			(Sales)	Amount	total purchases				notes and accounts	receivable (payable)(%)	
Company	Related party	Relationship	(Sales)	Amount	(sales)(%)	Term	Unit Price	Term	Balance	receivable (payable)(%)	Note
Wafer Works Corp.	Helitek	Affiliated Company	Sales	\$408,807	38.98%	Received at 60 days after shipment arrival	N/A	N/A	\$256,140	26.46%	Note
	Company Ltd.					by using telegraphic transfer (T/T)					

Note : Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 3 (Receivables from related parties with amounts exceeding the lower of 100 million dollars or 20 percent of capital stock as of March 31, 2025)
 (All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified)

WAFER WORKS CORP. AND SUBSIDIARIES

Company	Related party	Relationship with the Company	Ending Balance	Turnover rate (times)	Overdue receivables Amount	Collection status	Amounts received in subsequent period	Allowance for doubtful accounts
Wafer Works Corp.	HuaXin (Shanghai) Technology Co., Ltd.	Affiliated Company	Accounts receivable \$130,145 (Note)	0.31	\$-	-	\$4,286	\$-
Wafer Works Corp.	Helitek Company Ltd.	Affiliated Company	Accounts receivable \$256,140 (Note)	8.82	\$-	-	\$140,881	\$-

Note : Transactions between consolidated entities are eliminated in the consolidated financial statements.

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

WAFER WORKS CORP. AND SUBSIDIARIES

Investor	Investee	Address	Main businesses and products	Initial Investment		Investments as of 31 March 2025					
				Ending balance	Beginning balance	Number of	Percentage	Book	Net income	Investment	Note
Company	Company					shares	of ownership	Value	(loss)of	income (loss)	
							(%)		investee company	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%	\$8,160,986	\$45,609	\$45,609	Note
Wafer Works Corp.	Heli-Vantech Corp.	No. 1, Pingguo Rd., Yangmei Dist., Taoyuan City, Taiwan	Design, trading and manufacturing of semiconductor materials.	5,000	5,000	500,000	100.00%	3	-	-	Note
Wafer Works Corp.	Silicon Works Technology Corporation	6F, No.100, Longyuan 1st Rd., Longtan Dist., Taoyuan City, Taiwan	Manufacturing and international trade of electronic components, machinery, chemical materials, and related products.	60,000	-	6,000,000	100.00%	59,860	(140)	(140)	Note
Wafer Works Investment Corp.	Silicon Technology Investment (Cayman) Corp.	Grand Pavilion, Hibiscus Way, P.O.Box 31119, Grand Cayman, KY1-1205, Cayman Islands	Investment Holding Company	USD 53,141	USD 53,141	Common stock 1 Preferred stockA 6,970,327 Preferred stockB 38,991,198	89.26%	7,850,931	38,809	38,809	Note
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%	200,480	5,778	5,778	Note
Silicon Technology Investment (Cayman) Corp.	Sharp Right Limited Co., Ltd.	Rooms 2006-8.20/F., Two Chinachem Exchange Square, 338 King's Road	Trading Company	HKD 10	HKD 10	-	100.00%	(102,648)	-	-	Note
Wafermaster Investment Corp.	Helitek Company Ltd.	4033 Clipper CT Fremint, 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%	200,471	5,778	5,778	Note

Note : Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 5 (Securities held as of March 31, 2025) (excluding subsidiaries, associates and joint ventures)

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

WAFER WORKS CORP. AND SUBSIDIARIES

				As of March 31, 2025			
Holding Company	Securities Type and Name	Relationship	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>\$45,500</u>
	Loss: Financial assets at fair value through other comprehensive income, valuation adjustments				-		
	Net				<u>\$45,500</u>		
Wafer Works Corp.	SweGaN AB	-	Financial asset at fair value through OCI, noncurrent	33,945	\$63,100	5.40%	<u>\$63,100</u>
	Loss: Financial assets at fair value through other comprehensive income, valuation adjustments				-		
	Net				<u>\$63,100</u>		
Wafer Works Investment Corp.	Can Yang Investments Limited	-	Financial asset at fair value through OCI, noncurrent	153,488	\$19,923	0.20%	<u>\$5,478</u>
	Loss: Financial assets at fair value through other comprehensive income, valuation adjustments				(14,445)		
	Net				<u>\$5,478</u>		
Wafer Works Investment Corp.	Solargiga Energy Holdings Limited	-	Financial asset at fair value through OCI, noncurrent	96,227,822	\$179,338	2.90%	<u>\$27,516</u>
	Loss: Financial assets at fair value through other comprehensive income, valuation adjustments				(151,822)		
	Net				<u>\$27,516</u>		
Heli-Vantech Corp.	New Solar Power Corp.	-	Financial asset at fair value through OCI, noncurrent	138,747	\$5,622	0.01%	<u>\$1,264</u>
	Loss: Financial assets at fair value through other comprehensive income, valuation adjustments				(4,358)		
	Net				<u>\$1,264</u>		
Helitek Company Ltd.	SCHWAB VARIABLE SHARE PR:SVUXX	-	Financial assets at fair value through profit or loss, current	356,505	\$12,102	-%	<u>\$12,102</u>
	Loss: Financial assets at fair value through profit or loss, valuation adjustments				-		
	Net				<u>\$12,102</u>		

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

WAFER WORKS CORP. AND SUBSIDIARIES

						Transactions	Details of non-arm's length transaction		Notes and accounts receivables(payable)		
			Purchases	Percentage of total purchases					Percentage of total notes and accounts		
Purchase (sales)	Counterparty	Relationship	(Sales)	Amount	(sales) (%)	Term	Unit Price	Term	Balance	receivable (payable)(%)	Note
company											
Wafer Works (Zhengzhou) Corp.	Wafer Works Epitaxial Corp.	Affiliated Company	Sales	\$512,576	94.36%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	\$371,975	97.07%	Note
Helitek Company Ltd.	Wafer Works Corp.	Affiliated Company	Purchases	(\$408,807)	98.74%	Paid at 60 days after shipment arrival by using telegraphic transfer (T/T)	Specs of goods purchased are different from others. Cannot be reasonably compared.	No othersuppliers available for comparison	\$(256,140)	-(99.11)%	Note

Note : Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 7 (Receivable from related parties with amounts exceeding the lower of 100 million dollars or 20 percent of capital stock as of March 31, 2025)

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

WAFER WORKS CORP. AND SUBSIDIARIES

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 receivable	6.14	\$-	-	\$-	\$-
			\$371,975					
			(Note)					
Wafer Works (Shanghai) Co., Ltd.	Wafer Works Epitaxial Corp.	Affiliated Company	Dividend receivables	-	\$-	-	\$-	\$-
			\$658,717					
			(Note)					
Wafer Works (Shanghai) Co., Ltd.	Wafer Works (Zhengzhou) Corp.	Affiliated Company	Dividend receivables	-	\$-	-	\$-	\$-
			\$304,379					
			(Note)					

Note : Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 8 (Intercompany Relationships and significant intercompany transactions for the Three-month Period Ended March 31, 2025)
(All the currencies are denominated in Thousands of New Taiwan Dollars)

WAFER WORKS CORP. AND SUBSIDIARIES

No. (Note1)	Company name	Counterparty	Nature of relationship (Note 2)	Intercompany transactions			
				Financial Statement Account	Amount	Terms	Percentage of consolidated total gross sales or total assets (Note3)
	<u>2025.01.01~2025.03.31</u>						
0	Wafer Works Corp.	Wafer Works Epitaxial Corp.	1	Operating revenues	\$25,115	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	1.09%
0	Wafer Works Corp.	Helitek Company Ltd.	1	Operating revenues	408,807	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	17.74%
0	Wafer Works Corp.	Wafer Works (Yangzhou) Corp.	1	Purchases	23,653	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	1.03%
0	Wafer Works Corp.	HuaXin (Shanghai) Technology Co., Ltd.	1	Accounts receivables	130,145	Received at 150 days after shipment arrival by using telegraphic transfer (T/T)	0.38%
0	Wafer Works Corp.	Wafer Works Epitaxial Corp.	1	Accounts receivables	15,252	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.04%
0	Wafer Works Corp.	Helitek Company Ltd.	1	Accounts receivables	256,140	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.75%
0	Wafer Works Corp.	Wafer Works (Zhengzhou) Corp.	1	Accounts receivables	30,931	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.09%
0	Wafer Works Corp.	Sharp Right Limited Co., Ltd.	1	Accounts receivables	47,000	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.14%
0	Wafer Works Corp.	Sharp Right Limited Co., Ltd.	1	Other receivables	52,488	-	0.15%
0	Wafer Works Corp.	Wafer Works (Yangzhou) Corp.	1	Accounts payable	14,034	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.04%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works Epitaxial Corp.	3	Operating revenues	39,629	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	1.72%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works (Zhengzhou) Corp.	3	Operating revenues	15,408	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.67%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works Epitaxial Corp.	3	Accounts receivables	27,062	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.08%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works Epitaxial Corp.	3	Dividend receivables	658,717	-	1.92%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works (Zhengzhou) Corp.	3	Accounts receivables	17,567	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.05%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works (Zhengzhou) Corp.	3	Other receivables	11,187	-	0.03%
1	Wafer Works (Shanghai) Co., Ltd.	Wafer Works (Zhengzhou) Corp.	3	Dividend receivables	304,379	-	0.89%
2	Wafer Works Epitaxial Corp.	Wafer Works (Zhengzhou) Corp.	3	Operating revenues	11,967	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.52%
2	Wafer Works Epitaxial Corp.	Wafer Works (Zhengzhou) Corp.	3	Purchases	512,576	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	22.25%
2	Wafer Works Epitaxial Corp.	Wafer Works (Zhengzhou) Corp.	3	Accounts receivables	12,068	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.04%
2	Wafer Works Epitaxial Corp.	Wafer Works (Zhengzhou) Corp.	3	Accounts payable	371,975	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	1.08%
3	Wafer Works (Yangzhou) Corp.	Wafer Works (Zhengzhou) Corp.	3	Accounts receivables	10,239	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	0.03%

Note 1: 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 table above.

Note 2: Transactions are categorized as follows :

1. Investor to investee.
2. Investee to investor.
3. Investee to investee.

Note 3: The percentage base with respect to the total consolidated revenue-weighted average (about income statement accounts) or total assets (about balance sheet accounts).

Note 4: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 5: Transactions exceeding NT\$10,000 thousand have been disclosed.