

Daxin Materials Corporation and Subsidiaries

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2025 and 2024**

Address: No.15, Keyuan 1st Rd., Central Taiwan Science Park,
Taichung City 407733, Taiwan, R.O.C.
Telephone: (04)2460-8889

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

新竹市科學園區300091展業一路11號
No. 11, Prosperity Road I, Hsinchu Science Park,
Hsinchu, 300091, Taiwan (R.O.C.)

電話 Tel + 886 3 579 9955
傳真 Fax + 886 3 563 2277
網址 Web kpmg.com/tw

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, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2025 and 2024, as well as the changes in equity and cash flows for the six months ended June 30, 2025 and 2024, 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 June 30, 2025 and 2024, its consolidated financial performance for the three months and six months ended June 30, 2025 and 2024, as well as its consolidated cash flows for the six months ended June 30, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” 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 11, 2025

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its 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' review 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, 2025, December 31, 2024, and June 30, 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2025		December 31, 2024		June 30, 2024		Liabilities and Equity		June 30, 2025		December 31, 2024		June 30, 2024		
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%	
Current assets:								Current liabilities:								
1100	Cash and cash equivalents (note 6(1))	\$ 265,789	6	194,873	4	201,849	4	2100	Short-term borrowings (note 6(9))	\$ 120,000	3	-	-	-	-	
1110	Financial assets at fair value through profit or loss—current (note 6(2))	42,461	1	44,212	1	-	-	2170	Accounts payable	439,785	9	497,087	10	451,681	9	
1136	Financial assets measured at amortized cost—current (note 6(3))	1,102,155	24	1,423,778	29	1,341,951	28	2180	Accounts payable to related parties (note 7)	10,153	-	13,331	-	11,510	-	
1170	Accounts receivable, net (note 6(4))	478,652	10	413,109	8	410,923	9	2201	Payroll and bonus payable	267,548	6	349,878	7	218,851	5	
1180	Accounts receivable due from related parties, net (notes 6(4) and 7)	713,217	15	720,178	15	693,915	15	2213	Payable on machinery and equipment	42,998	1	41,339	1	35,736	1	
130X	Inventories (note 6(5))	368,812	8	379,599	7	360,308	8	2216	Dividends payable (note 6(14))	-	-	-	-	421,135	9	
1476	Other financial assets—current (note 6(4))	42,683	1	47,110	1	13,648	-	2230	Current tax liabilities	61,349	1	72,275	2	45,040	1	
1479	Other current assets	19,867	-	36,429	1	22,806	-	2280	Lease liabilities—current (note 6(11))	8,819	-	8,606	-	8,661	-	
		<u>3,033,636</u>	<u>65</u>	<u>3,259,288</u>	<u>66</u>	<u>3,045,400</u>	<u>64</u>	2322	Long-term borrowings, current portion (note 6(10))	143,999	3	143,999	3	95,999	2	
								2399	Other current liabilities (note 6(16))	<u>161,848</u>	<u>3</u>	<u>139,358</u>	<u>3</u>	<u>134,950</u>	<u>3</u>	
										<u>1,256,499</u>	<u>26</u>	<u>1,265,873</u>	<u>26</u>	<u>1,423,563</u>	<u>30</u>	
Noncurrent assets:								Noncurrent liabilities:								
1535	Financial assets measured at amortized cost—noncurrent (notes 6(3) and 8)	26,663	1	26,691	1	8,800	-	2540	Long-term borrowings (note 6(10))	172,694	4	244,694	5	210,893	4	
1600	Property, plant and equipment (notes 6(6), 7 and 9)	1,460,920	31	1,479,983	30	1,524,857	33	2570	Deferred tax liabilities	2,057	-	2,057	-	-	-	
1755	Right-of-use assets (note 6(7))	150,597	3	154,624	3	159,351	3	2580	Lease liabilities—noncurrent (note 6(11))	<u>148,854</u>	<u>3</u>	<u>152,732</u>	<u>3</u>	<u>157,011</u>	<u>3</u>	
1780	Intangible assets (note 6(8))	4,564	-	2,552	-	3,194	-		Total liabilities	<u>1,580,104</u>	<u>33</u>	<u>1,665,356</u>	<u>34</u>	<u>1,791,467</u>	<u>37</u>	
1840	Deferred tax assets	23,449	-	23,449	-	18,070	-	Equity (note 6(14)):								
1920	Guarantee deposits paid (note 7)	2,833	-	2,594	-	2,582	-	3110	Common stock	<u>1,027,159</u>	<u>22</u>	<u>1,027,159</u>	<u>21</u>	<u>1,027,159</u>	<u>22</u>	
1990	Other noncurrent assets	207	-	316	-	462	-	3200	Capital surplus	<u>41,838</u>	<u>1</u>	<u>41,838</u>	<u>1</u>	<u>41,814</u>	<u>1</u>	
		<u>1,669,233</u>	<u>35</u>	<u>1,690,209</u>	<u>34</u>	<u>1,717,316</u>	<u>36</u>		Retained earnings:							
								3310	Legal reserve	695,647	15	638,586	13	638,586	13	
								3350	Unappropriated retained earnings	<u>1,358,121</u>	<u>29</u>	<u>1,576,558</u>	<u>31</u>	<u>1,263,690</u>	<u>27</u>	
										<u>2,053,768</u>	<u>44</u>	<u>2,215,144</u>	<u>44</u>	<u>1,902,276</u>	<u>40</u>	
										<u>3,122,765</u>	<u>67</u>	<u>3,284,141</u>	<u>66</u>	<u>2,971,249</u>	<u>63</u>	
										Total equity	<u>3,122,765</u>	<u>67</u>	<u>3,284,141</u>	<u>66</u>	<u>2,971,249</u>	<u>63</u>
Total assets		<u>\$ 4,702,869</u>	<u>100</u>	<u>4,949,497</u>	<u>100</u>	<u>4,762,716</u>	<u>100</u>	Total liabilities and equity		<u>\$ 4,702,869</u>	<u>100</u>	<u>4,949,497</u>	<u>100</u>	<u>4,762,716</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, 2025 and 2024

(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,					
	2025		2024		2025		2024			
	Amount	%	Amount	%	Amount	%	Amount	%		
4000	Operating revenue (notes 6(16) and 7)		\$ 1,151,078	100	1,028,213	100	2,257,139	100	1,976,975	100
5000	Operating costs (notes 6(5), (6), (7), (8), (11), (12), (17) and 7)		684,530	59	645,345	63	1,337,880	59	1,259,983	64
	Gross profit from operations		466,548	41	382,868	37	919,259	41	716,992	36
	Operating expenses (notes 6(6), (7), (8), (11), (12), (17) and 7):									
6100	Selling expenses		53,078	5	51,618	5	105,574	5	95,294	5
6200	Administrative expenses		57,568	5	54,773	5	116,622	5	107,506	5
6300	Research and development expenses		135,163	12	126,336	12	269,906	12	243,779	12
			245,809	22	232,727	22	492,102	22	446,579	22
	Operating income		220,739	19	150,141	15	427,157	19	270,413	14
	Non-operating income and expenses (notes 6(11) and (18)):									
7020	Other gains and losses		(39,510)	(3)	8,917	1	(26,120)	(1)	18,945	1
7100	Interest income		5,893	1	6,768	-	12,757	-	11,310	-
7130	Dividend income		735	-	-	-	1,473	-	-	-
7510	Interest expense		(1,819)	-	(1,704)	-	(3,684)	-	(3,424)	-
			(34,701)	(2)	13,981	1	(15,574)	(1)	26,831	1
	Profit before income tax		186,038	17	164,122	16	411,583	18	297,244	15
7950	Less: Income tax expenses (note 6(13))		26,675	2	20,379	2	59,379	2	39,500	2
	Net income		159,363	15	143,743	14	352,204	16	257,744	13
8300	Other comprehensive income (loss)		-	-	-	-	-	-	-	-
	Total comprehensive income		\$ 159,363	15	143,743	14	352,204	16	257,744	13
	Earnings per share (NT dollars) (note 6(15))									
9750	Basic earnings per share		\$ 1.55		1.40		3.43		2.51	
9850	Diluted earnings per share		\$ 1.55		1.39		3.42		2.50	

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, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	
Balance at January 1, 2024	\$ 1,027,159	41,814	586,250	1,310	1,478,107	2,065,667	3,134,640
Net income	-	-	-	-	257,744	257,744	257,744
Other comprehensive income (loss)	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	257,744	257,744	257,744
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	52,336	-	(52,336)	-	-
Special reserve appropriated	-	-	-	(1,310)	1,310	-	-
Cash dividends to shareholders	-	-	-	-	(421,135)	(421,135)	(421,135)
Balance at June 30, 2024	\$ 1,027,159	41,814	638,586	-	1,263,690	1,902,276	2,971,249
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	\$ 1,027,159	41,838	695,647	-	1,358,121	2,053,768	3,122,765

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, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2025	2024
Cash flows from operating activities:		
Profit before income tax	\$ 411,583	297,244
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	134,699	133,748
Amortization	1,786	1,761
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(11,541)	7,800
Interest expense	3,684	3,424
Interest income	(12,757)	(11,310)
Dividend income	(1,473)	-
Gain on disposal of property, plant and equipment	(190)	(493)
Provisions for inventory obsolescence and devaluation loss	7,214	8,088
Others	525	508
Changes in operating assets and liabilities:		
Accounts receivable	(65,543)	(39,939)
Accounts receivable due from related parties	6,961	4,390
Inventories	3,573	(30,211)
Other current assets	16,562	6,397
Other financial assets — current	4,427	39,066
Financial assets measured at amortized cost — current	268	21
Accounts payable	(57,302)	44,386
Accounts payable to related parties	(3,178)	(823)
Other current liabilities	(59,860)	(81,797)
Cash generated from operations	379,438	382,260
Interest received	13,590	10,911
Interest paid	(3,664)	(3,444)
Income taxes paid	(70,305)	(85,242)
Net cash provided by operating activities	<u>319,059</u>	<u>304,485</u>
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	-	(180,945)
Disposal of financial assets at amortized cost	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 property, plant and equipment	(109,775)	(110,964)
Disposal of property, plant and equipment	190	524
Increase in refundable deposits	(239)	(5)
Acquisition of intangible assets	(3,798)	(2,963)
Decrease in other noncurrent assets	109	215
Dividends received	1,473	-
Net cash provided by (used in) investing activities	<u>221,802</u>	<u>(294,138)</u>
Cash flows from financing activities:		
Proceeds from short-term borrowings	120,000	-
Repayments of long-term borrowings	(72,000)	(48,000)
Repayment of the principal portion of lease liabilities	(4,365)	(4,301)
Cash dividends paid	(513,580)	-
Net cash used in financing activities	<u>(469,945)</u>	<u>(52,301)</u>
Net increase (decrease) in cash and cash equivalents	70,916	(41,954)
Cash and cash equivalents at beginning of period	194,873	243,803
Cash and cash equivalents at end of period	<u>\$ 265,789</u>	<u>201,849</u>

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, 2025 and 2024

(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 in July 12, 2006. The registered address is No.15, Keyuan 1st Rd., Central Taiwan Science Park, Taichung City, Taiwan, R.O.C. The Company’s common shares were listed and traded on the Taipei Exchange (“TPEX”) since May 12, 2011; officially listed on Taiwan Stock Exchange (“TWSE”) since July 16, 2012, and delisted from the TPEX at the same date.

The Company and its subsidiaries (together referred to as the “Group”), are mainly engaged in the research, design, development, manufacturing, and sales 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 11, 2025.

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, 2025, which do not have a significant impact on its consolidated financial statements.

- Amendments to IAS 21 “Lack of Exchangeability”

- (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, 2026, would 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—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

- (3) 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 the IASB, but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● 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

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

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”

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, 2024. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2024.

(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

<u>Name of Investor</u>	<u>Name of Subsidiary</u>	<u>Business</u>	<u>Percentage of Ownership</u>		
			<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
The Company	Frontier Materials (Samoa) Corporation (FMSA)	Investment and shareholding	(Note)	(Note)	(Note)

Note: The registration process was completed on August 9, 2017. As of June 30, 2025, the capital was not injected.

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.

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

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, 2024.

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, 2024.

(1) Cash and cash equivalents

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand, demand deposits	\$ 195,789	154,873	201,849
Cash equivalents – time deposits	70,000	40,000	-
	<u>\$ 265,789</u>	<u>194,873</u>	<u>201,849</u>

For the disclosure of currency risk and sensitivity analysis of the financial assets and liabilities of the Group, please refer to note 6(19).

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

	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets mandatorily measured at FVTPL:			
Beneficiary certificates	\$ 27,660	44,212	-
Forward exchange contracts	14,801	-	-
	<u>\$ 42,461</u>	<u>44,212</u>	<u>-</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.

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

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><u>14,801</u></u>

A. For the disclosure of price risk, please refer to note 6(19).

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

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

	June 30, 2025	December 31, 2024	June 30, 2024
Time deposits	\$ 1,110,350	1,430,900	1,349,740
Foreign bonds	17,863	17,891	-
Others	605	1,678	1,011
Less: Loss allowance	-	-	-
	<u><u>\$ 1,128,818</u></u>	<u><u>1,450,469</u></u>	<u><u>1,350,751</u></u>
Current	<u><u>\$ 1,102,155</u></u>	<u><u>1,423,778</u></u>	<u><u>1,341,951</u></u>
Noncurrent	<u><u>\$ 26,663</u></u>	<u><u>26,691</u></u>	<u><u>8,800</u></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 measured 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(19).

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, 2025	December 31, 2024	June 30, 2024
Accounts receivable — measured at amortized cost	\$ 1,221,819	1,162,309	1,133,221
Accounts receivable — measured at fair value through other comprehensive income	1,050	1,978	2,617
Less: Loss allowance	(31,000)	(31,000)	(31,000)
	<u><u>\$ 1,191,869</u></u>	<u><u>1,133,287</u></u>	<u><u>1,104,838</u></u>

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

The Group has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, those accounts receivable were measured at fair value through other comprehensive income.

The Group applied the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on credit risk characteristics and insurance coverage, as well as incorporated forward looking information.

The loss allowance provisions were determined as follows:

June 30, 2025			
	Gross 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
December 31, 2024			
	Gross amount of accounts receivable	Weighted-average loss rate	Loss allowance
Current	\$ 1,157,656	2%~5%	30,670
1 to 30 days past due	6,631	2%~5%	330
	\$ 1,164,287		31,000
June 30, 2024			
	Gross amount of accounts receivable	Weighted-average loss rate	Loss allowance
Current	\$ 1,134,300	2%~5%	30,923
1 to 30 days past due	1,538	2%~5%	77
	\$ 1,135,838		31,000

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

	For the six months ended June 30,	
	2025	2024
Balance at June 30 (as the balance at January 1)	\$ 31,000	31,000

Except for those that have been individually identified for impairment losses, the Group has accrued the impairment losses according to credit ratings, the historical default rate 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.

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

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, 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
December 31, 2024					
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 1,440	-	0.25%	Notes 1~3
June 30, 2024					
Underwriting bank	Factoring limit	Amount sold and derecognized	Amount advanced	Range of handling fees rate (%)	Principal terms
Taipei Fubon Commercial Bank	USD 3,500	USD 420	-	0.25%~0.3%	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, 2025, December 31, 2024 and June 30, 2024, the total outstanding receivables, after deducting the net of fees charged by the underwriting bank, amounted to \$42,683 thousand, \$47,110 thousand and \$13,648 thousand, respectively, recognized as other financial assets – current.

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

(5) Inventories

	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials and supplies	\$ 174,433	181,960	186,494
Work in progress and semi-finished products	97,602	84,020	80,439
Finished goods and merchandise	96,777	113,619	93,375
	\$ 368,812	379,599	360,308

The net of provisions for inventories written down to the net realizable value, which were included in operating cost, amounted to \$3,978 thousand, \$4,059 thousand, \$7,214 thousand and \$8,088 thousand for the three months and six months ended June 30, 2025 and 2024, respectively.

The amounts recognized in operating cost in relation to gain on physical inventory were \$(5) thousand, \$0 thousand, \$(11) thousand and \$(4) thousand for the three months and six months ended June 30, 2025 and 2024, 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, 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	\$ 1,084,480	2,183,511	313,637	183,086	53,441	3,818,155
Balance at January 1, 2024	\$ 2,155,625	936,799	308,189	159,538	21,750	3,581,901
Additions	-	39,516	1,016	10,429	58,809	109,770
Disposals	-	(3,976)	(672)	(3,300)	-	(7,948)
Reclassification	(1,071,144)	1,080,277	430	342	(10,413)	(508)
Balance at June 30, 2024	\$ 1,084,481	2,052,616	308,963	167,009	70,146	3,683,215
Accumulated depreciation:						
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	\$ 385,817	1,560,637	273,994	136,787	-	2,357,235

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

	Buildings	Machinery and equipment	R&D equipment	Office and other equipment	Construction in progress and equipment awaiting inspection	Total
Balance at January 1, 2024	\$ 1,009,996	654,265	247,683	125,310	-	2,037,254
Depreciation	21,943	88,788	11,572	6,718	-	129,021
Disposals	-	(3,945)	(672)	(3,300)	-	(7,917)
Reclassification	(689,801)	689,801	-	-	-	-
Balance at June 30, 2024	<u>\$ 342,138</u>	<u>1,428,909</u>	<u>258,583</u>	<u>128,728</u>	<u>-</u>	<u>2,158,358</u>
Carrying amount:						
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>
Balance at January 1, 2024	<u>\$ 1,145,629</u>	<u>282,534</u>	<u>60,506</u>	<u>34,228</u>	<u>21,750</u>	<u>1,544,647</u>
Balance at June 30, 2024	<u>\$ 742,343</u>	<u>623,707</u>	<u>50,380</u>	<u>38,281</u>	<u>70,146</u>	<u>1,524,857</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, and new plant construction projects in Chungkang branch. The incurred but not yet paid amount of construction still in progress and equipment awaiting inspection amounted to \$1,340 thousand, \$797 thousand and \$40,307 thousand, respectively, as of June 30, 2025, December 31, 2024 and June 30, 2024.

(7) Right-of-use assets

	Land	Machinery and equipment	Total
Carrying amount:			
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>
Balance at January 1, 2024	<u>\$ 163,362</u>	<u>314</u>	<u>163,676</u>
Balance at June 30, 2024	<u>\$ 159,155</u>	<u>196</u>	<u>159,351</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, 2025 and 2024. 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, 2024 for further information.

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

(8) Intangible assets

	Computer software
Carrying amount:	
Balance at January 1, 2025	\$ <u>2,552</u>
Balance at June 30, 2025	\$ <u>4,564</u>
Balance at January 1, 2024	\$ <u>1,992</u>
Balance at June 30, 2024	\$ <u>3,194</u>

There were no significant additions, disposals, impairments, or reversals in the Group's intangible assets for the six months ended June 30, 2025 and 2024. 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, 2024 for further information.

(9) Short-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured bank loans	\$ <u>120,000</u>	-	-
Unused credit line	\$ <u>415,381</u>	<u>542,521</u>	<u>561,060</u>
Range of interest rates	<u>1.85%~2.05%</u>	-	-

Please refer to note 6(22) for information of drawdown and repayment of short-term borrowings, and note 6(18) for information of interest expenses for the six months ended June 30, 2025 and 2024.

(10) Long-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured bank loans	\$ 316,693	388,693	306,892
Less: Current portion	(143,999)	(143,999)	(95,999)
	<u>\$ 172,694</u>	<u>244,694</u>	<u>210,893</u>
Unused credit lines	\$ -	-	<u>585,000</u>
Range of interest rates	<u>1.375%</u>	<u>1.375%</u>	<u>1.375%</u>

Please refer to note 6(22) for information of drawdown and repayment of long-term borrowings, and note 6(18) for information of interest expenses for the six months ended June 30, 2025 and 2024.

(11) Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Carrying amount:			
Current	\$ <u>8,819</u>	<u>8,606</u>	<u>8,661</u>
Noncurrent	\$ <u>148,854</u>	<u>152,732</u>	<u>157,011</u>

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

The Group repaid \$4,365 thousand and \$4,301 thousand for the principal of lease liabilities for the six months ended June 30, 2025 and 2024.

	For the three months ended June 30,		For the six months ended June 30,	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Items that affected current profit or loss:				
Interest expenses relating to lease liabilities	\$ <u>597</u>	<u>627</u>	<u>1,199</u>	<u>1,262</u>
Expenses relating to short-term leases	\$ <u>1,466</u>	<u>1,186</u>	<u>2,742</u>	<u>2,112</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>58</u>	<u>83</u>	<u>156</u>	<u>181</u>

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

	For the six months ended June 30,	
	<u>2025</u>	<u>2024</u>
Total cash outflow for leases	\$ <u>8,473</u>	<u>7,826</u>

A. Land leases

The Group leases lands for its facility and office space. The leases typically run for a period of 10 and 13 years with an option to renew the lease for an additional period after the end of the contract term.

Rent payments of land leases that are based on changes in officially announced land prices and the public facilities construction costs periodically in each park will be adjusted after being assessed.

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 asset.

(12) Employee benefits – Defined contribution plans

The Group's pension costs incurred from contributions to the defined contribution plan were \$5,443 thousand, \$5,244 thousand, \$10,913 thousand and \$10,471 thousand for the three months and six months ended June 30, 2025 and 2024, respectively.

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

(13) Income tax

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Current tax expense				
Current period	\$ 26,844	25,387	59,548	44,690
Adjustment to prior years	(169)	(5,008)	(169)	(5,190)
Income tax expense	\$ 26,675	20,379	59,379	39,500

B. The Company's income tax returns for the years through 2023 have been examined and approved by the R.O.C. income tax authorities.

(14) 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, 2025 and 2024. For relevant information, please refer to note 6(14) of the consolidated financial statements for the year ended December 31, 2024.

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 profit shall be used for paying tax, offsetting the accumulated losses, and setting aside 10% of the remaining earnings as legal reserve unless and until the accumulated legal reserve has reached the amount of the paid in capital of the Company; then any remainder shall be appropriated as, or used to reverse the special reserve in accordance with the Company's operation or relevant laws and regulations. The balance (if any), together with the accumulated unappropriated retained earnings, can be distributed after the distribution plan proposed and approved. Dividend distribution can be distributed in whole or in part. If the dividend is distributed the form of shares, it has to be approved during the shareholders' meeting; and if it is in the form of cash, it shall first be approved by the Board of Directors, and reported during the shareholders' meeting thereafter.

The Company adopts the residual dividend policy, by considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions, 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 current year's retained earnings available for distribution of the current year shall be appropriated as dividends, which may be distributed by way of cash, at a minimum of 10% of total earnings, and/or stock.

B. Earnings distribution

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:

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

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

The Company's appropriation of earnings for 2023 by way of cash dividends has been approved in the Board of Directors' meeting held on February 27, 2024. The appropriation of 2023 earnings by other ways has been approved in the annual shareholders' meeting held on May 24, 2024. Details of distribution were as follows:

	Amount	Dividends per share (NT\$)
Legal reserve	\$ 52,336	
Special reserve	(1,310)	
Cash dividends to shareholders	421,135	4.1
	\$ 472,161	

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

(15) Earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Basic earnings per share				
Net income attributable to the shareholders of the Company	\$ <u>159,363</u>	<u>143,743</u>	<u>352,204</u>	<u>257,744</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>1.55</u>	<u>1.40</u>	<u>3.43</u>	<u>2.51</u>
Diluted earnings per share:				
Net income attributable to the shareholders of the Company	\$ <u>159,363</u>	<u>143,743</u>	<u>352,204</u>	<u>257,744</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)	126	169	210	302
Weighted average number of common shares outstanding (diluted) (in thousands of shares)	<u>102,842</u>	<u>102,885</u>	<u>102,926</u>	<u>103,018</u>
Diluted earnings per share (in NTD)	\$ <u>1.55</u>	<u>1.39</u>	<u>3.42</u>	<u>2.50</u>

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

(16) Operating revenue

A. Disaggregation of revenue from contracts with customers

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Primary geographical markets:				
Taiwan	\$ 751,761	615,792	1,412,665	1,214,778
China	382,765	388,938	789,605	719,713
Japan	10,889	17,706	43,554	29,971
Other areas	5,663	5,777	11,315	12,513
	<u>\$ 1,151,078</u>	<u>1,028,213</u>	<u>2,257,139</u>	<u>1,976,975</u>
Major product categories:				
Semiconductor materials	\$ 185,726	76,372	333,213	139,917
Display materials	936,975	929,161	1,868,903	1,795,129
Key raw materials and others	28,377	22,680	55,023	41,929
	<u>\$ 1,151,078</u>	<u>1,028,213</u>	<u>2,257,139</u>	<u>1,976,975</u>

B. Contract balances

	June 30, 2025	December 31, 2024	June 30, 2024
Contract liabilities (recognized in other current liabilities)	<u>\$ 72</u>	<u>37</u>	<u>16</u>

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 six months ended June 30, 2025 and 2024, which was included in the contract liability balance at the beginning of the period, was \$37 thousand and \$0 thousand, respectively.

(17) Remuneration to employees and directors

According to the Company's Articles of Incorporation, if the Company has a profit (profit before income 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.

Employees' remuneration may be distributed in the form of shares or cash, to qualified full-time employees, including those of the subsidiaries of the Company.

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

The Company accrued and recognized its employees' remuneration amounting to \$15,207 thousand, \$13,416 thousand, \$33,644 thousand and \$24,298 thousand and directors' remuneration amounting to \$1,520 thousand, \$1,342 thousand, \$3,364 thousand and \$2,430 thousand for the three months and six months ended June 30, 2025 and 2024, respectively. These amounts were calculated using the Company's profit before income tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Company's Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. 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. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

The Company accrued and recognized its employees' remuneration amounting to \$53,835 thousand and directors' remuneration amounting to \$5,384 thousand for the years ended December 31, 2024, which were consistent with those approved in the Board of Directors' meetings. The relevant information is available at the Market Observation Post System website.

(18) Non-operating income and expenses

A. Other gains and losses

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Gains on disposals of property, plant and equipment	\$ 190	238	190	493
Foreign exchange gains (losses), net	(65,829)	10,015	(55,419)	30,492
Gains (losses) on financial assets (liabilities) measured at fair value through profit or loss	22,015	(1,386)	22,360	(12,441)
Government grants	3,000	-	5,400	-
Others	1,114	50	1,349	401
	<u>\$ (39,510)</u>	<u>8,917</u>	<u>(26,120)</u>	<u>18,945</u>

B. Interest income

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Interest income on bank deposits	\$ 5,534	6,768	12,398	11,310
Other interest income	359	-	359	-
	<u>\$ 5,893</u>	<u>6,768</u>	<u>12,757</u>	<u>11,310</u>

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

C. Interest expense

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
Interest expense on bank loans	\$ 1,222	1,077	2,485	2,162
Interest expense on lease liabilities	597	627	1,199	1,262
	\$ 1,819	1,704	3,684	3,424

(19) Financial instruments

A. Credit risk

(a) Concentration of credit risk

As of June 30, 2025, December 31, 2024 and June 30, 2024, the Group' s accounts receivable (including related parties) from the top 5 customers were 76%, 82% and 83%, respectively. There is no other significant concentration of credit risk from the remaining accounts receivable.

(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 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, 2024 regarding how the Group determines whether the financial assets are considered to be low credit risk).

B. Liquidity risk

Except for short-term borrowings, accounts payable (including related parties), payroll and bonus payable, and payable on machinery and equipment, the contractual maturities of other financial liabilities and the amounts include estimated interest payments but exclude the impact 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
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)	316,693	(321,664)	(73,970)	(73,475)	(145,466)	(28,753)	-
	\$ 474,366	(499,544)	(79,533)	(79,038)	(156,592)	(61,612)	(122,769)

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

	<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>
December 31, 2024							
Non-derivative financial liabilities							
Lease liabilities (current and noncurrent)	\$ 161,338	(182,723)	(5,503)	(5,463)	(10,886)	(32,659)	(128,212)
Long term borrowings (including current portion)	<u>388,693</u>	<u>(396,130)</u>	<u>(74,466)</u>	<u>(73,970)</u>	<u>(146,456)</u>	<u>(101,238)</u>	<u>-</u>
	<u>\$ 550,031</u>	<u>(578,853)</u>	<u>(79,969)</u>	<u>(79,433)</u>	<u>(157,342)</u>	<u>(133,897)</u>	<u>(128,212)</u>
June 30, 2024							
Non-derivative financial liabilities							
Lease liabilities (current and noncurrent)	\$ 165,672	(188,286)	(5,563)	(5,523)	(10,886)	(32,659)	(133,655)
Long term borrowings (including current portion)	<u>306,892</u>	<u>(313,814)</u>	<u>(49,972)</u>	<u>(49,642)</u>	<u>(98,293)</u>	<u>(115,907)</u>	<u>-</u>
	<u>\$ 472,564</u>	<u>(502,100)</u>	<u>(55,535)</u>	<u>(55,165)</u>	<u>(109,179)</u>	<u>(148,566)</u>	<u>(133,655)</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, 2025</u>			<u>December 31, 2024</u>			<u>June 30, 2024</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	\$ 16,652	29.155	485,475	21,489	32.725	703,229	19,980	32.53	649,965
<u>Non-monetary Items</u>									
USD	10,406	29.155	note	-	-	-	-	-	-
<u>Financial liabilities</u>									
<u>Monetary Items</u>									
USD	502	29.155	14,645	107	32.725	3,512	111	32.53	3,614

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

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, and accounts payables that are denominated in foreign currency. As of June 30, 2025 and 2024, an appreciating (depreciating) of 0.1% of the NTD against the USD would have increased or decreased the profit before income tax by \$471 thousand and \$646 thousand, respectively with all other variables remaining constant. The analysis was performed on the same basis for comparative periods.

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

(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, 2025 and 2024 were \$(65,829) thousand, \$10,015 thousand, \$(55,419) thousand and \$30,492 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 \$158 thousand and \$153 thousand for the six months ended June 30, 2025 and 2024, 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 factors remaining constant, had changed at the reporting date, the impact would have been as follows:

<u>Price of securities at the reporting date</u>	For the six months ended June 30,			
	2025		2024	
	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%	\$ -	277	-	-
Decrease 1%	\$ -	(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).

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

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

For any transfer within the fair value hierarchy, the Group recognized the transfer 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, 2025				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Financial assets measured at fair value through profit or loss					
Beneficiary certificates	\$ 27,660	27,660	-	-	27,660
Forward exchange 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 measured at amortized cost					
Cash and cash equivalents	\$ 265,789	-	-	-	-
Financial assets measured at amortized cost – current	1,102,155	-	-	-	-
Accounts receivable (including related parties)	1,190,819	-	-	-	-
Other financial assets – current	42,683	-	-	-	-
Financial assets measured 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>

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

		June 30, 2025				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial liabilities						
Financial liabilities measured 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>
		December 31, 2024				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets						
Financial assets measured at fair value through profit or loss						
Beneficiary certificates	\$	<u>44,212</u>	<u>44,212</u>	<u>-</u>	<u>-</u>	<u>44,212</u>
Financial assets at fair value through other comprehensive income						
Accounts receivable	\$	<u>1,978</u>	<u>-</u>	<u>1,978</u>	<u>-</u>	<u>1,978</u>
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	194,873	-	-	-	-
Financial assets measured at amortized cost – current		1,423,778	-	-	-	-
Accounts receivable (including related parties)		1,131,309	-	-	-	-
Other financial assets – current		47,110	-	-	-	-
Financial assets measured at amortized cost – noncurrent		26,691	-	16,199	-	16,199
Guarantee deposits paid		2,594	-	-	-	-
		<u>\$ 2,826,355</u>	<u>-</u>	<u>16,199</u>	<u>-</u>	<u>16,199</u>

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

	December 31, 2024				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities					
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 510,418	-	-	-	-
Payroll and bonus payable	349,878	-	-	-	-
Payable on machinery and equipment	41,339	-	-	-	-
Long-term borrowings (including current portion)	388,693	-	-	-	-
Lease liabilities — current and noncurrent	161,338	-	-	-	-
	\$ 1,451,666	-	-	-	-
June 30, 2024					
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at fair value through other comprehensive income					
Account receivable	\$ 2,617	-	2,617	-	2,617
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 201,849	-	-	-	-
Financial assets measured at amortized cost — current	1,341,951	-	-	-	-
Accounts receivable (including related parties)	1,102,221	-	-	-	-
Other financial assets — current	13,648	-	-	-	-
Financial assets measured at amortized cost — noncurrent	8,800	-	-	-	-
Guarantee deposits paid	2,582	-	-	-	-
	\$ 2,671,051	-	-	-	-

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

	June 30, 2024				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 463,191	-	-	-	-
Payroll and bonus payable	218,851	-	-	-	-
Payable on machinery and equipment	35,736	-	-	-	-
Dividends payable	421,135	-	-	-	-
Long-term borrowings (including current portion)	306,892	-	-	-	-
Lease liabilities – current and noncurrent	<u>165,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,611,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(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 measured 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

There is no transfer between the levels for the six months ended June 30, 2025 and 2024.

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

(20) 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, 2024.

(21) 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, 2024. Also, there was no significant change in the Group's capital management information as disclosed for the year ended December 31, 2024. For the relevant information, please refer to note 6(21) of the consolidated financial statements for the year ended December 31, 2024.

(22) 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, 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>

	Long-term borrowings (including current portion)	Lease liabilities (current and noncurrent)	Liabilities arising from financing activities
Balance at January 1, 2024	\$ 354,892	169,571	524,463
Cash flow			
Repayments of borrowings	(48,000)	-	(48,000)
Payment of lease liabilities	-	(4,301)	(4,301)
Interest paid	-	(1,262)	Note
Non-cash changes			
Interest expenses	-	1,262	Note
Additions of right-of-use assets	-	402	402
Balance at June 30, 2024	<u>\$ 306,892</u>	<u>165,672</u>	<u>472,564</u>

Note: It was categorized as operating activities

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

7. Related party transactions

(1) Names and relationships of related parties

<u>Names of related parties</u>	<u>Relationship with the Group</u>
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
AUO (Suzhou) Co., Ltd. (“AUOSZ”)	AUO’s Subsidiary
AUO (Kunshan) Co., Ltd. (“AUOKS”)	AUO’s Subsidiary
Board members, general manager, and vice presidents	The management of the Company

(2) Compensation to key management personnel

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 22,496	20,220	44,866	39,272
Post-employment benefits	4,581	4,581	9,162	9,162
	<u>\$ 27,077</u>	<u>24,801</u>	<u>54,028</u>	<u>48,434</u>

(3) Significant transactions with related parties

A. Operating revenue and accounts receivable from related parties

	<u>Operating revenue</u>				<u>Accounts receivable from related parties</u>		
	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>		<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>			
The entity with significant influence over the Group—AUO	\$ 515,746	495,464	1,005,524	989,630	709,999	711,029	685,039
Other related parties	2,888	6,660	3,602	11,106	3,218	9,149	8,876
	<u>\$ 518,634</u>	<u>502,124</u>	<u>1,009,126</u>	<u>1,000,736</u>	<u>713,217</u>	<u>720,178</u>	<u>693,915</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.

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

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, 2025	December 31, 2024	June 30, 2024
	2025	2024	2025	2024			
The entity with significant influence over the Group	\$ 9,056	8,986	18,599	22,190	10,057	12,954	11,459

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. Disposal of property, plant and equipment

	Disposal prices				Gain on disposal of property, plant and equipment			
	For the three months ended June 30,		For the six months ended June 30,		For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024	2025	2024	2025	2024
Other related parties	\$ -	238	-	524	-	238	-	524

D. 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, 2025	December 31, 2024	June 30, 2024
	2025	2024	2025	2024			
The entity with significant influence over the Group	\$ 2,940	4,886	2,940	4,886	-	-	2,199

E. 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, 2025	December 31, 2024	June 30, 2024
	2025	2024	2025	2024			
The entity with significant influence over the Group	\$ 240	302	512	507	-	339	51
Other related parties	273	-	273	12	96	38	-
	\$ 513	302	785	519	96	377	51

(b) The Group paid deposits to related parties for the purchase of renewable energy. As of June 30, 2025, the amounts recorded under guarantee deposits paid were \$239 thousand.

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

8. Pledged assets

<u>Pledged assets</u>	<u>Object</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Time deposits (recognized in financial assets measured 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 measured at amortized cost — noncurrent)	Guarantee for the lease contract with the Taichung Branch, Bureau of Industrial Parks, Ministry of Economic Affairs	<u>2,600</u>	<u>2,600</u>	<u>2,600</u>
		<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, 2025, December 31, 2024 and June 30, 2024 were as follows:

- (1) A guarantee letter for import tariffs and VAT which the Group requested a bank to issue to the Taipei 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 \$1,634,267 thousand, \$1,634,267 thousand and \$1,742,935 thousand, respectively.
- (3) The significant outstanding commitments for construction and purchase of property, plant and equipment amounted to \$130,574 thousand, \$76,604 thousand and \$77,201 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 amounted \$24,000 thousand, \$24,000 thousand, \$0 thousand and \$18,929 thousand, \$18,929 thousand, \$0 thousand, respectively.

10. Significant disaster losses: None

11. Subsequent events: None

Daxin Materials Corporation and subsidiaries
Notes to the Consolidated Financial Statements

12. Others

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

		For the three months ended June 30,					
		2025			2024		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By item	By function						
	Employee benefits						
	Salary	60,469	149,625	210,094	52,369	138,333	190,702
	Labor and health insurance	4,513	7,715	12,228	4,139	7,271	11,410
	Pension	2,128	3,315	5,443	1,967	3,277	5,244
	Others	2,259	3,994	6,253	2,022	3,723	5,745
	Depreciation	54,916	12,712	67,628	53,946	13,049	66,995
	Amortization	89	852	941	148	736	884

		For the six months ended June 30,					
		2025			2024		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By item	By function						
	Employee benefits						
	Salary	116,521	300,504	417,025	101,975	268,088	370,063
	Labor and health insurance	8,946	15,378	24,324	8,187	14,293	22,480
	Pension	4,239	6,674	10,913	3,909	6,562	10,471
	Others	4,456	7,963	12,419	3,754	7,535	11,289
	Depreciation	109,346	25,353	134,699	107,900	25,848	133,748
	Amortization	175	1,611	1,786	257	1,504	1,761

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, 2025:

A. Loans to other parties: None.

B. Guarantees and endorsements for other parties: None.

C. Marketable securities held (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	27,660	-	27,660	
The Company	Foreign bond United States treasury of America bonds	-	Financial assets measured at amortized cost – noncurrent	-	17,863	-	14,563	

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	The company who evaluated the Company by the equity method	Sales	1,005,524	45 %	120 days from the end of the month	Note 7	Note 7	709,999	60%	

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	The company who evaluated the Company by the equity method	709,999	2.83	-	-	171,713	-

Note: The status of receivables collection in subsequent period was as of August 11, 2025.

F. Business relationships and significant intercompany transactions: None.

(2) Information on investees:

Name of investor	Name of investee company	Location	Main businesses and products	Original investment amount		Ending balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2025	December 31, 2024	Shares	% of ownership	Carrying value			
The Company	FMSA	Samoa	Investing and shareholding	-	-	-	-	-	-	-	Note

Note: The registration process was completed on August 9, 2017. As of June 30, 2025, the capital was not injected.

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: None.
- B. Limitation on investment in Mainland China: None.
- C. Significant transactions: None.

14. Segment information

The Group mainly engaged in the research, design, development, manufacturing, 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.