

Daxin Materials Corporation and Subsidiaries

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2026 and 2025**

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



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Review Report

To the Board of Directors of Daxin Materials Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Daxin Materials Corporation and its subsidiaries (“the Group”) as of June 30, 2026 and 2025, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2026 and 2025, as well as the changes in equity and cash flows for the six months ended June 30, 2026 and 2025, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2026 and 2025, its consolidated financial performance for the three months and six months ended June 30, 2026 and 2025, as well as its consolidated cash flows for the six months ended June 30, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



The engagement partners on the reviews resulting in this independent auditors' review report are Chun-Yuan Wu and Chien-Hui Lu.

KPMG

Taipei, Taiwan (Republic of China)
August 12, 2026

Notes to Readers

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

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

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

Daxin Materials Corporation and subsidiaries

Consolidated Balance Sheets

June 30, 2026, December 31, 2025, and June 30, 2025

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2026		December 31, 2025		June 30, 2025						June 30, 2026		December 31, 2025		June 30, 2025	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:									
1100	Cash and cash equivalents (note 6(1))	\$ 110,430	2	247,361	5	265,789	6	2100	Short-term borrowings (note 6(10))	\$ -	-	-	-	120,000	3		
1110	Financial assets at fair value through profit or loss—current (note 6(2))	30,360	1	30,160	1	42,461	1	2170	Accounts payable	522,325	11	488,795	10	439,785	9		
1136	Financial assets at amortized cost—current (note 6(3))	1,031,911	21	1,377,587	27	1,102,155	24	2180	Accounts payable to related parties (note 7)	16,995	-	9,919	-	10,153	-		
1170	Accounts receivable, net (note 6(4))	512,060	11	471,071	9	478,652	10	2201	Payroll and bonus payable	335,323	7	436,247	9	267,548	6		
1180	Accounts receivable due from related parties, net (notes 6(4) and 7)	711,858	15	702,896	14	713,217	15	2213	Payable on machinery and equipment	34,889	1	49,300	1	42,998	1		
130X	Inventories (note 6(5))	481,790	10	415,716	7	368,812	8	2230	Current tax liabilities	78,800	2	84,892	2	61,349	1		
1476	Other financial assets—current (note 6(4))	150,134	3	147,476	3	42,683	1	2280	Lease liabilities—current (note 6(12))	9,083	-	8,886	-	8,819	-		
1479	Other current assets (note 7)	23,118	-	29,352	1	19,867	-	2322	Long-term borrowings, current portion (note 6(11))	131,315	3	115,315	2	143,999	3		
		<u>3,051,661</u>	<u>63</u>	<u>3,421,619</u>	<u>67</u>	<u>3,033,636</u>	<u>65</u>	2399	Other current liabilities (note 6(17))	166,563	3	166,525	3	161,848	3		
										<u>1,295,293</u>	<u>27</u>	<u>1,359,879</u>	<u>27</u>	<u>1,256,499</u>	<u>26</u>		
Noncurrent assets:								Noncurrent liabilities:									
1535	Financial assets at amortized cost—noncurrent (note 6(6))	26,604	1	26,634	1	26,663	1	2540	Long-term borrowings (note 6(11))	86,102	2	79,759	1	172,694	4		
1550	Investments accounted for using equity method (notes 6(3) and 8)	45,318	1	-	-	-	-	2570	Deferred tax liabilities	1,944	-	1,944	-	2,057	-		
1600	Property, plant and equipment (notes 6(7), 7 and 9)	1,541,749	32	1,494,003	29	1,460,920	31	2580	Lease liabilities—noncurrent (note 6(12))	142,181	3	144,393	3	148,854	3		
1755	Right-of-use assets (note 6(8))	143,547	3	145,871	3	150,597	3			<u>230,227</u>	<u>5</u>	<u>226,096</u>	<u>4</u>	<u>323,605</u>	<u>7</u>		
1780	Intangible assets (note 6(9))	5,310	-	5,087	-	4,564	-		Total liabilities	<u>1,525,520</u>	<u>32</u>	<u>1,585,975</u>	<u>31</u>	<u>1,580,104</u>	<u>33</u>		
1840	Deferred tax assets	17,161	-	17,161	-	23,449	-		Equity (note 6(15)):								
1920	Guarantee deposits paid (note 7)	6,133	-	2,833	-	2,833	-	3110	Common stock	<u>1,027,159</u>	<u>21</u>	<u>1,027,159</u>	<u>20</u>	<u>1,027,159</u>	<u>22</u>		
1990	Other noncurrent assets	<u>3,314</u>	<u>-</u>	<u>283</u>	<u>-</u>	<u>207</u>	<u>-</u>	3200	Capital surplus	<u>41,838</u>	<u>1</u>	<u>41,838</u>	<u>1</u>	<u>41,838</u>	<u>1</u>		
		<u>1,789,136</u>	<u>37</u>	<u>1,691,872</u>	<u>33</u>	<u>1,669,233</u>	<u>35</u>		Retained earnings:								
								3310	Legal reserve	771,343	16	695,647	14	695,647	15		
								3350	Unappropriated retained earnings	<u>1,475,370</u>	<u>30</u>	<u>1,762,872</u>	<u>34</u>	<u>1,358,121</u>	<u>29</u>		
										<u>2,246,713</u>	<u>46</u>	<u>2,458,519</u>	<u>48</u>	<u>2,053,768</u>	<u>44</u>		
								3410	Exchange differences on translation of foreign financial statements	(433)	-	-	-	-	-		
									Total equity	<u>3,315,277</u>	<u>68</u>	<u>3,527,516</u>	<u>69</u>	<u>3,122,765</u>	<u>67</u>		
Total assets		<u>\$ 4,840,797</u>	<u>100</u>	<u>5,113,491</u>	<u>100</u>	<u>4,702,869</u>	<u>100</u>	Total liabilities and equity		<u>\$ 4,840,797</u>	<u>100</u>	<u>5,113,491</u>	<u>100</u>	<u>4,702,869</u>	<u>100</u>		

See accompanying notes to consolidated financial statements.

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

Daxin Materials Corporation and subsidiaries

Consolidated Statements of Comprehensive Income

For the three and six months ended June 30, 2026 and 2025

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

		For the three months ended June 30,				For the six months ended June 30,			
		2026		2025		2026		2025	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(17) and 7)	\$ 1,281,706	100	1,151,078	100	2,483,006	100	2,257,139	100
5000	Operating costs (notes 6(5), (7), (8), (9), (12), (13), (18) and 7)	<u>731,777</u>	<u>57</u>	<u>684,530</u>	<u>59</u>	<u>1,415,299</u>	<u>57</u>	<u>1,337,880</u>	<u>59</u>
5900	Gross profit from operations	<u>549,929</u>	<u>43</u>	<u>466,548</u>	<u>41</u>	<u>1,067,707</u>	<u>43</u>	<u>919,259</u>	<u>41</u>
	Operating expenses (notes 6(7), (8), (9), (12), (13), (18) and 7):								
6100	Selling expenses	56,211	4	53,078	5	112,308	5	105,574	5
6200	Administrative expenses	76,897	6	57,568	5	146,847	6	116,622	5
6300	Research and development expenses	<u>159,362</u>	<u>13</u>	<u>135,163</u>	<u>12</u>	<u>309,681</u>	<u>12</u>	<u>269,906</u>	<u>12</u>
		<u>292,470</u>	<u>23</u>	<u>245,809</u>	<u>22</u>	<u>568,836</u>	<u>23</u>	<u>492,102</u>	<u>22</u>
6900	Operating income	<u>257,459</u>	<u>20</u>	<u>220,739</u>	<u>19</u>	<u>498,871</u>	<u>20</u>	<u>427,157</u>	<u>19</u>
	Non-operating income and expenses (notes 6(6), (12) and (19)):								
7020	Other gains and losses	4,463	-	(39,510)	(3)	23,435	1	(26,120)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method, net	(1,253)	-	-	-	(1,253)	-	-	-
7100	Interest income	5,598	1	5,893	1	11,513	-	12,757	-
7130	Dividend income	432	-	735	-	864	-	1,473	-
7510	Interest expense	<u>(1,862)</u>	<u>-</u>	<u>(1,819)</u>	<u>-</u>	<u>(3,064)</u>	<u>-</u>	<u>(3,684)</u>	<u>-</u>
		<u>7,378</u>	<u>1</u>	<u>(34,701)</u>	<u>(2)</u>	<u>31,495</u>	<u>1</u>	<u>(15,574)</u>	<u>(1)</u>
7900	Profit before income tax	264,837	21	186,038	17	530,366	21	411,583	18
7950	Less: Income tax expense (note 6(14))	<u>36,018</u>	<u>3</u>	<u>26,675</u>	<u>2</u>	<u>74,519</u>	<u>3</u>	<u>59,379</u>	<u>2</u>
	Net income	<u>228,819</u>	<u>18</u>	<u>159,363</u>	<u>15</u>	<u>455,847</u>	<u>18</u>	<u>352,204</u>	<u>16</u>
8300	Other comprehensive income (loss)								
	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements	<u>(433)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(433)</u>	<u>-</u>	<u>-</u>	<u>-</u>
8300	Other comprehensive income (loss)	<u>(433)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(433)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total comprehensive income	<u>\$ 228,386</u>	<u>18</u>	<u>159,363</u>	<u>15</u>	<u>455,414</u>	<u>18</u>	<u>352,204</u>	<u>16</u>
	Earnings per share (NT dollars) (note 6(16))								
9750	Basic earnings per share	<u>\$ 2.23</u>		<u>1.55</u>		<u>4.44</u>		<u>3.43</u>	
9850	Diluted earnings per share	<u>\$ 2.22</u>		<u>1.55</u>		<u>4.43</u>		<u>3.42</u>	

See accompanying notes to consolidated financial statements.

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

Daxin Materials Corporation and subsidiaries
Consolidated Statements of Changes in Equity
For the six months ended June 30, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollars)

				Retained earnings		Exchange differences on translation of foreign financial statements	
	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings		Total equity
Balance at January 1, 2025	\$ 1,027,159	41,838	638,586	1,576,558	2,215,144	-	3,284,141
Net income	-	-	-	352,204	352,204	-	352,204
Other comprehensive income (loss)	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	352,204	352,204	-	352,204
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	57,061	(57,061)	-	-	-
Cash dividends to shareholders	-	-	-	(513,580)	(513,580)	-	(513,580)
Balance at June 30, 2025	<u>\$ 1,027,159</u>	<u>41,838</u>	<u>695,647</u>	<u>1,358,121</u>	<u>2,053,768</u>	<u>-</u>	<u>3,122,765</u>
Balance at January 1, 2026	\$ 1,027,159	41,838	695,647	1,762,872	2,458,519	-	3,527,516
Net income	-	-	-	455,847	455,847	-	455,847
Other comprehensive income (loss)	-	-	-	-	-	(433)	(433)
Total comprehensive income	-	-	-	455,847	455,847	(433)	455,414
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	75,696	(75,696)	-	-	-
Cash dividends to shareholders	-	-	-	(667,653)	(667,653)	-	(667,653)
Balance at June 30, 2026	<u>\$ 1,027,159</u>	<u>41,838</u>	<u>771,343</u>	<u>1,475,370</u>	<u>2,246,713</u>	<u>(433)</u>	<u>3,315,277</u>

See accompanying notes to consolidated financial statements.

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

Daxin Materials Corporation and subsidiaries

Consolidated Statements of Cash Flows

For the six months ended June 30, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2026	2025
Cash flows from operating activities:		
Profit before income tax	\$ 530,366	411,583
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	129,570	134,699
Amortization	2,933	1,786
Net gain on financial assets and liabilities at fair value through profit or loss	(200)	(11,541)
Interest expense	3,064	3,684
Interest income	(11,513)	(12,757)
Dividend income	(864)	(1,473)
Shares of loss of associates and joint ventures accounted for using equity method	1,253	-
Gain on disposal of property, plant and equipment	-	(190)
Provisions for inventory obsolescence and devaluation loss	2,351	7,214
Others	191	525
Changes in operating assets and liabilities:		
Accounts receivable	(40,989)	(65,543)
Accounts receivable due from related parties	(8,962)	6,961
Inventories	(68,425)	3,573
Other current assets	6,234	16,562
Other financial assets — current	(2,658)	4,427
Financial assets at amortized cost — current	212	268
Accounts payable	33,530	(57,302)
Accounts payable to related parties	7,076	(3,178)
Other current liabilities	(100,897)	(59,860)
Cash generated from operations	482,272	379,438
Interest received	12,007	13,590
Interest paid	(3,053)	(3,664)
Income taxes paid	(80,611)	(70,305)
Net cash provided by operating activities	410,615	319,059
Cash flows from investing activities:		
Disposal of financial assets at amortized cost	345,000	320,550
Acquisition of financial assets at fair value through profit or loss	-	(4,671)
Disposal of financial assets at fair value through profit or loss	-	17,963
Acquisition of investments accounted for using equity method	(47,004)	-
Acquisition of property, plant and equipment	(187,119)	(109,775)
Disposal of property, plant and equipment	-	190
Increase in refundable deposits	(3,300)	(239)
Acquisition of intangible assets	(3,156)	(3,798)
Decrease (increase) in other noncurrent assets	(3,031)	109
Dividends received	864	1,473
Net cash provided by investing activities	102,254	221,802

See accompanying notes to consolidated financial statements.

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

Daxin Materials Corporation and subsidiaries
Consolidated Statements of Cash Flows (Continued)
For the six months ended June 30, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2026	2025
Cash flows from financing activities:		
Increase in short-term borrowings	230,000	120,000
Decrease in short-term borrowings	(230,000)	-
Proceeds from long-term borrowings	80,000	-
Repayments of long-term borrowings	(57,657)	(72,000)
Repayment of the principal portion of lease liabilities	(4,490)	(4,365)
Cash dividends paid	(667,653)	(513,580)
Net cash used in financing activities	(649,800)	(469,945)
Net increase (decrease) in cash and cash equivalents	(136,931)	70,916
Cash and cash equivalents at beginning of period	247,361	194,873
Cash and cash equivalents at end of period	\$ 110,430	265,789

See accompanying notes to consolidated financial statements.

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

Daxin Materials Corporation and subsidiaries

Notes to the Consolidated Financial Statements

June 30, 2026 and 2025

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

1. Company history

Daxin Materials Corporation (the “Company”) was incorporated in accordance with the Company Act of the Republic of China on July 12, 2006. The Company’s registered office is located at No.15, Keyuan 1st Rd., Central Taiwan Science Park, Taichung City, Taiwan, R.O.C. The Company’s common shares were admitted to trading on the Taipei Exchange (“TPEX”) on May 12, 2011; and subsequently listed on Taiwan Stock Exchange (“TWSE”) on July 16, 2012, upon which they were simultaneously delisted from the TPEX.

The Company and its subsidiaries (collectively, the “Group”) are primarily engaged in the research, design, development, manufacture, and sale of semiconductor and display-related fine chemicals.

2. The authorization of the consolidated financial statements

These consolidated financial statements were approved and authorized for issue by the Board of Directors on August 12, 2026.

3. Application of new standards, amendments and interpretations

- (1) Impact of adoption of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”)

The Group has initially adopted the following new amendments from January 1, 2026, which do not have a significant impact on its consolidated financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

- (2) Impact of the IFRSs endorsed by the FSC but not yet in effect

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2027, would not have a significant impact on its consolidated financial statements:

- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

Daxin Materials Corporation and subsidiaries

Notes to the Consolidated Financial Statements

The Group expects to adopt the following new and amended standards, which effective for annual period beginning on January 1, 2028:

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

The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.

- A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.
- Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.
- Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

The new standard introduces consequential amendments to IAS 7, which require to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows.

The Group is evaluating the impact on its consolidated financial statements upon the initial adoption of the new standard.

(ii) Amendments to IAS 28 “The Fair Value Option for Investments in Associates and Joint Ventures”

The Group does not expect the amendments to have a significant impact on its consolidated financial statements.

(3) The IFRSs issued by International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 20 “Regulatory Assets and Regulatory Liabilities”

Daxin Materials Corporation and subsidiaries

Notes to the Consolidated Financial Statements

4. Summary of significant accounting policies

Except as described below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2025. Please refer to note 4 of the consolidated financial statements for the year ended December 31, 2025 for the details.

(1) Statement of compliance

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

(2) Basis of consolidation

A. List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Business	Percentage of Ownership		
			June 30, 2026	December 31, 2025	June 30, 2025
The Company	Frontier Materials (Samoa) Corporation (FMSA)	Holding Company	100 %	-	-

Note: FMSA was incorporated and registered on September 29, 2017. The Company made capital contributions totaling US\$1,470 thousand in April and June 2026 and holds a 100% ownership interest in FMSA.

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

(3) Investment in associates

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

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

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. When changes in an associate’s equity arise from items other than profit or loss and other comprehensive income, and the Group’s ownership interest remains unchanged, the Group recognizes its proportionate share of such changes in capital surplus.

Daxin Materials Corporation and subsidiaries

Notes to the Consolidated Financial Statements

Unrealized gains or losses arising from transactions between the Group and its associates are recognized only to the extent of the interests in the associates held by the parties other than the Group.

When the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its shares of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of the associate.

(4) Income tax

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

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

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

5. Critical accounting judgments and key sources of estimation and uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 "Interim Financial Reporting" endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimations and assumptions uncertainty used by management in the application of accounting policies are consistent with those described in note 5 of the consolidated financial statements for the year ended December 31, 2025.

6. Description of significant accounts

Except as described below, the description of significant accounts in the accompanying consolidated financial statements is not materially different from those described in note 6 of the consolidated financial statements for the year ended December 31, 2025.

(1) Cash and cash equivalents

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand, demand deposits	\$ 110,430	247,361	195,789
Cash equivalents — time deposits	-	-	70,000
	<u><u>\$ 110,430</u></u>	<u><u>247,361</u></u>	<u><u>265,789</u></u>

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For the disclosure of currency risk and sensitivity analysis of the financial assets and liabilities of the Group, please refer to note 6(20).

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

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets mandatorily measured at FVTPL:			
Beneficiary certificates	\$ 30,360	30,160	27,660
Forward exchange contracts	-	-	14,801
	<u>\$ 30,360</u>	<u>30,160</u>	<u>42,461</u>

The Group uses derivative instruments to hedge certain currency risk arising from the Group's operating activities. The Group held the following derivative instruments, which were not qualified for hedging accounting and accounted them as financial assets mandatorily measured at fair value through profit or loss.

June 30, 2025				
	Contract amount (in thousands)	Currency	Maturity date	Book value
Forward exchange contracts sold	10,406	USD to NTD	July 2025 ~ October 2025	\$ <u>14,801</u>

A. For the disclosure of price risk, please refer to note 6(20).

B. None of the Group's financial assets mentioned above was pledged as collateral.

(3) Financial assets at amortized cost—current and noncurrent

	June 30, 2026	December 31, 2025	June 30, 2025
Time deposits	\$ 1,040,350	1,385,350	1,110,350
Foreign bonds	17,804	17,834	17,863
Others	361	1,037	605
Less: Loss allowance	-	-	-
	<u>\$ 1,058,515</u>	<u>1,404,221</u>	<u>1,128,818</u>
Current	<u>\$ 1,031,911</u>	<u>1,377,587</u>	<u>1,102,155</u>
Noncurrent	<u>\$ 26,604</u>	<u>26,634</u>	<u>26,663</u>

The Group has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on the principal amount outstanding. Therefore, these investments were classified as financial assets at amortized cost.

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- A. The par value of foreign bonds the Group invested in amounted to USD 500 thousand, with a coupon rate of 4.75% and a maturity date on November 15, 2043.
- B. For the disclosure of credit risk, please refer to note 6(20).
- C. For details of the financial assets mentioned above as performance guarantee and collateral, please refer to note 8.

(4) Accounts receivable, net (including related parties)

	June 30, 2026	December 31, 2025	June 30, 2025
Accounts receivable — measured at amortized cost	\$ 1,242,371	1,200,739	1,221,819
Accounts receivable — measured at fair value through other comprehensive income	12,547	4,228	1,050
Less: Loss allowance	(31,000)	(31,000)	(31,000)
	<u>\$ 1,223,918</u>	<u>1,173,967</u>	<u>1,191,869</u>

The Group has assessed that part of its accounts receivable is held within a business model aimed at both collecting contractual cash flows and selling financial assets; therefore, these items are measured at fair value through other comprehensive income.

The Group applied the simplified approach to estimate expected credit losses, utilizing lifetime expected loss provision for all receivables. To determine these amounts, the accounts receivable are grouped based on credit risk characteristics and insurance coverage, and incorporate forward-looking information.

The loss allowance provisions were determined as follows:

	June 30, 2026		
	Carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance
Current	\$ 1,245,826	2%~5%	30,545
1 to 30 days past due	9,092	2%~5%	455
	<u>\$ 1,254,918</u>		<u>31,000</u>
	December 31, 2025		
	Carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance
Current	\$ 1,188,206	2%~5%	30,162
1 to 30 days past due	12,048	2%~5%	602
31 to 60 days past due	4,713	2%~5%	236
	<u>\$ 1,204,967</u>		<u>31,000</u>

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	June 30, 2025		
	Carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance
Current	\$ 1,220,524	2%~5%	30,883
1 to 30 days past due	2,345	2%~5%	117
	\$ 1,222,869		31,000

The movement of the loss allowance for accounts receivable was as follows:

	For the six months ended June 30,	
	2026	2025
Balance at June 30 (as the balance at January 1)	\$ 31,000	31,000

Except for those individually assessed, the Group measures impairment losses by grouping assets based on credit ratings, considering historical default rates and forward-looking information.

Loss allowance for accounts receivable is established to recognize bad debt expense. However, when the Group determines that a receivable is uncollectible, the carrying amount of the receivable is written off against the related loss allowance.

None of the Group's accounts receivable mentioned above was pledged as collateral.

The Group entered into a non-recourse factoring agreement with the financial institution to sell its accounts receivable. Under the agreement, except those necessary agreed expenses, the Group is not required to bear the default risk of the transferred accounts receivable. The Group's accounts receivables, which were sold, as well as derecognized, and have been transferred to other receivables (recognized as other financial assets—current), were as follows:

(Unit: USD in Thousands)

June 30, 2026					
Underwriting bank	Factoring limit	Amount sold and derecognized	Amount advanced	Range of handling fees rate (%)	Principal terms
Taipei Fubon Commercial Bank	USD 6,000	USD 4,712	-	0.25%	Notes 1~3

December 31, 2025					
Underwriting bank	Factoring limit	Amount sold and derecognized	Amount advanced	Range of handling fees rate (%)	Principal terms
Taipei Fubon Commercial Bank	USD 6,000	USD 4,700	-	0.25%	Notes 1~3

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June 30, 2025

Underwriting bank	Factoring limit	Amount sold and derecognized	Amount advanced	Range of handling fees rate (%)	Principal terms
Taipei Fubon Commercial Bank	USD 1,500	USD 1,464	-	0.25%	Notes 1~3

Note 1: The above amount has been reclassified to other receivables. Under the facility, the Group transferred its accounts receivable to the underwriting bank, without recourse and subject to underwriting consent.

Note 2: Risks of non-collection or potential payment default by customers in the event of insolvency are borne by the bank. The Group is not responsible for the collection of receivables and subject to the facility, or for any legal proceedings and costs thereof in collecting these receivables.

Note 3: The Group informed its customers to make payment directly to the Group's reserve account with the underwriting bank.

As of June 30, 2026, December 31, 2025 and June 30, 2025, total outstanding receivables, net of underwriting fees, amounted to \$150,134 thousand, \$147,476 thousand and \$42,683 thousand, respectively, and were recognized as other financial assets—current.

(5) Inventories

	June 30, 2026	December 31, 2025	June 30, 2025
Raw materials and supplies	\$ 243,855	204,343	174,433
Work in progress and semi-finished products	103,871	93,198	97,602
Finished goods and merchandise	134,064	118,175	96,777
	\$ 481,790	415,716	368,812

The amount of provisions for inventories write-down to net realizable value, recognized in operating costs were \$1,546 thousand, \$3,978 thousand, \$2,351 thousand and \$7,214 thousand for the three months and six months ended June 30, 2026 and 2025, respectively.

The amounts recognized in operating costs in respect of inventory count gains were \$6 thousand, \$5 thousand, \$6 thousand and \$11 thousand for the three months and six months ended June 30, 2026 and 2025, respectively.

None of the Group's inventories mentioned above was pledged as collateral.

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(6) Investments accounted for using the equity method

The summarized financial information of associates accounted for using the equity method that are individually immaterial is as follows:

	June 30, 2026	
	\$ <u>45,318</u>	
	For the three months ended June 30, 2026	For the six months ended June 30, 2026
Jiangsu JSSMat Co., Ltd. (“JSSMat”)		
The Group’s share of:		
Net income (loss)	\$ (1,253)	(1,253)
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	\$ <u>(1,253)</u>	<u>(1,253)</u>

In April and June 2026, the Group acquired a 35% equity interest in JSSMat for a total consideration of US\$1,470 thousand, thereby obtaining significant influence over JSSMat.

For the purpose of applying the equity method, the Group used the financial statements of JSSMat as of May 31, 2026 and adjusted for the effects of significant transactions and events that occurring between May 31, 2026 and June 30, 2026.

None of the Group’s investments accounted for using the equity method was pledged as collateral.

(7) Property, plant and equipment

	Buildings	Machinery and equipment	R&D equipment	Office and other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:						
Balance at January 1, 2026	\$ 1,084,480	2,214,151	337,280	192,050	127,802	3,955,763
Additions	-	54,728	10,402	10,549	97,029	172,708
Disposals	-	-	(689)	(240)	-	(929)
Reclassification	-	43,307	2,536	390	(46,424)	(191)
Balance at June 30, 2026	\$ <u>1,084,480</u>	<u>2,312,186</u>	<u>349,529</u>	<u>202,749</u>	<u>178,407</u>	<u>4,127,351</u>
Balance at January 1, 2025	\$ 1,084,480	2,127,376	312,958	174,201	19,771	3,718,786
Additions	-	51,090	3,702	11,685	44,957	111,434
Disposals	-	(5,570)	(3,070)	(2,900)	-	(11,540)
Reclassification	-	10,615	47	100	(11,287)	(525)
Balance at June 30, 2025	\$ <u>1,084,480</u>	<u>2,183,511</u>	<u>313,637</u>	<u>183,086</u>	<u>53,441</u>	<u>3,818,155</u>

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	Buildings	Machinery and equipment	R&D equipment	Office and other equipment	Construction in progress and equipment awaiting inspection	Total
Accumulated depreciation:						
Balance at January 1, 2026	\$ 407,557	1,632,017	277,347	144,839	-	2,461,760
Depreciation	21,468	81,249	12,784	9,270	-	124,771
Disposals	-	-	(689)	(240)	-	(929)
Balance at June 30, 2026	<u>\$ 429,025</u>	<u>1,713,266</u>	<u>289,442</u>	<u>153,869</u>	<u>-</u>	<u>2,585,602</u>
Balance at January 1, 2025	\$ 364,043	1,476,263	267,164	131,333	-	2,238,803
Depreciation	21,774	89,944	9,900	8,354	-	129,972
Disposals	-	(5,570)	(3,070)	(2,900)	-	(11,540)
Balance at June 30, 2025	<u>\$ 385,817</u>	<u>1,560,637</u>	<u>273,994</u>	<u>136,787</u>	<u>-</u>	<u>2,357,235</u>
Carrying amount:						
Balance at January 1, 2026	<u>\$ 676,923</u>	<u>582,134</u>	<u>59,933</u>	<u>47,211</u>	<u>127,802</u>	<u>1,494,003</u>
Balance at June 30, 2026	<u>\$ 655,455</u>	<u>598,920</u>	<u>60,087</u>	<u>48,880</u>	<u>178,407</u>	<u>1,541,749</u>
Balance at January 1, 2025	<u>\$ 720,437</u>	<u>651,113</u>	<u>45,794</u>	<u>42,868</u>	<u>19,771</u>	<u>1,479,983</u>
Balance at June 30, 2025	<u>\$ 698,663</u>	<u>622,874</u>	<u>39,643</u>	<u>46,299</u>	<u>53,441</u>	<u>1,460,920</u>

A. Guarantee

None of the Group's property, plant and equipment mentioned above was pledged as collateral.

B. Construction in progress and equipment awaiting inspection

The Group has carried out equipment augmentation in headquarters and Chungkang branch. The incurred but not yet paid amount of construction still in progress and equipment awaiting inspection amounted to \$106,324 thousand, \$43,130 thousand and \$1,340 thousand, respectively, as of June 30, 2026, December 31, 2025 and June 30, 2025.

(8) Right-of-use assets

	Land	Machinery and equipment	Total
Carrying amount:			
Balance at January 1, 2026	<u>\$ 145,325</u>	<u>546</u>	<u>145,871</u>
Balance at June 30, 2026	<u>\$ 143,119</u>	<u>428</u>	<u>143,547</u>
Balance at January 1, 2025	<u>\$ 154,544</u>	<u>80</u>	<u>154,624</u>
Balance at June 30, 2025	<u>\$ 149,936</u>	<u>661</u>	<u>150,597</u>

There were no significant additions, disposals, impairments, or reversals in the Group's right-of-use assets for the six months ended June 30, 2026 and 2025. Please refer to note 12 for depreciation amount this period and note 6(7) of the consolidated financial statements for the year ended December 31, 2025 for further information.

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(9) Intangible assets

	Computer software
Carrying amount:	
Balance at January 1, 2026	\$ <u>5,087</u>
Balance at June 30, 2026	\$ <u>5,310</u>
Balance at January 1, 2025	\$ <u>2,552</u>
Balance at June 30, 2025	\$ <u>4,564</u>

There were no significant additions, disposals, impairments, or reversals in the Group's intangible assets for the six months ended June 30, 2026 and 2025. Please refer to note 12 for amortization amount this period and note 6(8) of the consolidated financial statements for the year ended December 31, 2025 for further information.

(10) Short-term borrowings

	June 30, 2026	December 31, 2025	June 30, 2025
Unsecured bank loans	\$ <u>-</u>	<u>-</u>	<u>120,000</u>
Unused credit lines	\$ <u>554,659</u>	<u>553,679</u>	<u>415,381</u>
Range of interest rates	<u>-</u>	<u>-</u>	<u>1.85%~2.05%</u>

Please refer to note 6(23) for information of drawdown and repayment of short-term borrowings, and note 6(19) for information of interest expenses for the six months ended June 30, 2026 and 2025.

(11) Long-term borrowings

	June 30, 2026	December 31, 2025	June 30, 2025
Unsecured bank loans	\$ 217,417	195,074	316,693
Less: Current portion	<u>(131,315)</u>	<u>(115,315)</u>	<u>(143,999)</u>
	\$ <u>86,102</u>	<u>79,759</u>	<u>172,694</u>
Unused credit lines	\$ <u>70,000</u>	<u>150,000</u>	<u>-</u>
Range of interest rates	<u>1.375%~2.175%</u>	<u>1.375%</u>	<u>1.375%</u>

Please refer to note 6(23) for information of drawdown and repayment of long-term borrowings, and note 6(19) for information of interest expenses for the six months ended June 30, 2026 and 2025.

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(12) Lease liabilities

	<u>June 30,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>	<u>June 30,</u> <u>2025</u>
Carrying amount:			
Current	\$ <u>9,083</u>	<u>8,886</u>	<u>8,819</u>
Noncurrent	\$ <u>142,181</u>	<u>144,393</u>	<u>148,854</u>

The Group repaid \$4,490 thousand and \$4,365 thousand for the principal of lease liabilities for the six months ended June 30, 2026 and 2025.

	<u>For the three months</u> <u>ended June 30,</u> <u>2026</u>	<u>2025</u>	<u>For the six months</u> <u>ended June 30,</u> <u>2026</u>	<u>2025</u>
Items that affected current profit or loss:				
Interest expenses relating to lease liabilities	\$ <u>573</u>	<u>597</u>	<u>1,155</u>	<u>1,199</u>
Expenses relating to short-term leases	\$ <u>1,710</u>	<u>1,466</u>	<u>3,449</u>	<u>2,742</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>54</u>	<u>58</u>	<u>112</u>	<u>156</u>

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

	<u>For the six months ended June 30,</u> <u>2026</u>	<u>2025</u>
Total cash outflow for leases	\$ <u>9,128</u>	<u>8,473</u>

A. Land leases

The Group leases land for its offices and manufacturing facilities. The lease terms are 10 and 13 years, respectively, with options to extend the lease after the contract term expires.

Lease payments under the land lease agreements are subject to periodic adjustments based on changes in the officially announced land values of the science park and the apportioned public infrastructure construction costs.

B. Other leases

The Group leases the machinery and equipment with lease terms of 3 years.

In addition, the Group has elected not to recognize the right-of-use assets and lease liabilities for its dormitories, offices and carrier vehicles with the lease term of 1 to 2 years, which qualifies as short-term leases and leases of low-value assets.

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(13) Employee benefits – Defined contribution plans

The Group's pension costs incurred from contributions to the defined contribution plan were \$5,971 thousand, \$5,443 thousand, \$11,868 thousand and \$10,913 thousand for the three months and six months ended June 30, 2026 and 2025, respectively.

(14) Income tax

A. The components of income tax expense were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Current tax expense				
Current period	\$ 38,402	26,844	76,903	59,548
Adjustment to prior years	(2,384)	(169)	(2,384)	(169)
Income tax expense	<u>\$ 36,018</u>	<u>26,675</u>	<u>74,519</u>	<u>59,379</u>

B. The Company's income tax returns for the years through 2024 have been examined and approved by the tax authorities.

(15) Equity

Except as described below, there were no significant changes in the capital and other equity of the Group for the six months ended June 30, 2026 and 2025. For relevant information, please refer to note 6(14) of the consolidated financial statements for the year ended December 31, 2025.

A. Retained earnings

According to the Company's Articles of Incorporation, if the Company has a profit at the end of each fiscal year, the Company shall first pay the tax, offset the accumulated losses, and set aside a legal reserve at 10% of the remaining earnings unless and until the accumulated legal reserve has reached the amount of the paid-in capital of the Company, then set aside or reverse special reserve in accordance with the Company's operation or relevant laws and regulations. The balance (if any) together with accumulated unappropriated retained earnings can be distributed after the distribution plan proposed and approved. Dividend distribution may be distributed in whole or in part, in the form of shares shall be approved by the shareholders' meeting, and in the form of cash shall be approved by the Board of Directors and reported to the shareholders' meeting.

The Company adopts the residual dividend policy considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions, and capital budget, etc., while taking into account the shareholders' interests, maintenance of a balance dividend and the Company's long term financial plan. When the dividends are distributed, at least 30% of the retained earnings available for distribution of the current year shall be distributed as dividends, which may be distributed by way of cash dividend and/or stock dividend, and the ratio for cash dividend shall not be less than 10% of total distribution.

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B. Earnings distribution

The Company's appropriation of earnings for 2025 by way of cash dividends has been approved in the Board of Directors' meeting held on February 24, 2026. The appropriation of 2025 earnings by other ways has been approved in the annual shareholders' meeting held on May 22, 2026. Details of distribution were as follows:

	<u>Amount</u>	<u>Dividends per share (NT\$)</u>
Legal reserve	\$ 75,696	
Cash dividends to shareholders	<u>667,653</u>	6.5
	<u><u>\$ 743,349</u></u>	

The Company's appropriation of earnings for 2024 by way of cash dividends has been approved in the Board of Directors' meeting held on February 25, 2025. The appropriation of 2024 earnings by other ways has been approved in the annual shareholders' meeting held on May 14, 2025. Details of distribution were as follows:

	<u>Amount</u>	<u>Dividends per share (NT\$)</u>
Legal reserve	\$ 57,061	
Cash dividends to shareholders	<u>513,580</u>	5.0
	<u><u>\$ 570,641</u></u>	

Information for the Company's appropriation of earnings is available at the Market Observation Post System website.

(16) Earnings per share

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Basic earnings per share:				
Net income attributable to the shareholders of the Company	\$ <u>228,819</u>	<u>159,363</u>	<u>455,847</u>	<u>352,204</u>
Weighted average number of common shares outstanding (in thousands of shares)	<u>102,716</u>	<u>102,716</u>	<u>102,716</u>	<u>102,716</u>
Basic earnings per share (in NTD)	\$ <u>2.23</u>	<u>1.55</u>	<u>4.44</u>	<u>3.43</u>

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	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Diluted earnings per share:				
Net income attributable to the shareholders of the Company	<u>\$ 228,819</u>	<u>159,363</u>	<u>455,847</u>	<u>352,204</u>
Weighted average number of common shares outstanding (basic) (in thousands of shares)	102,716	102,716	102,716	102,716
Dilutive potential common shares employee remuneration in stock (in thousands of shares)	<u>111</u>	<u>126</u>	<u>165</u>	<u>210</u>
Weighted average number of common shares outstanding (diluted) (in thousands of shares)	<u>102,827</u>	<u>102,842</u>	<u>102,881</u>	<u>102,926</u>
Diluted earnings per share (in NTD)	<u>\$ 2.22</u>	<u>1.55</u>	<u>4.43</u>	<u>3.42</u>

(17) Operating revenue

A. Disaggregation of revenue from contracts with customers

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Primary geographical markets:				
Taiwan	\$ 861,042	751,761	1,629,100	1,412,665
China	407,139	382,765	830,545	789,605
Other areas	<u>13,525</u>	<u>16,552</u>	<u>23,361</u>	<u>54,869</u>
	<u>\$ 1,281,706</u>	<u>1,151,078</u>	<u>2,483,006</u>	<u>2,257,139</u>
Major product categories:				
Semiconductor materials	\$ 290,655	185,726	521,267	333,213
Display materials	962,056	936,975	1,912,096	1,868,903
Key raw materials and others	<u>28,995</u>	<u>28,377</u>	<u>49,643</u>	<u>55,023</u>
	<u>\$ 1,281,706</u>	<u>1,151,078</u>	<u>2,483,006</u>	<u>2,257,139</u>

B. Contract balances

	June 30, 2026	December 31, 2025	June 30, 2025
Contract liabilities (recognized in other current liabilities)	<u>\$ 13</u>	<u>19</u>	<u>72</u>

The changes in the contract liabilities primarily resulted from advance consideration received from customers, for which revenue is recognized upon the transfer of goods to customers. Revenue recognized for the six months ended June 30, 2026 and 2025 that was included in the contract liabilities at the beginning of the period were \$19 thousand and \$37 thousand, respectively.

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(18) Remuneration to employees and directors

According to the Company's Articles of Incorporation, if the Company has a profit (income before tax, excluding remuneration to employees and directors) for each fiscal year, the Company shall first reserve a sufficient amount to offset its accumulated losses, and then distribute the remaining balance in accordance with the ratio as follows:

A. No less than 3% as employees' remuneration;

B. No more than 1% as directors' remuneration.

No less than 5% of the employees' remuneration aforementioned shall be allocated as remuneration for non-executive employees.

The Company accrued employees' remuneration amounting to \$21,614 thousand, \$15,207 thousand, \$43,319 thousand and \$33,644 thousand, directors' remuneration amounting to \$1,725 thousand, \$1,520 thousand, \$3,896 thousand and \$3,364 thousand for the three months and six months ended June 30, 2026 and 2025, respectively. These amounts were determined by calculating the profit before income tax (pre-deduction of remunerations to employees and directors) multiplied by the percentage prescribed in the Articles of Incorporation. These are recognized as operating costs or expenses for the respective periods. If there are any subsequent adjustments to the actual remuneration amounts after the Board of Directors, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. If the Board of Directors resolved that the employees' remuneration is to be distributed through issuance of shares, the distributable shares are calculated based on the closing price on the trading day prior to Board approval.

The Company accrued its employees' remuneration amounting to \$72,225 thousand (including non-executive employees' remuneration amounting to \$10,834 thousand) and directors' remuneration amounting to \$7,222 thousand for the year ended December 31, 2025, which were consistent with those approved in the Board of Directors' meetings. The relevant information is available at the Market Observation Post System website.

(19) Non-operating income and expenses

A. Other gains and losses

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Gains on disposals of property, plant and equipment	\$ -	190	-	190
Foreign exchange gains (losses), net	(1,019)	(65,829)	14,209	(55,419)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	620	22,015	200	22,360
Government grants	3,500	3,000	6,500	5,400
Others	1,362	1,114	2,526	1,349
	<u>\$ 4,463</u>	<u>(39,510)</u>	<u>23,435</u>	<u>(26,120)</u>

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B. Interest income

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Interest income on bank deposits	\$ 5,241	5,534	11,156	12,398
Other interest income	357	359	357	359
	<u>\$ 5,598</u>	<u>5,893</u>	<u>11,513</u>	<u>12,757</u>

C. Interest expense

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Interest expense on bank loans	\$ 1,289	1,222	1,909	2,485
Interest expense on lease liabilities	573	597	1,155	1,199
	<u>\$ 1,862</u>	<u>1,819</u>	<u>3,064</u>	<u>3,684</u>

(20) Financial instruments

A. Credit risk

(a) Concentration of credit risk

As of June 30, 2026, December 31, 2025 and June 30, 2025, the accounts receivable from the top five customers (including related parties) accounted for 78%, 80% and 76% of total accounts receivable, respectively. The concentration of credit risk among other accounts receivable is not material.

(b) Credit risks of receivables and debt securities

For credit risk exposure of accounts receivable, please refer to note 6(4). For the details of financial assets at amortized cost, including time deposits and foreign bonds, please refer to note 6(3).

All of these financial assets are considered to have low credit risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Please refer to note 4(7) of the consolidated financial statements for the year ended December 31, 2025 regarding how the Group determines whether the financial assets are considered to be low credit risk).

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B. Liquidity risk

Except for accounts payable (including related parties), payroll and bonus payable, and payable on machinery and equipment expected to be settled within one year, the contractual maturities of other financial liabilities, which include estimated interest payments but exclude the effects of netting agreements, were as follows:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years or more</u>	<u>Over 5 years</u>
June 30, 2026							
Non-derivative financial liabilities							
Lease liabilities (current and noncurrent)	\$ 151,264	(169,478)	(5,645)	(5,645)	(11,251)	(33,151)	(113,786)
Long-term borrowings (including current portion)	<u>217,417</u>	<u>(221,812)</u>	<u>(59,307)</u>	<u>(74,852)</u>	<u>(55,247)</u>	<u>(32,406)</u>	<u>-</u>
	<u>\$ 368,681</u>	<u>(391,290)</u>	<u>(64,952)</u>	<u>(80,497)</u>	<u>(66,498)</u>	<u>(65,557)</u>	<u>(113,786)</u>
December 31, 2025							
Non-derivative financial liabilities							
Lease liabilities (current and noncurrent)	\$ 153,279	(172,317)	(5,563)	(5,563)	(11,126)	(32,739)	(117,326)
Long term borrowings (including current portion)	<u>195,074</u>	<u>(197,455)</u>	<u>(58,833)</u>	<u>(58,437)</u>	<u>(80,185)</u>	<u>-</u>	<u>-</u>
	<u>\$ 348,353</u>	<u>(369,772)</u>	<u>(64,396)</u>	<u>(64,000)</u>	<u>(91,311)</u>	<u>(32,739)</u>	<u>(117,326)</u>
June 30, 2025							
Non-derivative financial liabilities							
Lease liabilities (current and noncurrent)	\$ 157,673	(177,880)	(5,563)	(5,563)	(11,126)	(32,859)	(122,769)
Long-term borrowings (including current portion)	<u>316,693</u>	<u>(321,664)</u>	<u>(73,970)</u>	<u>(73,475)</u>	<u>(145,466)</u>	<u>(28,753)</u>	<u>-</u>
	<u>\$ 474,366</u>	<u>(499,544)</u>	<u>(79,533)</u>	<u>(79,038)</u>	<u>(156,592)</u>	<u>(61,612)</u>	<u>(122,769)</u>

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

C. Currency risk

(a) Exposure to foreign currency risk

The Group's financial assets and liabilities exposed to significant foreign currency risk were as follows:

	<u>June 30, 2026</u>			<u>December 31, 2025</u>			<u>June 30, 2025</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 19,172	31.865	610,917	19,082	31.375	598,708	16,652	29.155	485,475
<u>Non-monetary Items</u>									
USD	-	-	-	-	-	-	10,406	29.155	Note
RMB	9,696	4.674	45,318	-	-	-	-	-	-

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	June 30, 2026			December 31, 2025			June 30, 2025		
	Foreign currency	Exchang e rate	NTD	Foreign currency	Exchang e rate	NTD	Foreign currency	Exchang e rate	NTD
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	227	31.865	7,248	364	31.375	11,418	502	29.155	14,645

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

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, and accounts payables that are denominated in foreign currency. As of June 30, 2026 and 2025, an appreciating (depreciating) of 0.1% of the NTD against the USD would have increased or decreased the profit before income tax by \$604 thousand and \$471 thousand, respectively, with all other variables remaining constant. The analysis was performed on the same basis for comparative periods.

(c) Foreign exchange gain (loss) on monetary items

With varieties of functional currencies within the Group, the Group disclosed foreign exchange gain (loss) on monetary items in aggregate. The aggregate of realized and unrealized foreign exchange gains (losses) for the three months and six months ended June 30, 2026 and 2025 were \$(1,019) thousand, \$(65,829) thousand, \$14,209 thousand and \$(55,419) thousand, respectively.

D. Interest rate risk

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

If the interest rate had increased or decreased by 0.1%, the Group's profit before income tax would have increased or decreased by \$109 thousand and \$158 thousand for the six months ended June 30, 2026 and 2025, respectively, with all other variables remaining constant.

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E. Other price risk

If the price of the financial assets-equity security, which was calculated on the same basis for both years and assuming that all other variables remaining constant, had changed at the reporting date, the impact would have been as follows:

	For the six months ended June 30,			
	2026		2025	
	Other comprehensive income (loss) before income tax	Net income (loss) before income tax	Other comprehensive income (loss) before income tax	Net income (loss) before income tax
Price of securities at the reporting date				
Increase 1%	\$ -	304	-	277
Decrease 1%	\$ -	(304)	-	(277)

F. Fair value of financial instruments

(a) Categories of financial instruments and fair value

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

- (i) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Any transfers between levels of the fair value hierarchy are recognized on the reporting date.

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required.

	June 30, 2026				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 30,360	30,360	-	-	30,360

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		June 30, 2026				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income						
Accounts receivable	\$	<u>12,547</u>	<u>-</u>	<u>12,547</u>	<u>-</u>	<u>12,547</u>
Financial assets at amortized cost						
Cash and cash equivalents	\$	110,430	-	-	-	-
Financial assets at amortized cost—current		1,031,911	-	-	-	-
Accounts receivable (including related parties)		1,211,371	-	-	-	-
Other financial assets—current		150,134	-	-	-	-
Financial assets at amortized cost—noncurrent		26,604	-	15,502	-	15,502
Guarantee deposits paid		<u>6,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$	<u>2,536,583</u>	<u>-</u>	<u>15,502</u>	<u>-</u>	<u>15,502</u>
Financial liabilities						
Financial liabilities at amortized cost						
Accounts payable (including related parties)	\$	539,320	-	-	-	-
Payroll and bonus payable		335,323	-	-	-	-
Payable on machinery and equipment		34,889	-	-	-	-
Long-term borrowings (including current portion)		217,417	-	-	-	-
Lease liabilities—current and noncurrent		<u>151,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$	<u>1,278,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	December 31, 2025				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 30,160	30,160	-	-	30,160
Financial assets at fair value through other comprehensive income					
Accounts receivable	\$ 4,228	-	4,228	-	4,228
Financial assets at amortized cost					
Cash and cash equivalents	\$ 247,361	-	-	-	-
Financial assets at amortized cost— current	1,377,587	-	-	-	-
Accounts receivable (including related parties)	1,169,739	-	-	-	-
Other financial assets— current	147,476	-	-	-	-
Financial assets at amortized cost— noncurrent	26,634	-	15,711	-	15,711
Guarantee deposits paid	2,833	-	-	-	-
	\$ 2,971,630	-	15,711	-	15,711
Financial liabilities					
Financial liabilities at amortized cost					
Accounts payable (including related parties)	\$ 498,714	-	-	-	-
Payroll and bonus payable	436,247	-	-	-	-
Payable on machinery and equipment	49,300	-	-	-	-
Long-term borrowings (including current portion)	195,074	-	-	-	-
Lease liabilities— current and noncurrent	153,279	-	-	-	-
	\$ 1,332,614	-	-	-	-

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		June 30, 2025				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets						
Financial assets at fair value through profit or loss						
Beneficiary certificates	\$	27,660	27,660	-	-	27,660
Forward exchanges contracts		14,801	-	14,801	-	14,801
	\$	<u>42,461</u>	<u>27,660</u>	<u>14,801</u>	<u>-</u>	<u>42,461</u>
Financial assets at fair value through other comprehensive income						
Accounts receivable	\$	<u>1,050</u>	<u>-</u>	<u>1,050</u>	<u>-</u>	<u>1,050</u>
Financial assets at amortized cost						
Cash and cash equivalents	\$	265,789	-	-	-	-
Financial assets at amortized cost—current		1,102,155	-	-	-	-
Accounts receivable (including related parties)		1,190,819	-	-	-	-
Other financial assets—current		42,683	-	-	-	-
Financial assets at amortized cost—noncurrent		26,663	-	14,563	-	14,563
Guarantee deposits paid		2,833	-	-	-	-
	\$	<u>2,630,942</u>	<u>-</u>	<u>14,563</u>	<u>-</u>	<u>14,563</u>
Financial liabilities						
Financial liabilities at amortized cost						
Short-term borrowings	\$	120,000	-	-	-	-
Accounts payable (including related parties)		449,938	-	-	-	-
Payroll and bonus payable		267,548	-	-	-	-
Payable on machinery and equipment		42,998	-	-	-	-
Long-term borrowings (including current portion)		316,693	-	-	-	-
Lease liabilities—current and noncurrent		157,673	-	-	-	-
	\$	<u>1,354,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

The Group estimates its financial instruments not measured at fair value using the following methods and assumptions:

Fair value measurement for financial assets and financial liabilities at amortized cost will be based on the latest quoted price and concluded price if the quotation provided by market makers or concluded price is available in active markets. When market value is unavailable, the fair value of financial assets and financial liabilities is evaluated based on the discounted cash flow.

(c) Valuation technique of financial instruments measured at fair value.

(i) Non-derivative financial instruments

For the beneficiary certificates held by the Group, which are subject to standard terms and conditions and are traded in the active markets, the fair value is determined by reference to market quotations.

(ii) Derivative financial instruments

Forward exchange contracts are typically evaluated based on the exchange rates provided by the counterparty banks.

(d) Transfer of fair value level

No transfers occurred between the levels of fair value hierarchy for the six months ended June 30, 2026 and 2025.

(21) Financial risk management

The goals and policies of the Group's financial risk management were not materially different from those disclosed in note 6(20) of the consolidated financial statements for the year ended December 31, 2025.

(22) Capital management

The objectives, policies and procedures of the Group's capital management have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2025. Also, there was no significant change in the Group's capital management information as disclosed for the year ended December 31, 2025. For the relevant information, please refer to note 6(21) of the consolidated financial statements for the year ended December 31, 2025.

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

The Group's reconciliation of liabilities arising from financing activities was as follows:

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities (current and noncurrent)	Liabilities arising from financing activities
Balance at January 1, 2026	\$ -	195,074	153,279	348,353
Cash flow				
Proceeds from borrowings	230,000	80,000	-	310,000
Repayments of borrowings	(230,000)	(57,657)	-	(287,657)
Payment of lease liabilities	-	-	(4,490)	(4,490)
Interest paid	-	-	(1,155)	Note
Non-cash changes				
Interest expenses	-	-	1,155	Note
Additions of right-of-use assets	-	-	2,475	2,475
Balance at June 30, 2026	<u>\$ -</u>	<u>217,417</u>	<u>151,264</u>	<u>368,681</u>
Balance at January 1, 2025	\$ -	388,693	161,338	550,031
Cash flow				
Proceeds from borrowings	120,000	-	-	120,000
Repayments of borrowings	-	(72,000)	-	(72,000)
Payment of lease liabilities	-	-	(4,365)	(4,365)
Interest paid	-	-	(1,199)	Note
Non-cash changes				
Interest expenses	-	-	1,199	Note
Additions of right-of-use assets	-	-	700	700
Balance at June 30, 2025	<u>\$ 120,000</u>	<u>316,693</u>	<u>157,673</u>	<u>594,366</u>

Note: It was categorized as operating activities

7. Related party transactions

(1) Names and relationships of related parties

Names of related parties	Relationship with the Group
Eternal Materials Co., Ltd. ("Eternal")	The entity with significant influence over the Group
AUO Corporation ("AUO")	The entity with significant influence over the Group
AUO Crystal Corp. ("ACTW")	AUO's Subsidiary
AUO Power Corporation ("AUOPC")	AUO's Subsidiary

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Names of related parties	Relationship with the Group
AET Corporation (“AETTW”)	AUO’s Subsidiary
AUO (Suzhou) Co., Ltd. (“AUOSZ”)	AUO’s Subsidiary
AUO (Kunshan) Co., Ltd. (“AUOKS”)	AUO’s Subsidiary
Jector Digital Corporation (“Jector”)	AUO’s Subsidiary
Jiangsu JSSMat Co., Ltd. (“JSSMat”)	Associate (note)
Board members, general manager, and vice presidents	The management of the Group

Note: The Group obtained significant influence over JSSMat on April 1, 2026. Accordingly, it has been accounted for as an associate since that date.

(2) Compensation to key management personnel

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Short-term employee benefits	\$ 27,862	22,496	51,114	44,866
Post-employment benefits	108	4,581	189	9,162
	<u>\$ 27,970</u>	<u>27,077</u>	<u>51,303</u>	<u>54,028</u>

(3) Significant transactions with related parties

A. Operating revenue and accounts receivable from related parties

	Operating revenue				Accounts receivable from related parties		
	For the three months ended June 30,		For the six months ended June 30,		June 30, 2026	December 31, 2025	June 30, 2025
	2026	2025	2026	2025			
The entity with significant influence over the Group — AUO	\$ 517,007	515,746	1,008,046	1,005,524	702,130	698,796	709,999
Other related parties	12,836	2,888	14,504	3,602	9,728	4,100	3,218
	<u>\$ 529,843</u>	<u>518,634</u>	<u>1,022,550</u>	<u>1,009,126</u>	<u>711,858</u>	<u>702,896</u>	<u>713,217</u>

The credit terms for related parties were both 60 to 120 days from the end of the month while those for third parties were collected in advance to 120 days from the end of the month. The selling price for sales to the related parties was determined by market and adjusted according to the sales volume and product specification. The Group did not implement collateral requirements for receivables from related parties, and did not reserve the loss allowance for related parties’ receivables after appraisal.

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B. Purchase, process outsourcing and accounts payable to related parties

	Purchase and process outsourcing				Accounts payable to related parties		
	For the three months ended June 30,		For the six months ended June 30,		June 30, 2026	December 31, 2025	June 30, 2025
	2026	2025	2026	2025			
The entity with significant influence over the Group	\$ <u>15,708</u>	<u>9,056</u>	<u>28,293</u>	<u>18,599</u>	<u>16,644</u>	<u>9,729</u>	<u>10,057</u>

The payment terms to related parties were both 90 days from the end of the month while those to third parties were prepayment to 120 days from the end of the month. The Group did not procure products with the same specification from third parties, so that purchase price between related parties and third parties cannot be compared. The products outsourced to related parties were different from products outsourced to third parties, so the payment terms and purchase prices can't be compared.

C. Acquisition of property, plant and equipment

	Acquisition prices				Payable on machinery and equipment		
	For the three months ended June 30,		For the six months ended June 30,		June 30, 2026	December 31, 2025	June 30, 2025
	2026	2025	2026	2025			
The entity with significant influence over the Group	\$ <u>-</u>	<u>2,940</u>	<u>4,410</u>	<u>2,940</u>	<u>-</u>	<u>-</u>	<u>-</u>

D. Others

- (a) The amounts of rental fees, other expenses and the accounts payable to related parties were as follows:

	Amount				Accounts payable to related parties		
	For the three months ended June 30,		For the six months ended June 30,		June 30, 2026	December 31, 2025	June 30, 2025
	2026	2025	2026	2025			
The entity with significant influence over the Group	\$ 268	240	519	512	101	94	-
Other related parties	395	273	701	273	250	96	96
	<u>\$ 663</u>	<u>513</u>	<u>1,220</u>	<u>785</u>	<u>351</u>	<u>190</u>	<u>96</u>

- (b) The Group paid deposits to related parties for the purchase of renewable energy. As of June 30, 2026, December 31, 2025 and June 30, 2025, the amounts recorded under guarantee deposits paid were \$239 thousand.
- (c) The Group subscribed to a carbon management platform from related parties. As of June 30, 2026, December 31, 2025 and June 30, 2025, the unamortized amount recorded under other current assets was \$0 thousand, \$43 thousand and \$0 thousand.

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8. Pledged assets

Pledged assets	Object	June 30, 2026	December 31, 2025	June 30, 2025
Time deposits (recognized in financial assets at amortized cost — noncurrent)	Guarantee for the lease contract with the Central Taiwan Science Park Bureau	\$ 6,200	6,200	6,200
Time deposits (recognized in financial assets at amortized cost — noncurrent)	Guarantee for the lease contract with the Taichung Branch, Bureau of Industrial Parks, Ministry of Economic Affairs	2,600	2,600	2,600
		<u>\$ 8,800</u>	<u>8,800</u>	<u>8,800</u>

9. Significant contingent liabilities and unrecognized commitments

The significant commitments and contingencies of the Group as of June 30, 2026, December 31, 2025 and June 30, 2025 were as follows:

- (1) A guarantee letter for import goods with post-release duty payment which the Group requested a bank to issue to the Taipei Customs, Customs Administration, Ministry of Finance amounting to both \$4,000 thousand.
- (2) The total amount of promissory notes deposited by the Group at the bank for acquiring borrowings limit, credit line of forward exchange trading and accounts receivable factoring was \$1,795,930 thousand, \$1,795,930 thousand and \$1,634,267 thousand, respectively.
- (3) The significant outstanding commitments for construction and purchase of property, plant and equipment amounted to \$150,501 thousand, \$196,341 thousand and \$130,574 thousand, respectively.
- (4) A promissory note and a guarantee letter issued by a bank to Taiwan Small & Medium Enterprise Counselling Foundation as a guarantee of government subsidies for the research and development project, the promissory note amounted to both \$24,000 thousand and the guarantee letter issued by a bank amounted to \$5,071 thousand, \$5,071 thousand and \$18,929 thousand, respectively.

10. Significant disaster losses: None

11. Subsequent events: None

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12. Others

A summary of employee benefits, depreciation, and amortization, by function, was as follows:

By item	By function	For the three months ended June 30,					
		2026			2025		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
	Salary	72,426	175,020	247,446	60,469	149,625	210,094
	Labor and health insurance	4,947	8,422	13,369	4,513	7,715	12,228
	Pension	2,329	3,642	5,971	2,128	3,315	5,443
	Others	2,435	4,238	6,673	2,259	3,994	6,253
	Depreciation	51,325	14,132	65,457	54,916	12,712	67,628
	Amortization	109	1,393	1,502	89	852	941

	For the six months ended June 30,					
By function	2026			2025		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By item						
Employee benefits						
Salary	139,404	344,387	483,791	116,521	300,504	417,025
Labor and health insurance	9,810	16,626	26,436	8,946	15,378	24,324
Pension	4,626	7,242	11,868	4,239	6,674	10,913
Others	4,739	8,959	13,698	4,456	7,963	12,419
Depreciation	101,465	28,105	129,570	109,346	25,353	134,699
Amortization	201	2,732	2,933	175	1,611	1,786

Daxin Materials Corporation and subsidiaries

Notes to the Consolidated Financial Statements

13. Additional disclosures

(1) Information on significant transactions

Following are the additional disclosures required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2026:

A. Loans to other parties: None.

B. Guarantees and endorsements for other parties: None.

C. Material securities held as of June 30, 2026 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Type and name of marketable securities	Relationship with the securities issuer	Financial statement account	Ending balance				Note
				Shares	Carrying amount	Percentage of ownership	Fair value	
The Company	Beneficiary certificates Capital ICE ESG 20+ Year BBB Corporate ETF	-	Financial assets at fair value through profit or loss—current	2,000,000	30,360	-	30,360	
The Company	Foreign bonds United States treasury of America bonds	-	Financial assets at amortized cost—noncurrent	-	17,804	-	15,502	

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

Company name	Related party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	% of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	% of total notes/accounts receivable (payable)	
The Company	AUO	Accounted for using the equity method	Sales	1,008,046	41 %	120 days from the end of the month	Note 7	Note 7	702,130	57%	

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

Company name	Related party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	AUO	Accounted for using the equity method	702,130	2.88	-	-	160,390	-

Note: The status of receivables collection in subsequent period was of August 12, 2026.

F. Business relationships and significant intercompany transactions: None.

(2) Information on investees:

(In thousands of New Taiwan Dollars and shares)

Name of investor	Name of investee company	Location	Main business activities	Original investment amount		Ending balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2026	December 31, 2025	Shares	% of ownership	Carrying amount			
The Company	FMSA	Samoa	Holding Company	47,004 (USD1,470 thousand)	-	1,470	100.00	45,318	(1,253)	(1,253)	Subsidiary

Note: All inter-company transactions among Daxin and its subsidiaries have been eliminated in the consolidated financial statements.

Daxin Materials Corporation and subsidiaries

Notes to the Consolidated Financial Statements

(3) Information on investment in Mainland China

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

(In thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2026	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2026	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note3)	Carrying amount of investment as of June 30, 2026 (Note2)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
JSSMat	Research, development, manufacturing and sales of electronic specialty materials	137,315	(Note 1)	-	47,004 (USD1,470 thousand)	-	47,004 (USD1,470 thousand)	(8,829)	35.00%	(1,253)	45,318	-

B. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2026	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (note 4)
47,004 (USD 1,470 thousand)	47,004 (USD 1,470 thousand)	1,989,166

Note 1: Indirect investments in Mainland China through companies registered in a third region.

Note 2: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

Note 3: Amounts were recognized based on the investees' reviewed financial statements.

Note 4: Pursuant to Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, Daxin's accumulated investments in Mainland China did not exceed the upper limit on investment or ratio stipulated by the Investment Commission, Ministry of Economic Affairs ("MOEA").

C. Significant transactions: None.

14. Segment information

The Group primarily engaged in the research, design, development, manufacture, and sales of semiconductor and display-related fine chemicals. It has only one single operating segment. The segment financial information is consistently to the consolidated financial statements. For revenue from external customers and profit before income tax, please refer to the consolidated statements of comprehensive income. For assets, please refer to the consolidated balance sheets.