Stock Code:5234

# Daxin Materials Corporation and Subsidiaries

**Consolidated Financial Statements**

**With Independent Auditors' Review Report**
**For the Three Months Ended March 31, 2026 and 2025**


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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 March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 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 Company as of March 31, 2026 and 2025, its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 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)
May 6, 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

## March 31, 2026, December 31, 2025, and March 31, 2025

## (Expressed in Thousands of New Taiwan Dollars)

| | | March 31, 2026 | | December 31, 2025 | | March 31, 2025 | |
|---|---|---|---|---|---|---|---|
| | **Assets** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| | **Current assets:** | | | | | | |
| 1100 | Cash and cash equivalents (note 6(1)) | $ 230,721 | 4 | 247,361 | 5 | 165,686 | 3 |
| 1110 | Financial assets at fair value through profit or loss－current (note 6(2)) | 29,740 | 1 | 30,160 | 1 | 49,228 | 1 |
| 1136 | Financial assets at amortized cost－current (note 6(3)) | 1,482,369 | 28 | 1,377,587 | 27 | 1,563,820 | 31 |
| 1170 | Accounts receivable, net (note 6(4)) | 503,076 | 10 | 471,071 | 9 | 462,265 | 9 |
| 1180 | Accounts receivable due from related parties, net (notes 6(4) and 7) | 692,944 | 13 | 702,896 | 14 | 684,894 | 14 |
| 130X | Inventories (note 6(5)) | 435,214 | 8 | 415,716 | 7 | 380,428 | 7 |
| 1476 | Other financial assets－current (note 6(4)) | 127,128 | 2 | 147,476 | 3 | 46,571 | 1 |
| 1479 | Other current assets (note 7) | 36,153 | 1 | 29,352 | 1 | 37,069 | 1 |
| | | 3,537,345 | 67 | 3,421,619 | 67 | 3,389,961 | 67 |
| | **Noncurrent assets:** | | | | | | |
| 1535 | Financial assets at amortized cost－noncurrent (notes 6(3) and 8) | 26,634 | 1 | 26,634 | 1 | 26,691 | 1 |
| 1600 | Property, plant and equipment (notes 6(6), 7 and 9) | 1,552,885 | 29 | 1,494,003 | 29 | 1,450,981 | 29 |
| 1755 | Right-of-use assets (note 6(7)) | 145,947 | 3 | 145,871 | 3 | 152,261 | 3 |
| 1780 | Intangible assets (note 6(8)) | 4,766 | - | 5,087 | - | 3,599 | - |
| 1840 | Deferred tax assets | 17,161 | - | 17,161 | - | 23,449 | - |
| 1920 | Guarantee deposits paid (note 7) | 2,833 | - | 2,833 | - | 2,833 | - |
| 1990 | Other noncurrent assets | 647 | - | 283 | - | 251 | - |
| | | 1,750,873 | 33 | 1,691,872 | 33 | 1,660,065 | 33 |
| | **Total assets** | **$ 5,288,218** | **100** | **5,113,491** | **100** | **5,050,026** | **100** |

| | | March 31, 2026 | | December 31, 2025 | | March 31, 2025 | |
|---|---|---|---|---|---|---|---|
| | **Liabilities and Equity** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| | **Current liabilities:** | | | | | | |
| 2170 | Accounts payable | 472,193 | 9 | 488,795 | 10 | 465,273 | 9 |
| 2180 | Accounts payable to related parties (note 7) | 13,933 | - | 9,919 | - | 10,403 | - |
| 2201 | Payroll and bonus payable | 381,308 | 7 | 436,247 | 9 | 302,404 | 6 |
| 2213 | Payable on machinery and equipment (note 7) | 59,581 | 1 | 49,300 | 1 | 35,953 | 1 |
| 2216 | Dividends payable (note 6(13)) | 667,654 | 13 | - | - | 513,580 | 10 |
| 2230 | Current tax liabilities | 122,817 | 3 | 84,892 | 2 | 104,283 | 2 |
| 2280 | Lease liabilities－current (note 6(10)) | 9,047 | - | 8,886 | - | 8,578 | - |
| 2322 | Long-term borrowings, current portion (note 6(9)) | 115,315 | 2 | 115,315 | 2 | 143,999 | 3 |
| 2399 | Other current liabilities (note 6(15)) | 162,140 | 3 | 166,525 | 3 | 140,819 | 3 |
| | | 2,003,988 | 38 | 1,359,879 | 27 | 1,725,292 | 34 |
| | **Noncurrent liabilities:** | | | | | | |
| 2540 | Long-term borrowings (note 6(9)) | 50,930 | 1 | 79,759 | 1 | 208,694 | 4 |
| 2570 | Deferred tax liabilities | 1,944 | - | 1,944 | - | 2,057 | - |
| 2580 | Lease liabilities－noncurrent (note 6(10)) | 144,466 | 3 | 144,393 | 3 | 150,581 | 3 |
| | | 197,340 | 4 | 226,096 | 4 | 361,332 | 7 |
| | **Total liabilities** | 2,201,328 | 42 | 1,585,975 | 31 | 2,086,624 | 41 |
| | **Equity** (note 6(13)): | | | | | | |
| 3110 | Common stock | 1,027,159 | 19 | 1,027,159 | 20 | 1,027,159 | 20 |
| 3200 | Capital surplus | 41,838 | 1 | 41,838 | 1 | 41,838 | 1 |
| | Retained earnings: | | | | | | |
| 3310 | Legal reserve | 695,647 | 13 | 695,647 | 14 | 638,586 | 13 |
| 3350 | Unappropriated retained earnings | 1,322,246 | 25 | 1,762,872 | 34 | 1,255,819 | 25 |
| | | 2,017,893 | 38 | 2,458,519 | 48 | 1,894,405 | 38 |
| | **Total equity** | 3,086,890 | 58 | 3,527,516 | 69 | 2,963,402 | 59 |
| | **Total liabilities and equity** | **$ 5,288,218** | **100** | **5,113,491** | **100** | **5,050,026** | **100** |

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 months ended March 31, 2026 and 2025

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

| | | For the three months ended March 31, | | | |
|---|---|---|---|---|---|
| | | 2026 | | 2025 | |
| | | Amount | % | Amount | % |
| 4000 | **Operating revenue** (notes 6(15) and 7) | $ 1,201,300 | 100 | 1,106,061 | 100 |
| 5000 | **Operating costs** (notes 6(5), (6), (7), (8), (10), (11), (16) and 7) | 683,522 | 57 | 653,350 | 59 |
| | **Gross profit from operations** | 517,778 | 43 | 452,711 | 41 |
| | **Operating expenses** (notes 6(6), (7), (8), (10), (11), (16) and 7): | | | | |
| 6100 | Selling expenses | 56,097 | 5 | 52,496 | 5 |
| 6200 | Administrative expenses | 69,950 | 6 | 59,054 | 5 |
| 6300 | Research and development expenses | 150,319 | 12 | 134,743 | 12 |
| | | 276,366 | 23 | 246,293 | 22 |
| | **Operating income** | 241,412 | 20 | 206,418 | 19 |
| | **Non-operating income and expenses** (notes 6(10) and (17)): | | | | |
| 7020 | Other gains and losses | 18,972 | 2 | 13,390 | 1 |
| 7100 | Interest income | 5,915 | - | 6,864 | - |
| 7130 | Dividend income | 432 | - | 738 | - |
| 7510 | Interest expense | (1,202) | - | (1,865) | - |
| | | 24,117 | 2 | 19,127 | 1 |
| | **Profit before income tax** | 265,529 | 22 | 225,545 | 20 |
| 7950 | **Less: Income tax expense** (note 6(12)) | 38,501 | 3 | 32,704 | 3 |
| | **Net income** | 227,028 | 19 | 192,841 | 17 |
| 8300 | **Other comprehensive income (loss)** | - | - | - | - |
| | **Total comprehensive income** | **$ 227,028** | **19** | **192,841** | **17** |
| | **Earnings per share (NT dollars)** (note 6(14)) | | | | |
| 9750 | Basic earnings per share | **$ 2.21** | | **1.88** | |
| 9850 | Diluted earnings per share | **$ 2.21** | | **1.87** | |

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 three months ended March 31, 2026 and 2025

## (Expressed in Thousands of New Taiwan Dollars)

| | | | Retained earnings | | | |
|---|---|---|---|---|---|---|
| | 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 | - | - | - | 192,841 | 192,841 | 192,841 |
| Other comprehensive income (loss) | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | 192,841 | 192,841 | 192,841 |
| Appropriation and distribution of retained earnings: | | | | | | |
| Cash dividends to shareholders | - | - | - | (513,580) | (513,580) | (513,580) |
| **Balance at March 31, 2025** | **$ 1,027,159** | **41,838** | **638,586** | **1,255,819** | **1,894,405** | **2,963,402** |
| **Balance at January 1, 2026** | $ 1,027,159 | 41,838 | 695,647 | 1,762,872 | 2,458,519 | 3,527,516 |
| Net income | - | - | - | 227,028 | 227,028 | 227,028 |
| Other comprehensive income (loss) | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | 227,028 | 227,028 | 227,028 |
| Appropriation and distribution of retained earnings: | | | | | | |
| Cash dividends to shareholders | - | - | - | (667,654) | (667,654) | (667,654) |
| **Balance at March 31, 2026** | **$ 1,027,159** | **41,838** | **695,647** | **1,322,246** | **2,017,893** | **3,086,890** |

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 three months ended March 31, 2026 and 2025

## (Expressed in Thousands of New Taiwan Dollars)

| | | For the three months ended March 31, | |
|---|---|---|---|
| | | 2026 | 2025 |
| **Cash flows from operating activities:** | | | |
| **Profit before income tax** | $ | 265,529 | 225,545 |
| **Adjustments:** | | | |
| **Adjustments to reconcile profit (loss):** | | | |
| Depreciation | | 64,113 | 67,071 |
| Amortization | | 1,431 | 845 |
| Net loss (gain) on financial assets and liabilities at fair value through profit or loss | | 420 | (345) |
| Interest expense | | 1,202 | 1,865 |
| Interest income | | (5,915) | (6,864) |
| Dividend income | | (432) | (738) |
| Provisions for inventory obsolescence and devaluation loss | | 805 | 3,236 |
| Others | | 155 | 514 |
| **Changes in operating assets and liabilities:** | | | |
| Accounts receivable | | (32,005) | (49,156) |
| Accounts receivable due from related parties | | 9,952 | 35,284 |
| Inventories | | (20,303) | (4,065) |
| Other current assets | | (6,801) | (640) |
| Other financial assets－current | | 20,348 | 539 |
| Financial assets at amortized cost－current | | 132 | 261 |
| Accounts payable | | (16,602) | (31,814) |
| Accounts payable to related parties | | 4,014 | (2,928) |
| Other current liabilities | | (59,308) | (45,989) |
| Cash generated from operations | | 226,735 | 192,621 |
| Interest received | | 6,001 | 7,261 |
| Interest paid | | (1,218) | (1,889) |
| Income taxes paid | | (576) | (696) |
| **Net cash provided by operating activities** | | 230,942 | 197,297 |
| **Cash flows from investing activities:** | | | |
| Acquisition of financial assets at amortized cost | | (105,000) | (140,700) |
| Acquisition of financial assets at fair value through profit or loss | | - | (4,671) |
| Acquisition of property, plant and equipment | | (110,470) | (41,606) |
| Increase in refundable deposits | | - | (239) |
| Acquisition of intangible assets | | (1,110) | (1,892) |
| Decrease (increase) in other noncurrent assets | | (364) | 65 |
| Dividends received | | 432 | 738 |
| **Net cash used in investing activities** | | (216,512) | (188,305) |
| **Cash flows from financing activities:** | | | |
| Repayments of long-term borrowings | | (28,829) | (36,000) |
| Repayment of the principal portion of lease liabilities | | (2,241) | (2,179) |
| **Net cash used in financing activities** | | (31,070) | (38,179) |
| **Net decrease in cash and cash equivalents** | | (16,640) | (29,187) |
| **Cash and cash equivalents at beginning of period** | | 247,361 | 194,873 |
| **Cash and cash equivalents at end of period** | $ | **230,721** | **165,686** |

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

## March 31, 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 May 6, 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) The IFRSs issued by International Accounting Standards Board ("IASB") but not yet endorsed by the FSC

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

| Standards or Interpretations | Content of amendment | Effective date per IASB |
|---|---|---|
| IFRS 18 "Presentation and Disclosure in Financial Statements" | 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.<br>● 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.<br>● 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.<br>● 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. | January 1, 2027<br>note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC. |

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures" and amendments to IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"

## 4. Summary of 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

| | | | Percentage of Ownership | | |
|---|---|---|---|---|---|
| **Name of Investor** | **Name of Subsidiary** | **Business** | **March 31, 2026** | **December 31, 2025** | **March 31, 2025** |
| The Company | Frontier Materials (Samoa) Corporation (FMSA) | Holding Company | (Note) | (Note) | (Note) |

Note: The registration process was completed on August 9, 2017. As of March 31, 2026, the related capital contribution remains unremitted.

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

(3) 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

| | March 31, 2026 | December 31, 2025 | March 31, 2025 |
|---|---|---|---|
| Cash on hand, demand deposits | $ 182,721 | 247,361 | 165,686 |
| Cash equivalents － time deposits | 48,000 | - | - |
| | **$ 230,721** | **247,361** | **165,686** |

For the disclosure of currency risk and sensitivity analysis of the financial assets and liabilities of the Group, please refer to note 6(18).

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

| | | March 31, 2026 | December 31, 2025 | March 31, 2025 |
|---|---|---|---|---|
| **Financial assets mandatorily measured at FVTPL:** | | | | |
| Beneficiary certificates | $ | **29,740** | **30,160** | **49,228** |

A. For the disclosure of price risk, please refer to note 6(18).

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

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

| | | March 31, 2026 | December 31, 2025 | March 31, 2025 |
|---|---|---|---|---|
| Time deposits | $ | 1,490,350 | 1,385,350 | 1,571,600 |
| Foreign bonds | | 17,834 | 17,834 | 17,891 |
| Others | | 819 | 1,037 | 1,020 |
| Less: Loss allowance | | - | - | - |
| | $ | **1,509,003** | **1,404,221** | **1,590,511** |
| Current | $ | **1,482,369** | **1,377,587** | **1,563,820** |
| Noncurrent | $ | **26,634** | **26,634** | **26,691** |

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.

A. The carrying 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(18).

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)

| | | March 31, 2026 | December 31, 2025 | March 31, 2025 |
|---|---|---|---|---|
| Accounts receivable－measured at amortized cost | $ | 1,209,899 | 1,200,739 | 1,175,080 |
| Accounts receivable－measured at fair value through other comprehensive income | | 17,121 | 4,228 | 3,079 |
| Less: Loss allowance | | (31,000) | (31,000) | (31,000) |
| | $ | **1,196,020** | **1,173,967** | **1,147,159** |

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:

| | March 31, 2026 | | |
|---|---|---|---|
| | **Carrying amount of accounts receivable** | **Weighted-average loss rate** | **Loss allowance** |
| Current | $ 1,215,755 | 2%~5% | 30,437 |
| 1 to 30 days past due | 11,265 | 2%~5% | 563 |
| | **$ 1,227,020** | | **31,000** |

| | 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 |
| | **$ 1,204,967** | | **31,000** |

| | March 31, 2025 | | |
|---|---|---|---|
| | **Carrying amount of accounts receivable** | **Weighted-average loss rate** | **Loss allowance** |
| Current | $ 1,176,689 | 2%~5% | 30,927 |
| 1 to 30 days past due | 1,470 | 2%~5% | 73 |
| | **$ 1,178,159** | | **31,000** |

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

| | For the three months ended March 31, | |
|---|---|---|
| | **2026** | **2025** |
| Balance at March 31 (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 used to record the bad debt losses. However, if the Group is convinced that the relevant receivable may not be recoverable, the loss allowance and financial assets shall be offset directly when it believes that it cannot be recovered.

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)

**March 31, 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 3,973 | - | 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 |

**March 31, 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 1,407 | - | 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 March 31, 2026, December 31, 2025 and March 31, 2025, total outstanding receivables, net of underwriting fees, amounted to $127,128 thousand, $147,476 thousand and $46,571 thousand, respectively, and were recognized as other financial assets－current.

(5) Inventories

| | March 31, 2026 | December 31, 2025 | March 31, 2025 |
|---|---|---|---|
| Raw materials and supplies | $ 229,768 | 204,343 | 195,750 |
| Work in progress and semi-finished products | 95,866 | 93,198 | 78,850 |
| Finished goods and merchandise | 109,580 | 118,175 | 105,828 |
| | **$ 435,214** | **415,716** | **380,428** |

The amount of provisions for inventories write-down to net realizable value, recognized in operating costs was $805 thousand and $3,236 thousand for the three months ended March 31, 2026 and 2025, respectively.

The amounts recognized in operating costs in respect of inventory count gains were $0 thousand and $6 thousand for the three months ended March 31, 2026 and 2025, respectively.

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

(6) 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 | - | 27,605 | 6,027 | 5,240 | 81,879 | 120,751 |
| Disposals | - | - | (689) | (240) | - | (929) |
| Reclassification | - | 18,228 | 1,806 | - | (20,189) | (155) |
| Balance at March 31, 2026 | **$ 1,084,480** | **2,259,984** | **344,424** | **197,050** | **189,492** | **4,075,430** |
| Balance at January 1, 2025 | $ 1,084,480 | 2,127,376 | 312,958 | 174,201 | 19,771 | 3,718,786 |
| Additions | - | 17,731 | 1,547 | 2,298 | 14,644 | 36,220 |
| Reclassification | - | 7,571 | - | - | (8,085) | (514) |
| Balance at March 31, 2025 | **$ 1,084,480** | **2,152,678** | **314,505** | **176,499** | **26,330** | **3,754,492** |

| | | 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 | | 10,758 | 40,133 | 6,337 | 4,486 | - | 61,714 |
| Disposals | | - | - | (689) | (240) | - | (929) |
| Balance at March 31, 2026 | $ | **418,315** | **1,672,150** | **282,995** | **149,085** | **-** | **2,522,545** |
| Balance at January 1, 2025 | $ | 364,043 | 1,476,263 | 267,164 | 131,333 | - | 2,238,803 |
| Depreciation | | 10,893 | 44,747 | 4,951 | 4,117 | - | 64,708 |
| Balance at March 31, 2025 | $ | **374,936** | **1,521,010** | **272,115** | **135,450** | **-** | **2,303,511** |
| Carrying amount: | | | | | | | |
| Balance at January 1, 2026 | $ | **676,923** | **582,134** | **59,933** | **47,211** | **127,802** | **1,494,003** |
| Balance at March 31, 2026 | $ | **666,165** | **587,834** | **61,429** | **47,965** | **189,492** | **1,552,885** |
| Balance at January 1, 2025 | $ | **720,437** | **651,113** | **45,794** | **42,868** | **19,771** | **1,479,983** |
| Balance at March 31, 2025 | $ | **709,544** | **631,668** | **42,390** | **41,049** | **26,330** | **1,450,981** |

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 $89,356 thousand, $43,130 thousand and $1,340 thousand, respectively, as of March 31, 2026, December 31, 2025 and March 31, 2025.

(7) Right-of-use assets

| | | Land | Machinery and equipment | Total |
|---|---|---|---|---|
| Carrying amount: | | | | |
| Balance at January 1, 2026 | $ | **145,325** | **546** | **145,871** |
| Balance at March 31, 2026 | $ | **145,461** | **486** | **145,947** |
| Balance at January 1, 2025 | $ | **154,544** | **80** | **154,624** |
| Balance at March 31, 2025 | $ | **152,241** | **20** | **152,261** |

There were no significant additions, disposals, impairments, or reversals in the Group's right-of-use assets for the three months ended March 31, 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.

(8) Intangible assets

| | Computer software |
|---|---|
| Carrying amount: | |
| Balance at January 1, 2026 | $ 5,087 |
| Balance at March 31, 2026 | $ 4,766 |
| Balance at January 1, 2025 | $ 2,552 |
| Balance at March 31, 2025 | $ 3,599 |

There were no significant additions, disposals, impairments, or reversals in the Group's intangible assets for the three months ended March 31, 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.

(9) Long-term borrowings

| | March 31, 2026 | December 31, 2025 | March 31, 2025 |
|---|---|---|---|
| Unsecured bank loans | $ 166,245 | 195,074 | 352,693 |
| Less: Current portion | (115,315) | (115,315) | (143,999) |
| | $ 50,930 | 79,759 | 208,694 |
| Unused credit lines | $ 150,000 | 150,000 | - |
| Range of interest rates | 1.375% | 1.375% | 1.375% |

Please refer to note 6(21) for information of drawdown and repayment of long-term borrowings, and note 6(17) for information of interest expenses for the three months ended March 31, 2026 and 2025.

(10) Lease liabilities

| | March 31, 2026 | December 31, 2025 | March 31, 2025 |
|---|---|---|---|
| Carrying amount: | | | |
| Current | $ 9,047 | 8,886 | 8,578 |
| Noncurrent | $ 144,466 | 144,393 | 150,581 |

The Group repaid $2,241 thousand and $2,179 thousand for the principal of lease liabilities for the three months ended March 31, 2026 and 2025.

| | For the three months ended March 31, | |
|---|---|---|
| | 2026 | 2025 |
| Items that affected current profit or loss: | | |
| Interest expenses relating to lease liabilities | $ 582 | 602 |
| Expenses relating to short-term leases | $ 1,739 | 1,276 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | $ 58 | 98 |

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

| | For the Three and three months ended March 31, | |
|---|---|---|
| | **2026** | **2025** |
| Total cash outflow for leases | $ 4,451 | 4,177 |

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.

(11) Employee benefits – Defined contribution plans

The Group’s pension costs incurred from contributions to the defined contribution plan were $5,897 thousand and $5,470 thousand for the three months ended March 31, 2026 and 2025, respectively.

(12) Income tax

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

| | For the three months ended March 31, | |
|---|---|---|
| | **2026** | **2025** |
| Current tax expense | | |
| Current period | $ 38,501 | 32,704 |

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

(13) Equity

Except as described below, there were no significant changes in the capital and other equity of the Group for the three months ended March 31, 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.

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. Details of distribution were as follows:

| | Amount | Dividends per share (NT$) |
|---|---|---|
| Legal reserve | $ 75,696 | |
| Cash dividends to shareholders | 667,654 | 6.5 |
| | **$ 743,350** | |

The aforementioned legal reserve is to be presented for approval in the annual shareholders' meeting to be held on May 22, 2026.

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:

| | Amount | Dividends per share (NT$) |
|---|---|---|
| Legal reserve | $ 57,061 | |
| Cash dividends to shareholders | 513,580 | 5.0 |
| | **$ 570,641** | |

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

(14) Earnings per share

| | For the three months ended March 31, | |
|---|---|---|
| | **2026** | **2025** |
| Basic earnings per share: | | |
| Net income attributable to the shareholders of the Company | **$ 227,028** | **192,841** |
| Weighted average number of common shares outstanding (in thousands of shares) | **102,716** | **102,716** |
| Basic earnings per share (in NTD) | **$ 2.21** | **1.88** |
| Diluted earnings per share: | | |
| Net income attributable to the shareholders of the Company | **$ 227,028** | **192,841** |
| Weighted average number of common shares outstanding (basic) (in thousands of shares) | 102,716 | 102,716 |
| Dilutive potential common shares employee remuneration in stock (in thousands of shares) | 177 | 286 |
| Weighted average number of common shares outstanding (diluted) (in thousands of shares) | **102,893** | **103,002** |
| Diluted earnings per share (in NTD) | **$ 2.21** | **1.87** |

(15) Operating revenue

A. Disaggregation of revenue from contracts with customers

| | For the three months ended March 31, | |
|---|---|---|
| | **2026** | **2025** |
| Primary geographical markets: | | |
| Taiwan | $ 768,058 | 660,904 |
| China | 423,406 | 406,840 |
| Other areas | 9,836 | 38,317 |
| | **$ 1,201,300** | **1,106,061** |
| Major product categories: | | |
| Semiconductor materials | $ 230,612 | 147,487 |
| Display materials | 950,040 | 931,928 |
| Key raw materials and others | 20,648 | 26,646 |
| | **$ 1,201,300** | **1,106,061** |

B. Contract balances

| | March 31, 2026 | December 31, 2025 | March 31, 2025 |
|---|---|---|---|
| Contract liabilities (recognized in other current liabilities) | $ 13 | 19 | - |

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the three months ended March 31, 2026 and 2025, which was included in the contract liability balance at the beginning of the period, was $19 thousand and $37 thousand, respectively.

(16) 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 mentioned above shall be allocated as remuneration for non-executive employees.

The Company accrued and recognized employees' remuneration amounting to $21,705 thousand and $18,437 thousand, directors' remuneration amounting to $2,171 thousand and $1,844 thousand for the three months ended March 31, 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 and recognized 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.

(17) Non-operating income and expenses

A. Other gains and losses

| | For the three months ended March 31, 2026 | 2025 |
|---|---|---|
| Foreign exchange gains, net | $ 15,228 | 10,410 |
| Gains (losses) on financial assets (liabilities) at fair value through profit or loss | (420) | 345 |
| Government grants | 3,000 | 2,400 |
| Others | 1,164 | 235 |
| | **$ 18,972** | **13,390** |

B. Interest income

| | For the three months ended March 31, 2026 | 2025 |
|---|---|---|
| Interest income on bank deposits | **$ 5,915** | **6,864** |

C. Interest expense

| | For the three months ended March 31, 2026 | 2025 |
|---|---|---|
| Interest expense on bank loans | $ 620 | 1,263 |
| Interest expense on lease liabilities | 582 | 602 |
| | **$ 1,202** | **1,865** |

(18) Financial instruments

A. Credit risk

(a) Concentration of credit risk

As of March 31, 2026, December 31, 2025 and March 31, 2025, the accounts receivable from the top five customers (including related parties) accounted for 80%, 80% and 79% 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).

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:

| | Carrying amount | Contractual cash flows | Within 6 months | 6-12 months | 1-2 years | 2-5 years or more | Over 5 years |
|---|---|---|---|---|---|---|---|
| **March 31, 2026** | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Lease liabilities (current and noncurrent) | $ 153,513 | (172,301) | (5,645) | (5,645) | (11,291) | (33,171) | (116,549) |
| Long-term borrowings (including current portion) | 166,245 | (167,989) | (58,635) | (58,239) | (51,115) | - | - |
| | **$ 319,758** | **(340,290)** | **(64,280)** | **(63,884)** | **(62,406)** | **(33,171)** | **(116,549)** |
| **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) | 195,074 | (197,455) | (58,833) | (58,437) | (80,185) | - | - |
| | **$ 348,353** | **(369,772)** | **(64,396)** | **(64,000)** | **(91,311)** | **(32,739)** | **(117,326)** |
| **March 31, 2025** | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Lease liabilities (current and noncurrent) | $ 159,159 | (179,941) | (5,463) | (5,443) | (10,886) | (32,659) | (125,490) |
| Long-term borrowings (including current portion) | 352,693 | (358,836) | (74,218) | (73,723) | (145,961) | (64,934) | - |
| | **$ 511,852** | **(538,777)** | **(79,681)** | **(79,166)** | **(156,847)** | **(97,593)** | **(125,490)** |

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:

| | March 31, 2026 | | | December 31, 2025 | | | March 31, 2025 | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Foreign currency** | **Exchange rate** | **NTD** | **Foreign currency** | **Exchange rate** | **NTD** | **Foreign currency** | **Exchange rate** | **NTD** |
| Financial assets | | | | | | | | | |
| Monetary items | | | | | | | | | |
| USD | $ 21,131 | 32.000 | 676,176 | 19,082 | 31.375 | 598,708 | 18,588 | 33.100 | 615,275 |
| Financial liabilities | | | | | | | | | |
| Monetary items | | | | | | | | | |
| USD | 1,023 | 32.000 | 32,750 | 364 | 31.375 | 11,418 | 263 | 33.100 | 8,718 |

(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 March 31, 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 $643 thousand and $607 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 ended March 31, 2026 and 2025 were $15,228 thousand and $10,410 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 $42 thousand and $88 thousand for the three months ended March 31, 2026 and 2025, respectively, with all other variables remaining constant.

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 three months ended March 31, | | | |
|---|---|---|---|---|
| | 2026 | | 2025 | |
| Price of securities at the reporting date | 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 |
| Increase 1% | $ - | 297 | - | 492 |
| Decrease 1% | $ - | (297) | - | (492) |

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.

| | March 31, 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 | $ 29,740 | 29,740 | - | - | 29,740 |

| | March 31, 2026 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at fair value through other comprehensive income** | | | | | |
| Accounts receivable | $ 17,121 | - | 17,121 | - | 17,121 |
| **Financial assets at amortized cost** | | | | | |
| Cash and cash equivalents | $ 230,721 | - | - | - | - |
| Financial assets at amortized cost－current | 1,482,369 | - | - | - | - |
| Accounts receivable (including related parties) | 1,178,899 | - | - | - | - |
| Other financial assets－current | 127,128 | - | - | - | - |
| Financial assets at amortized cost－noncurrent | 26,634 | - | 15,640 | - | 15,640 |
| Guarantee deposits paid | 2,833 | - | - | - | - |
| | $ 3,048,584 | - | 15,640 | - | 15,640 |
| **Financial liabilities** | | | | | |
| **Financial liabilities at amortized cost** | | | | | |
| Accounts payable (including related parties) | $ 486,126 | - | - | - | - |
| Payroll and bonus payable | 381,308 | - | - | - | - |
| Payable on machinery and equipment | 59,581 | - | - | - | - |
| Dividends payable | 667,654 | - | - | - | - |
| Long-term borrowings (including current portion) | 166,245 | - | - | - | - |
| Lease liabilities－current and noncurrent | 153,513 | - | - | - | - |
| | $ 1,914,427 | - | - | - | - |

| | 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 |

| | December 31, 2025 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| **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** | **-** | **-** | **-** | **-** |

| | March 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 | **$ 49,228** | **49,228** | **-** | **-** | **49,228** |
| **Financial assets at fair value through other comprehensive income** | | | | | |
| Accounts receivable | **$ 3,079** | **-** | **3,079** | **-** | **3,079** |

| | March 31, 2025 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at amortized cost** | | | | | |
| Cash and cash equivalents | $ 165,686 | - | - | - | - |
| Financial assets at amortized cost－current | 1,563,820 | - | - | - | - |
| Accounts receivable (including related parties) | 1,144,080 | - | - | - | - |
| Other financial assets－current | 46,571 | - | - | - | - |
| Financial assets at amortized cost－noncurrent | 26,691 | - | 16,927 | - | 16,927 |
| Guarantee deposits paid | 2,833 | - | - | - | - |
| | $ 2,949,681 | - | 16,927 | - | 16,927 |
| **Financial liabilities** | | | | | |
| **Financial liabilities at amortized cost** | | | | | |
| Accounts payable (including related parties) | $ 475,676 | - | - | - | - |
| Payroll and bonus payable | 302,404 | - | - | - | - |
| Payable on machinery and equipment | 35,953 | - | - | - | - |
| Dividends payable | 513,580 | - | - | - | - |
| Long-term borrowings (including current portion) | 352,693 | - | - | - | - |
| Lease liabilities－current and noncurrent | 159,159 | - | - | - | - |
| | $ 1,839,465 | - | - | - | - |

(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－ 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.

(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 three months ended March 31, 2026 and 2025.

(19) 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.

(20) 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.

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

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

| | 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 | | | |
| Repayments of borrowings | (28,829) | - | (28,829) |
| Payment of lease liabilities | - | (2,241) | (2,241) |
| Interest paid | - | (582) | Note |
| Non-cash changes | | | |
| Interest expenses | - | 582 | Note |
| Additions of right-of-use assets | - | 2,475 | 2,475 |
| Balance at March 31, 2026 | **$ 166,245** | **153,513** | **319,758** |

| | | Long-term borrowings (including current portion) | Lease liabilities (current and noncurrent) | Liabilities arising from financing activities |
|---|---|---|---|---|
| Balance at January 1, 2025 | $ | 388,693 | 161,338 | 550,031 |
| Cash flow | | | | |
| Repayments of borrowings | | (36,000) | - | (36,000) |
| Payment of lease liabilities | | - | (2,179) | (2,179) |
| Interest paid | | - | (602) | Note |
| Non-cash changes | | | | |
| Interest expenses | | - | 602 | Note |
| Balance at March 31, 2025 | **$** | **352,693** | **159,159** | **511,852** |

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 |
| 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 |
| Board members, general manager, and vice presidents | The management of the Group |

(2) Compensation to key management personnel

| | | For the three months ended March 31, 2026 | For the three months ended March 31, 2025 |
|---|---|---|---|
| Short-term employee benefits | $ | 23,252 | 22,370 |
| Post-employment benefits | | 81 | 4,581 |
| | **$** | **23,333** | **26,951** |

(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 March 31, | | | | |
| | **2026** | **2025** | **March 31, 2026** | **December 31, 2025** | **March 31, 2025** |
| The entity with significant influence over the Group－AUO | $ 491,039 | 489,778 | 689,933 | 698,796 | 682,737 |
| Other related parties | 1,668 | 714 | 3,011 | 4,100 | 2,157 |
| | **$ 492,707** | **490,492** | **692,944** | **702,896** | **684,894** |

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.

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

| | Purchase and process outsourcing | | Accounts payable to related parties | | |
|---|---|---|---|---|---|
| | For the three months ended March 31, | | | | |
| | **2026** | **2025** | **March 31, 2026** | **December 31, 2025** | **March 31, 2025** |
| The entity with significant influence over the Group | $ 12,585 | 9,543 | 13,487 | 9,729 | 10,301 |

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 March 31, | | | | |
| | **2026** | **2025** | **March 31, 2026** | **December 31, 2025** | **March 31, 2025** |
| The entity with significant influence over the Group | $ 4,410 | - | 4,631 | - | - |

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 March 31, | | | | |
| | | 2026 | 2025 | March 31, 2026 | December 31, 2025 | March 31, 2025 |
| The entity with significant influence over the Group | $ | 251 | 272 | 350 | 94 | 102 |
| Other related parties | | 306 | - | 96 | 96 | - |
| | $ | **557** | **272** | **446** | **190** | **102** |

(b) The Group paid deposits to related parties for the purchase of renewable energy. As of March 31, 2026, December 31, 2025 and March 31, 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 March 31, 2026, December 31, 2025 and March 31, 2025, the unamortized amount recorded under other current assets was $11 thousand, $43 thousand and $0 thousand.

## 8. Pledged assets

| Pledged assets | Object | | March 31, 2026 | December 31, 2025 | March 31, 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 |
| | | $ | **8,800** | **8,800** | **8,800** |

## 9. Significant contingent liabilities and unrecognized commitments

The significant commitments and contingencies of the Group as of March 31, 2026, December 31, 2025 and March 31, 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 $125,974 thousand, $196,341 thousand and $128,781 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

## 12. Others

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

| | For the three months ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2026 | | | 2025 | | |
| By function / By item | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefits | | | | | | |
| Salary | 66,978 | 169,367 | 236,345 | 56,052 | 150,879 | 206,931 |
| Labor and health insurance | 4,863 | 8,204 | 13,067 | 4,433 | 7,663 | 12,096 |
| Pension | 2,297 | 3,600 | 5,897 | 2,111 | 3,359 | 5,470 |
| Others | 2,304 | 4,721 | 7,025 | 2,197 | 3,969 | 6,166 |
| Depreciation | 50,140 | 13,973 | 64,113 | 54,430 | 12,641 | 67,071 |
| Amortization | 92 | 1,339 | 1,431 | 86 | 759 | 845 |

## 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 three months ended March 31, 2026:

A. Loans to other parties: None.

B. Guarantees and endorsements for other parties: None.

C. Material securities held as of March 31, 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 value | 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 | 29,740 | - | 29,740 | |
| The Company | Foreign bonds United States treasury of America bonds | - | Financial assets at amortized cost－noncurrent | - | 17,834 | - | 15,640 | |

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 | 491,039 | 41 % | 120 days from the end of the month | Note 7 | Note 7 | 689,933 | 58% | |

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 | 689,933 | 2.83 | - | - | 171,967 | - |

Note: The status of receivables collection in subsequent period was as of May 6, 2026.

F. Business relationships and significant intercompany transactions: None.

(2) Information on investees:

| 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | March 31, 2026 | December 31, 2025 | Shares | % of ownership | Carrying value | | | |
| The Company | FMSA | Samoa | Holding Company | - | - | - | - | - | - | - | Note |

Note: The registration process was completed on August 9, 2017. As of March 31, 2026, the related capital contribution remains unremitted.

(3) Information on investment in Mainland China

A. The names of investees in Mainland China, the main businesses and products, and other information: None.

B. Limitation on investment in Mainland China: None.

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.