

Xintec Inc.

**Financial Statements for the
Six Months Ended June 30, 2025 and 2024 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Xintec Inc.

Introduction

We have reviewed the accompanying balance sheets of Xintec Inc. (the “Company”) as of June 30, 2025 and 2024 and the related statements of comprehensive income for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, the statements of changes in equity and cash flows for the six months then ended, and the related notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the 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 financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of 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 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 caused us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as of June 30, 2025 and 2024, and of its financial performance for the three months ended June 30, 2025 and 2024, and its financial performance and its 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 Mei Chen Tsai and Hsin Tung Lin.

Mei - Chen Tsai Hsin - Tung Lin

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 7, 2025

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and financial statements shall prevail.

XINTEC INC.

BALANCE SHEETS

(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						
Cash and cash equivalents (Note 6)	\$ 4,654,491	32	\$ 5,035,697	39	\$ 4,415,556	40	Financial liabilities at fair value through profit or loss (Note 7)	\$ 635	-	\$ 8,421	-	\$ 3,578	-
Financial assets at fair value through profit or loss - current (Note 7)	14,343	-	-	-	-	-	Accounts payable	139,253	1	159,983	1	175,083	2
Contract assets (Notes 20 and 31)	136,809	1	247,150	2	379,900	4	Salary and bonus payable	132,546	1	188,197	2	95,866	1
Accounts receivable, net (Note 8)	229,811	2	215,772	2	265,993	2	Accrued employees' compensation and remuneration of directors (Note 27)	329,694	2	270,010	2	338,758	3
Receivables from related parties, net (Notes 8 and 31)	788,255	6	987,992	8	786,721	7	Payables to contractors and equipment suppliers	1,670,547	11	675,871	5	204,603	2
Inventories (Note 9)	192,806	1	194,306	1	191,878	2	Cash dividends payable (Note 19)	678,411	5	-	-	542,728	5
Other financial assets	6,471	-	4,216	-	6,558	-	Income tax payable (Note 25)	81,016	1	223,038	2	243,611	2
Other current assets (Notes 13 and 31)	39,262	-	80,207	1	40,300	-	Lease liabilities - current (Notes 11 and 29)	39,612	-	38,598	-	40,303	-
Total current assets	6,062,248	42	6,765,340	53	6,086,906	55	Accrued expenses and other current liabilities (Notes 16 and 31)	440,473	3	445,444	4	469,389	4
NON-CURRENT ASSETS							Total current liabilities	3,512,187	24	2,009,562	16	2,113,919	19
Property, plant and equipment (Notes 10, 31 and 32)	8,202,299	56	5,768,982	45	4,730,055	42	NON-CURRENT LIABILITIES						
Right-of-use assets (Note 11)	151,903	1	166,733	1	191,749	2	Long-term borrowing (Note 14)	1,562,585	11	1,188,415	9	388,460	4
Intangible assets (Note 12)	22,058	-	14,532	-	19,183	-	Provisions - non-current (Note 15)	525,065	3	390,151	3	404,376	4
Deferred income tax assets (Note 25)	90,463	1	83,863	1	81,689	1	Lease liabilities - non-current (Notes 11 and 29)	116,824	1	133,266	1	155,518	1
Refundable deposits	7,966	-	11,834	-	12,003	-	Other non-current liabilities (Notes 14 and 17)	19,415	-	17,585	-	6,540	-
Net defined benefit assets (Note 18)	18,721	-	18,721	-	9,247	-	Total non-current liabilities	2,223,889	15	1,729,417	13	954,894	9
Total non-current assets	8,493,410	58	6,064,665	47	5,043,926	45	Total liabilities	5,736,076	39	3,738,979	29	3,068,813	28
							EQUITY (Note 19)						
							Capital stock - common stock	2,713,643	19	2,713,643	21	2,713,643	24
							Capital surplus	396,424	3	396,424	3	396,424	4
							Retained earnings						
							Appropriated as legal reserve	883,028	6	715,068	6	715,068	6
							Unappropriated earnings	4,826,487	33	5,265,891	41	4,236,884	38
								5,709,515	39	5,980,959	47	4,951,952	44
							Total equity	8,819,582	61	9,091,026	71	8,062,019	72
TOTAL	\$ 14,555,658	100	\$ 12,830,005	100	\$ 11,130,832	100	TOTAL	\$ 14,555,658	100	\$ 12,830,005	100	\$ 11,130,832	100

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

XINTEC INC.

STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 20 and 31)	\$ 1,536,851	100	\$ 1,642,149	100	\$ 3,082,262	100	\$ 3,086,122	100
OPERATING COSTS (Notes 9, 27 and 31)	<u>1,296,910</u>	<u>84</u>	<u>1,112,590</u>	<u>68</u>	<u>2,382,931</u>	<u>77</u>	<u>2,079,242</u>	<u>67</u>
GROSS PROFIT	<u>239,941</u>	<u>16</u>	<u>529,559</u>	<u>32</u>	<u>699,331</u>	<u>23</u>	<u>1,006,880</u>	<u>33</u>
OPERATING EXPENSES (Note 27)								
Sales and marketing	12,642	1	13,203	1	26,083	1	25,511	1
General and administrative	26,485	2	33,325	2	58,207	2	61,518	2
Research and development	<u>72,314</u>	<u>4</u>	<u>105,183</u>	<u>6</u>	<u>159,729</u>	<u>5</u>	<u>194,105</u>	<u>6</u>
Total operating expenses	<u>111,441</u>	<u>7</u>	<u>151,711</u>	<u>9</u>	<u>244,019</u>	<u>8</u>	<u>281,134</u>	<u>9</u>
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 21, 27 and 31)	<u>35,377</u>	<u>2</u>	<u>33,229</u>	<u>2</u>	<u>50,311</u>	<u>2</u>	<u>47,892</u>	<u>1</u>
PROFIT FROM OPERATIONS	<u>163,877</u>	<u>11</u>	<u>411,077</u>	<u>25</u>	<u>505,623</u>	<u>17</u>	<u>773,638</u>	<u>25</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 22)	19,646	1	16,485	1	41,581	1	30,567	1
Finance costs (Note 23)	(6,822)	-	(956)	-	(7,620)	-	(1,953)	-
Other gains and losses (Note 24)	<u>(104,952)</u>	<u>(7)</u>	<u>10,800</u>	<u>1</u>	<u>(89,043)</u>	<u>(3)</u>	<u>33,612</u>	<u>1</u>
Total non-operating income and expenses	<u>(92,128)</u>	<u>(6)</u>	<u>26,329</u>	<u>2</u>	<u>(55,082)</u>	<u>(2)</u>	<u>62,226</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	71,749	5	437,406	27	450,541	15	835,864	27
INCOME TAX EXPENSE (Note 25)	<u>7,046</u>	<u>1</u>	<u>112,910</u>	<u>7</u>	<u>43,574</u>	<u>2</u>	<u>185,264</u>	<u>6</u>
NET PROFIT	<u>64,703</u>	<u>4</u>	<u>324,496</u>	<u>20</u>	<u>406,967</u>	<u>13</u>	<u>650,600</u>	<u>21</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 64,703</u>	<u>4</u>	<u>\$ 324,496</u>	<u>20</u>	<u>\$ 406,967</u>	<u>13</u>	<u>\$ 650,600</u>	<u>21</u>
EARNINGS PER SHARE (Note 26)								
Basic earnings per share	<u>\$ 0.24</u>		<u>\$ 1.20</u>		<u>\$ 1.50</u>		<u>\$ 2.40</u>	
Diluted earnings per share	<u>\$ 0.24</u>		<u>\$ 1.19</u>		<u>\$ 1.50</u>		<u>\$ 2.39</u>	

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

XINTEC INC.

STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Capital Stock - Common Stock			Retained Earnings			Total Equity
	Stock (In Thousands)	Amount	Capital Surplus	Legal Reserve	Unappropriated Earnings	Total	
BALANCE, JANUARY 1, 2024	271,364	\$ 2,713,643	\$ 396,424	\$ 577,261	\$ 4,266,819	\$ 4,844,080	\$ 7,954,147
Legal reserve	-	-	-	137,807	(137,807)	-	-
Cash dividends to shareholders	-	-	-	-	(542,728)	(542,728)	(542,728)
Net profit for the six months ended June 30, 2024	-	-	-	-	650,600	650,600	650,600
Total comprehensive income for the six months ended June 30, 2024	-	-	-	-	650,600	650,600	650,600
BALANCE, JUNE 30, 2024	271,364	\$ 2,713,643	\$ 396,424	\$ 715,068	\$ 4,236,884	\$ 4,951,952	\$ 8,062,019
BALANCE, JANUARY 1, 2025	271,364	\$ 2,713,643	\$ 396,424	\$ 715,068	\$ 5,265,891	\$ 5,980,959	\$ 9,091,026
Legal reserve	-	-	-	167,960	(167,960)	-	-
Cash dividends to shareholders	-	-	-	-	(678,411)	(678,411)	(678,411)
Net profit for the six months ended June 30, 2025	-	-	-	-	406,967	406,967	406,967
Total comprehensive income for the six months ended June 30, 2025	-	-	-	-	406,967	406,967	406,967
BALANCE, JUNE 30, 2025	271,364	\$ 2,713,643	\$ 396,424	\$ 883,028	\$ 4,826,487	\$ 5,709,515	\$ 8,819,582

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

XINTEC INC.

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 450,541	\$ 835,864
Adjustments for:		
Depreciation	397,929	291,560
Amortization	6,666	7,604
Expected credit loss recognized on accounts receivable	76	113
Finance costs	7,620	1,953
Interest income	(41,581)	(30,567)
Gain on disposal of property, plant and equipment, net	(19,506)	(17,687)
Inventory valuation and obsolescence (gain) loss	(109)	2,471
Write-off and reversal of liability provision	(761)	(537)
Net (gain) loss on foreign exchange, net	(1,547)	1,664
Changes in operating assets and liabilities:		
Derivative financial instruments	(22,129)	24,510
Contract assets	110,350	(204,164)
Accounts receivable, net	(14,124)	(87,612)
Receivables from related parties, net	199,737	233,432
Inventories	1,609	16,846
Other current assets	40,945	14,158
Other financial assets	(3,530)	(1,919)
Accounts payable	(20,730)	19,856
Accrued employees' compensation and remuneration of directors	59,684	109,754
Salary and bonus payable	(55,651)	(80,687)
Accrued expenses and other current liabilities	(5,260)	57,536
Cash generated from operations	1,090,229	1,194,148
Income tax paid	(192,196)	(241,375)
Net cash generated from operating activities	898,033	952,773
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment	(1,679,727)	(674,644)
Proceeds from disposal of property, plant and equipment	19,506	17,687
Refundable deposits paid	(41)	(1,042)
Refundable deposits refunded	3,909	3,299
Acquisitions of intangible assets	(14,192)	(6,003)
Interest received	42,856	30,214
Net cash used in investing activities	(1,627,689)	(630,489)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowing	376,000	395,000
Repayments of the principal portion of lease	(20,124)	(19,952)
Interest paid	(7,426)	(1,741)
Net cash generated from financing activities	348,450	373,307

(Continued)

XINTEC INC.

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<u>Six Months Ended June 30</u>	
	<u>2025</u>	<u>2024</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ (381,206)	\$ 695,591
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>5,035,697</u>	<u>3,719,965</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 4,654,491</u>	<u>\$ 4,415,556</u>

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

(Concluded)

XINTEC INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

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

1. GENERAL INFORMATION

Xintec Inc. (the “Company”) was incorporated on September 11, 1998. The Company is a dedicated subcontractor of advanced packaging services in the semiconductor industry and engages mainly in wafer level chip scale packaging (CSP), wafer level post passivation interconnection services (PPI) and wafer testing services. The Company’s stock have been listed on the Taipei Exchange since March 30, 2015. The address of its registered office and principal place of business is 9F, No.23, Jilin Rd., Jhongli Dist., Taoyuan City 32062, Taiwan.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized by the board of directors for issue on August 7, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the FSC.

- 1) Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” did not have a material impact on the Company accounting policies.

- 2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023

- 1) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

- a) if a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
 - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
- b) to clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) to clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of the amendments on the Company’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

1) IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing other impacts of the above amended standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The interim financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim financial statements is less than the disclosure information required in a complete set of annual financial statements.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- c. Level 3 inputs are unobservable inputs for an asset or liability.

Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2024.

- a. Carbon fee provision

In accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC, the carbon fee provision is recognized and measured on the basis of the best estimate of the expenditure required to settle the obligation for the current year and the proportion of actual emissions to the total annual emissions.

- b. Retirement benefits

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

- c. Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

- d. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For other related information, refer to the statements of critical accounting judgments and key sources of estimation uncertainty to the financial statements for the year ended December 31, 2024. In formulating significant accounting estimates, the Company has taken into consideration the potential impact of reciprocal tariff measures imposed by the United States and fluctuations in foreign exchange markets. Management continues to monitor these factors closely.

6. CASH AND CASH EQUIVALENTS

	June 30, 2025	December 31, 2024	June 30, 2024
Cash and deposits in banks	\$ 4,362,491	\$ 4,885,697	\$ 4,385,556
Repurchase agreements collateralized by corporate bonds	<u>292,000</u>	<u>150,000</u>	<u>30,000</u>
	<u>\$ 4,654,491</u>	<u>\$ 5,035,697</u>	<u>\$ 4,415,556</u>

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Derivative financial assets</u>			
Forward exchange contracts	<u>\$ 14,343</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Derivative financial liabilities</u>			
Forward exchange contracts	<u>\$ 635</u>	<u>\$ 8,421</u>	<u>\$ 3,578</u>

The Company entered derivative contracts to manage exposures due to fluctuations of foreign exchange rates. The derivative contracts entered by the Company did not meet the criteria for hedge accounting. Therefore, the Company did not apply hedge accounting treatment for derivative contracts.

Outstanding forward exchange contracts consisted of the following:

	Maturity Date	Contract Amount (In Thousands)
<u>June 30, 2025</u>		
Sell US\$/Buy NT\$	July 2025-September 2025	USD 31,193/ NTD 923,109
<u>December 31, 2024</u>		
Sell US\$/Buy NT\$	January 2025	USD 16,830/ NTD 543,065
<u>June 30, 2024</u>		
Sell US\$/Buy NT\$	July 2024	USD 9,900/ NTD 318,073

8. ACCOUNTS RECEIVABLE

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Unrelated Parties</u>			
Accounts receivable	\$ 230,087	\$ 215,963	\$ 266,245
Less: Allowance for impairment loss	<u>(276)</u>	<u>(191)</u>	<u>(252)</u>
Accounts receivable, net	<u>229,811</u>	<u>215,772</u>	<u>265,993</u>

(Continued)

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Related Parties</u>			
Accounts receivable	\$ 788,255	\$ 987,992	\$ 786,721
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
Accounts receivable, net	<u>788,255</u>	<u>987,992</u>	<u>786,721</u>
	<u>\$ 1,018,066</u>	<u>\$ 1,203,764</u>	<u>\$ 1,052,714</u> (Concluded)

In principle, the payment term granted to customers is due 30 days to 60 days from the end of the month when the invoice is issued, and 30 days from the end of the month of when the invoice is issued for some customers. Aside from recognizing impairment loss for credit-impaired accounts receivable, the Company recognizes loss allowance based on the expected credit loss ratio of customers by different risk levels. Such risk levels are determined with factors of historical loss ratios and customers' current financial conditions and business outlook (such as economic outlook of the industries in which the customer operate and future changes in purchasing requirements during a certain period, etc.). For accounts receivable past due over 90 days without collaterals or guarantees, the Company recognizes loss allowance at full amount.

Except for those impaired, for the rest of the accounts receivable, the account aging analysis at the end of the reporting period is summarized in the following table. Accounts receivable include amounts that are past due but for which the Company has not recognized a specific allowance for doubtful receivables after the assessment since there has not been a significant change in the credit quality of its customers and the amounts are still considered recoverable.

Aging analysis of accounts receivable, net

	June 30, 2025	December 31, 2024	June 30, 2024
Neither past due nor impaired	<u>\$ 1,018,066</u>	<u>\$ 1,203,764</u>	<u>\$ 1,052,714</u>

Movements of the loss allowance for accounts receivables:

	For the Six Months Ended June 30	
	2025	2024
Balance at January 1	\$ 191	\$ 172
Less: Net remeasurement of loss allowance	<u>85</u>	<u>80</u>
Balance at June 30	<u>\$ 276</u>	<u>\$ 252</u>

9. INVENTORIES

	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials	<u>\$ 192,806</u>	<u>\$ 194,306</u>	<u>\$ 191,878</u>

The cost of inventories recognized as cost of goods sold consisted of the following:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Inventory write - downs reversed (recognized)	\$ 569	\$ 109	\$ 109	\$ (2,471)
Revenue from sale of scraps	\$ -	\$ 43	\$ -	\$ 478

10. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2025	December 31, 2024	June 30, 2024
Assets used by the Company	\$ 8,142,424	\$ 5,708,250	\$ 4,668,467
Assets leased under operating leases	<u>59,875</u>	<u>60,732</u>	<u>61,588</u>
	<u>\$ 8,202,299</u>	<u>\$ 5,768,982</u>	<u>\$ 4,730,055</u>

a. Assets used by the Company

	Land	Buildings	Machinery and Equipment	Office Equipment	Leased Improvement	Other Equipment	Equipment under Installation and Construction in Progress	Total
Cost								
Balance at January 1, 2025	\$ 795,897	\$ 3,258,689	\$ 9,070,140	\$ 308,298	\$ 580,859	\$ 1,487,597	\$ 3,223,363	\$ 18,724,843
Additions (decrease)	-	4,524,860	571,574	136,540	-	644,030	(3,065,091)	2,811,913
Disposals or retirements	-	(760)	(121,473)	(108)	-	(4,958)	-	(127,299)
Balance at June 30, 2025	<u>\$ 795,897</u>	<u>\$ 7,782,789</u>	<u>\$ 9,520,241</u>	<u>\$ 444,730</u>	<u>\$ 580,859</u>	<u>\$ 2,126,669</u>	<u>\$ 158,272</u>	<u>\$ 21,409,457</u>
Accumulated depreciation and impairment								
Balance at January 1, 2025	\$ -	\$ 2,250,732	\$ 8,713,529	\$ 273,770	\$ 552,544	\$ 1,226,018	\$ -	\$ 13,016,593
Depreciation	-	192,657	91,159	16,753	5,648	71,522	-	377,739
Disposals or retirements	-	(760)	(121,473)	(108)	-	(4,958)	-	(127,299)
Balance at June 30, 2025	<u>\$ -</u>	<u>\$ 2,442,629</u>	<u>\$ 8,683,215</u>	<u>\$ 290,415</u>	<u>\$ 558,192</u>	<u>\$ 1,292,582</u>	<u>\$ -</u>	<u>\$ 13,267,033</u>
Carrying amounts at January 1, 2025	<u>\$ 795,897</u>	<u>\$ 1,007,957</u>	<u>\$ 356,611</u>	<u>\$ 34,528</u>	<u>\$ 28,315</u>	<u>\$ 261,579</u>	<u>\$ 3,223,363</u>	<u>\$ 5,708,250</u>
Carrying amounts at June 30, 2025	<u>\$ 795,897</u>	<u>\$ 5,340,160</u>	<u>\$ 837,026</u>	<u>\$ 154,315</u>	<u>\$ 22,667</u>	<u>\$ 834,087</u>	<u>\$ 158,272</u>	<u>\$ 8,142,424</u>
Cost								
Balance at January 1, 2024	\$ 795,897	\$ 3,238,248	\$ 9,109,901	\$ 304,461	\$ 662,469	\$ 1,478,706	\$ 1,462,671	\$ 17,052,353
Additions	-	2,346	117,172	3,156	-	15,137	522,753	660,564
Disposals or retirements	-	-	(190,204)	(160)	(63,111)	(11,345)	-	(264,820)
Balance at June 30, 2024	<u>\$ 795,897</u>	<u>\$ 3,240,594</u>	<u>\$ 9,036,869</u>	<u>\$ 307,457</u>	<u>\$ 599,358</u>	<u>\$ 1,482,498</u>	<u>\$ 1,985,424</u>	<u>\$ 17,448,097</u>
Accumulated depreciation and impairment								
Balance at January 1, 2024	\$ -	\$ 1,992,974	\$ 8,783,463	\$ 253,628	\$ 618,367	\$ 1,125,346	\$ -	\$ 12,773,778
Depreciation	-	128,490	67,029	10,154	7,924	57,075	-	270,672
Disposals or retirements	-	-	(190,204)	(160)	(63,111)	(11,345)	-	(264,820)
Balance at June 30, 2024	<u>\$ -</u>	<u>\$ 2,121,464</u>	<u>\$ 8,660,288</u>	<u>\$ 263,622</u>	<u>\$ 563,180</u>	<u>\$ 1,171,076</u>	<u>\$ -</u>	<u>\$ 12,779,630</u>
Carrying amounts at January 1, 2024	<u>\$ 795,897</u>	<u>\$ 1,245,274</u>	<u>\$ 326,438</u>	<u>\$ 50,833</u>	<u>\$ 44,102</u>	<u>\$ 353,360</u>	<u>\$ 1,462,671</u>	<u>\$ 4,278,575</u>
Carrying amounts at June 30, 2024	<u>\$ 795,897</u>	<u>\$ 1,119,130</u>	<u>\$ 376,581</u>	<u>\$ 43,835</u>	<u>\$ 36,178</u>	<u>\$ 311,422</u>	<u>\$ 1,985,424</u>	<u>\$ 4,668,467</u>

The significant part of the Company's buildings includes main plants, mechanical and electrical power equipment and clean rooms, and the related depreciation is calculated using the estimated useful lives of 18 to 32 years, 7 to 11 years and 10 to 11 years, respectively. The significant part of the Company's machinery and equipment includes etching machines and sputters, and the related depreciation is calculated using the estimated useful lives of 3 to 8 years.

Information about capitalized interest is set out in Note 23.

b. Assets leased under operating leases

	Buildings	Equipment	Other Equipment	Total
<u>Cost</u>				
Balance at January 1 and June 30, 2025	<u>\$ 155,399</u>	<u>\$ 2,009</u>	<u>\$ 21,909</u>	<u>\$ 179,317</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2025	\$ 95,205	\$ 2,009	\$ 21,371	\$ 118,585
Depreciation	<u>554</u>	<u>-</u>	<u>303</u>	<u>857</u>
Balance at June 30, 2025	<u>\$ 95,759</u>	<u>\$ 2,009</u>	<u>\$ 21,674</u>	<u>\$ 119,442</u>
Carrying amounts at January 1, 2025	<u>\$ 60,194</u>	<u>\$ -</u>	<u>\$ 538</u>	<u>\$ 60,732</u>
Carrying amounts at June 30, 2025	<u>\$ 59,640</u>	<u>\$ -</u>	<u>\$ 235</u>	<u>\$ 59,875</u>
<u>Cost</u>				
Balance at January 1 and June 30, 2024	<u>\$ 155,399</u>	<u>\$ 2,009</u>	<u>\$ 21,909</u>	<u>\$ 179,317</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2024	\$ 94,098	\$ 2,009	\$ 20,765	\$ 116,872
Depreciation	<u>554</u>	<u>-</u>	<u>303</u>	<u>857</u>
Balance at June 30, 2024	<u>\$ 94,652</u>	<u>\$ 2,009</u>	<u>\$ 21,068</u>	<u>\$ 117,729</u>
Carrying amounts at January 1, 2024	<u>\$ 61,301</u>	<u>\$ -</u>	<u>\$ 1,144</u>	<u>\$ 62,445</u>
Carrying amounts at June 30, 2024	<u>\$ 60,747</u>	<u>\$ -</u>	<u>\$ 841</u>	<u>\$ 61,588</u>

The Company leased certain buildings to VisEra Technology Company Ltd. (“VisEra”) under operating lease agreement. The lease term and rental were both determined in accordance with mutual agreements with lease terms between 1 and 2 years. The lessees have extension options during the lease periods. The rental payments were received on monthly and depreciation of such leased assets were included in other operating income and expenses. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods. Based on the lease contract, the lease payment could be adjusted according to the actual production capacity.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
No later than 1 year	\$ 82,410	\$ 81,410	\$ 31,511
Later than 1 year but no later than 5 years	<u>41,455</u>	<u>79,110</u>	<u>-</u>
	<u>\$ 123,865</u>	<u>\$ 160,520</u>	<u>\$ 31,511</u>

The above items of property, plant and equipment leased under operating leases are depreciated on a straight-line basis over their estimated useful lives of 2 to 5 years.

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Carrying amounts</u>			
Buildings	<u>\$ 151,903</u>	<u>\$ 166,733</u>	<u>\$ 191,749</u>
		June 30	
		2025	2024
Additions to right-of-use assets		<u>\$ 4,503</u>	<u>\$ 3,445</u>
	For the Three Months Ended June 30	For the Six Months Ended June 30	
	2025	2024	2025
			2024
Depreciation charge for right-of-use assets			
Buildings	<u>\$ 9,775</u>	<u>\$ 10,047</u>	<u>\$ 19,333</u>
			<u>\$ 20,031</u>

Except for the recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2025 and 2024.

b. Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Carrying amounts</u>			
Current	<u>\$ 39,612</u>	<u>\$ 38,598</u>	<u>\$ 40,303</u>
Non-current	<u>\$ 116,824</u>	<u>\$ 133,266</u>	<u>\$ 155,518</u>

Range of discount rate for lease liabilities was as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Buildings	0.84%-2.25%	0.84%-2.25%	0.84%-2.25%

c. Material lease-in activities and terms

The Company leases certain buildings for the use of plants and offices with lease terms of 5 to 15 years. The adjustment of buildings' rental in Zhongli Industrial depends on the Consumer Price Index. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods. The Company shall not sublease or transfer all or one of the buildings without the consent of the lessor.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Expenses relating to low-value asset leases	\$ 3,013	\$ 5,923	\$ 8,744	\$ 11,800
Total cash outflow for leases	\$ 13,565	\$ 16,762	\$ 30,079	\$ 33,669

The Company's leases of certain office equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

12. INTANGIBLE ASSETS

	Technical Expertise	Software	Patents and Others	Total
<u>Cost</u>				
Balance at January 1, 2025	\$ 113,340	\$ 96,742	\$ 212,277	\$ 422,359
Additions	-	2,394	11,798	14,192
Balance at June 30, 2025	\$ 113,340	\$ 99,136	\$ 224,075	\$ 436,551
<u>Accumulated amortization</u>				
Balance at January 1, 2025	\$ 113,340	\$ 91,655	\$ 202,832	\$ 407,827
Additions	-	1,682	4,984	6,666
Balance at June 30, 2025	\$ 113,340	\$ 93,337	\$ 207,816	\$ 414,493
Carrying amounts at January 1, 2025	\$ -	\$ 5,087	\$ 9,445	\$ 14,532
Carrying amounts at June 30, 2025	\$ -	\$ 5,799	\$ 16,259	\$ 22,058
<u>Cost</u>				
Balance at January 1, 2024	\$ 113,340	\$ 92,564	\$ 207,527	\$ 413,431
Additions	-	3,998	2,005	6,003
Balance at June 30, 2024	\$ 113,340	\$ 96,562	\$ 209,532	\$ 419,434
<u>Accumulated amortization</u>				
Balance at January 1, 2024	\$ 113,340	\$ 88,367	\$ 190,940	\$ 392,647
Additions	-	1,713	5,891	7,604
Balance at June 30, 2024	\$ 113,340	\$ 90,080	\$ 196,831	\$ 400,251
Carrying amounts at January 1, 2024	\$ -	\$ 4,197	\$ 16,587	\$ 20,784
Carrying amounts at June 30, 2024	\$ -	\$ 6,482	\$ 12,701	\$ 19,183

The above items of intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

Technical expertise	20 years
Software	3 years
Patents	2 years
Others	2-5 years

The above items of intangible assets were not used as collateral.

13. OTHER CURRENT ASSETS

	June 30, 2025	December 31, 2024	June 30, 2024
Prepaid expenses	\$ 28,210	\$ 54,548	\$ 29,511
Tax receivable	4,600	9,726	-
Temporary payment	4,415	5,777	7,635
Prepayments to suppliers	<u>2,037</u>	<u>10,156</u>	<u>3,154</u>
	<u>\$ 39,262</u>	<u>\$ 80,207</u>	<u>\$ 40,300</u>

14. LONG - TERM BORROWINGS

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Unsecured borrowings</u>			
Bank loans	\$ 1,582,000	\$ 1,206,000	\$ 395,000
Less: Discounts government grants	<u>(19,415)</u>	<u>(17,585)</u>	<u>(6,540)</u>
	<u>\$ 1,562,585</u>	<u>\$ 1,188,415</u>	<u>\$ 388,460</u>

In September 2023, the Company obtained a letter of approval from the Ministry of Economic Affairs (MOEA) under the “Action Plan for Accelerated Investment by Domestic Corporations”, which stipulates that the Company should complete its investment by December 31, 2026, from the date of approval.

The Company entered into credit agreements with banks under the “Action Plan for Accelerated Investment by Domestic Corporations”, and the interest rate for the first NT\$2 billion of the allocation was reduced by 0.5% of the two-year fixed deposit interest rate of Chunghwa Post Co., Ltd. after the mark up, and 0.3% thereafter.

As of June 30, 2025, the Company acquired preferential interest rate loan subsidized by the government of NT\$1,582,000 thousand, and the loan proceeds are used to fund qualifying capital expenditure. The loan is repayable over a period of five years from the date of the first drawdown to February 2029, where repayment of interest will be made in monthly installments for the first three years and the principal will be repaid in equal monthly installments starting from the fourth year. Using the prevailing market interest rate of 1.9% and 2.1%, the fair value of the loan was estimated at NT\$1,559,037 thousand on initial recognition. The difference of NT\$22,963 thousand between the proceeds and the fair value of the loan was treated as the benefit derived from the preferential interest rate loan and had been recognized as deferred revenue, which was offset against interest expense on monthly over the loan period. The amounts offset against

interest expense were NT\$3,548 thousand and NT\$379 thousand for the six months ended June 30, 2025 and 2024, respectively.

Under the bank loan agreement, the Company has to meet certain financial covenants. As of June 30, 2025, such financial covenants were not breached.

15. PROVISIONS

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Non-current portion</u>			
Decommissioning cost	<u>\$ 525,065</u>	<u>\$ 390,151</u>	<u>\$ 404,376</u>
			Decommissioning Cost
<u>Six months ended June 30, 2025</u>			
Balance, beginning of period			\$ 390,151
Remeasurement			135,675
Write-off			<u>(761)</u>
Balance, end of period			<u>\$ 525,065</u>
<u>Six months ended June 30, 2024</u>			
Balance, beginning of period			\$ 404,913
Reversals			<u>(537)</u>
Balance, end of period			<u>\$ 404,376</u>

Decommissioning cost represents provision for cost of disassembly and removal of leased equipment and restoration of the location. Such amount of provision is measured using the estimated discounted cash flows to settle future obligation. The estimated decommissioning cost is assessed and adjusted reasonably at the end of each reporting period.

16. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	June 30, 2025	December 31, 2024	June 30, 2024
Utilities payables	\$ 103,266	\$ 56,239	\$ 65,821
Subcontracting expenses payables	43,633	102,451	138,350
Refund liabilities	34,084	32,107	32,039
Insurance payables	32,273	31,863	28,680
Pension expenses payables	16,765	16,653	15,352
Pollution prevention expenses payables	9,852	7,303	8,377
Carbon fee expenses payables	9,324	-	-
Rental payables	2,197	2,029	2,194
Others	<u>189,079</u>	<u>196,799</u>	<u>178,576</u>
	<u>\$ 440,473</u>	<u>\$ 445,444</u>	<u>\$ 469,389</u>

17. OTHER LIABILITIES

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Deferred revenue</u>			
Arising from government grants (Notes 14 and 23)	<u>\$ 19,415</u>	<u>\$ 17,585</u>	<u>\$ 6,540</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The pension plan under the Labor Pension Act (LPA) is deemed a defined contribution retirement plan. Pursuant to the Act, the Company makes monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Accordingly, the Company recognized expenses of NT\$14,002 thousand and NT\$12,865 thousand in the statements of comprehensive income for the three months ended June 30, 2025 and 2024, respectively; the Company recognized expenses of NT\$27,942 thousand and NT\$25,836 thousand in the statements of comprehensive income for the six months ended June 30, 2025 and 2024, respectively.

b. Defined benefit plans

The Company has defined benefit plans under the Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds (the "Fund"), which are administered by the Labor Pension Fund Supervisory Committee (the "Committee") and deposited in the Committee's name in the Bank of Taiwan. In accordance with Article 5 of the Regulations for the Allocation and Management of the workers' Retirement Reserve Funds, the Company has ceased making contributions to the Fund.

Employee pension expenses recognized in general and administrative expenses in respect of the Company's defined benefit retirement plans were zero for the three months and six months ended June 30, 2025 and 2024, respectively, and were calculated using the actuarially determined pension cost discount rate.

19. EQUITY

a. Capital stock

	June 30, 2025	December 31, 2024	June 30, 2024
Authorized stock (in thousands)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Authorized capital	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Issued and paid stock (in thousands)	<u>271,364</u>	<u>271,364</u>	<u>271,364</u>
Issued capital	<u>\$ 2,713,643</u>	<u>\$ 2,713,643</u>	<u>\$ 2,713,643</u>

A holder of issued common stock with par value of NT\$10 is entitled to vote and to receive dividends.

The authorized stock includes 12,000 thousand stocks allocated for the exercise of employee stock options.

b. Capital surplus

	June 30, 2025	December 31, 2024	June 30, 2024
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Additional paid-in capital-ordinary shares	<u>\$ 396,424</u>	<u>\$ 396,424</u>	<u>\$ 396,424</u>

Note: Under the Company Law, the capital surplus generated from the excess of the issuance price over the par value of capital stock may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital stock (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, and setting aside or reversing special reserve in accordance with the laws and regulations until the accumulated legal reserve equals the Company's paid-in capital. Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

For the policy on the profit sharing bonus for employees and compensation for directors, refer to Note 27.

The policy on the appropriation of dividends shall take the following factors into account: The Company's capital budget, intermediate and long term operational planning, and financial position. The following principles shall be followed and earnings shall be allocated according to the resolution of the shareholders in the shareholders' meeting:

- 1) The Company shall consider financial, business and operating factors when distributing profits. The profits may be distributed by way of cash dividend and/or stock dividend. However, due to the Company's business growing stage at present, the proportions of dividends that will be distributed depend on future expansion plans and capital budget needs. The proportion of cash dividends shall not be lower than 50% of the total dividends.
- 2) If there is no profit or the distributable profit is far lower than the previous year's amounts distributed, or in consideration of financial, business and operating factors, the appropriation for capital reserve shall be in accordance with relevant laws or regulations or as requested by the authorities in charge.

Any appropriations of the profits are subject to shareholders' approval in the following year.

The appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

Pursuant to existing regulations, the Company is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders' equity, such as gain/loss from changes in fair value of hedging instruments in cash flow hedges, etc. For the subsequent decrease in the deduction amount to shareholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The Company's appropriation of earnings for 2023 was proposed by the board of directors on May 30, 2024 as follows:

	Appropriation of Earnings For Fiscal Year 2023
Balance of unappropriated earnings at beginning of year	\$ 2,888,756
Remeasurement of defined benefit plans	2,289
Net income in 2023	1,375,774
Legal reserve	(137,807)
Cash dividend to shareholders	<u>(542,728)</u>
Balance of unappropriated earnings at end of year	<u>\$ 3,586,284</u>
Cash dividends per share (NT\$)	<u>\$ 2</u>

The Company's appropriation of earnings for 2024 was proposed by the board of directors on May 29, 2025 as follows:

	Appropriation of Earnings For Fiscal Year 2024
Balance of unappropriated earnings at beginning of year	\$ 3,586,284
Remeasurement of defined benefit plans	9,887
Net income in 2024	1,669,720
Legal reserve	(167,960)
Cash dividend to shareholders	<u>(678,411)</u>
Balance of unappropriated earnings at end of year	<u>\$ 4,419,520</u>
Cash dividends per share (NT\$)	<u>\$ 2.5</u>

20. OPERATING REVENUE

- a. The analysis of the Company's net revenue

Wafer level chip scale packaging (CSP) and wafer level post passivation interconnection services (PPI)

The revenue from packaging service is generated during the manufacturing of customer-specific goods. If the customer controls the customized goods when they are in packaging process, packaging service revenue is recognized over time.

Wafer testing

The Company satisfies the performance obligation in the contract for testing services because the customer simultaneously receives and consumes the benefits provided by the Company's performance. The Company has the right to collect payment for the portion of testing services that have been satisfied, and the revenue from testing services is recognized over time.

b. Disaggregation of revenue from contracts with customers

Production	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Wafer level CSP	\$ 747,372	\$ 1,149,393	\$ 1,642,533	\$ 2,039,163
Wafer testing	670,728	376,830	1,171,952	797,389
Wafer level PPI	95,484	92,446	198,343	188,705
Others	<u>23,267</u>	<u>23,480</u>	<u>69,434</u>	<u>60,865</u>
	<u>\$ 1,536,851</u>	<u>\$ 1,642,149</u>	<u>\$ 3,082,262</u>	<u>\$ 3,086,122</u>
Region	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Asia	\$ 1,507,589	\$ 1,625,664	\$ 3,016,260	\$ 3,056,831
Europe	27,261	8,870	63,512	16,991
America	<u>2,001</u>	<u>7,615</u>	<u>2,490</u>	<u>12,300</u>
	<u>\$ 1,536,851</u>	<u>\$ 1,642,149</u>	<u>\$ 3,082,262</u>	<u>\$ 3,086,122</u>
Customer Type	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Foundry companies	\$ 1,124,718	\$ 1,202,697	\$ 2,197,017	\$ 2,293,531
IC design house	<u>412,133</u>	<u>439,452</u>	<u>885,245</u>	<u>792,591</u>
	<u>\$ 1,536,851</u>	<u>\$ 1,642,149</u>	<u>\$ 3,082,262</u>	<u>\$ 3,086,122</u>
Application Type	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Consumer	\$ 1,297,102	\$ 1,341,197	\$ 2,557,360	\$ 2,529,646
Automotive	<u>239,749</u>	<u>300,952</u>	<u>524,902</u>	<u>556,476</u>
	<u>\$ 1,536,851</u>	<u>\$ 1,642,149</u>	<u>\$ 3,082,262</u>	<u>\$ 3,086,122</u>

c. Contract balances

	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
<u>Unrelated Parties</u>				
Contract assets	\$ 52,331	\$ 60,667	\$ 71,875	\$ 39,146
Less: Allowance for impairment loss	<u>(52)</u>	<u>(61)</u>	<u>(72)</u>	<u>(39)</u>
Contract assets, net	<u>52,279</u>	<u>60,606</u>	<u>71,803</u>	<u>39,107</u>

(Continued)

	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
<u>Related Parties</u>				
Contract assets	\$ 84,530	\$ 186,544	\$ 308,097	\$ 136,662
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contract assets, net	<u>84,530</u>	<u>186,544</u>	<u>308,097</u>	<u>136,662</u>
	<u>\$ 136,809</u>	<u>\$ 247,150</u>	<u>\$ 379,900</u>	<u>\$ 175,769</u> (Concluded)

The changes in the contract assets balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

The Company recognized (reversed) NT\$(14) thousand and NT\$26 thousand in expected credit loss for the three months ended June 30, 2025 and 2024, respectively; it recognized (reversed) NT\$(9) thousand and NT\$33 thousand in expected credit loss for the six months ended June 30, 2025 and 2024, respectively.

Movements of the loss allowance for contract assets:

	<u>Six Months Ended June 30</u>	
	2025	2024
Balance at January 1	\$ 61	\$ 39
Add (less): Net remeasurement of loss allowance	<u>(9)</u>	<u>33</u>
Balance at June 30	<u>\$ 52</u>	<u>\$ 72</u>

21. OTHER OPERATING INCOME AND EXPENSES, NET

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2025	2024	2025	2024
Income (expenses) of leased assets				
Rental income	\$ 21,314	\$ 20,592	\$ 41,627	\$ 39,185
Depreciation of leased assets	(429)	(429)	(857)	(857)
Others	<u>(5,014)</u>	<u>(4,515)</u>	<u>(9,965)</u>	<u>(8,660)</u>
	15,871	15,648	30,805	29,668
Gain on disposal of property, plant and equipment, net	19,506	17,044	19,506	17,687
Others	<u>-</u>	<u>537</u>	<u>-</u>	<u>537</u>
	<u>\$ 35,377</u>	<u>\$ 33,229</u>	<u>\$ 50,311</u>	<u>\$ 47,892</u>

22. INTEREST INCOME

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2025	2024	2025	2024
Interest income				
Bank deposits	<u>\$ 19,646</u>	<u>\$ 16,485</u>	<u>\$ 41,581</u>	<u>\$ 30,567</u>

23. FINANCE COSTS

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Interest expense				
Interest on lease liabilities	\$ 774	\$ 956	\$ 1,572	\$ 1,953
Bank loans	6,048	1,100	11,575	1,334
Less: Amounts included in the cost of qualifying assets	<u>-</u>	<u>(1,100)</u>	<u>(5,527)</u>	<u>(1,334)</u>
	<u>\$ 6,822</u>	<u>\$ 956</u>	<u>\$ 7,620</u>	<u>\$ 1,953</u>

Information on capitalized interest is as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Capitalized interest amount	\$ -	\$ 1,100	\$ 5,527	\$ 1,334
Capitalization rate	-	1.56%	1.53%	1.56%

24. OTHER GAINS AND LOSSES

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Net (loss) gain on foreign currency exchange	\$ (170,473)	\$ 17,780	\$ (152,264)	\$ 65,772
Net gain (loss) arising on financial instruments designated as at FVTPL	63,176	(7,063)	60,144	(32,788)
Others	<u>2,345</u>	<u>83</u>	<u>3,077</u>	<u>628</u>
	<u>\$ (104,952)</u>	<u>\$ 10,800</u>	<u>\$ (89,043)</u>	<u>\$ 33,612</u>

25. INCOME TAX

a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Current tax				
In respect of the current period	\$ 15,585	\$ 148,331	\$ 85,141	\$ 219,039
Income tax on unappropriated earnings	-	27,303	-	27,303
Adjustments for prior year	(1,861)	(1,740)	(34,967)	(1,689)
Deferred income tax				
The origination and reversal of temporary differences	<u>(6,678)</u>	<u>(60,984)</u>	<u>(6,600)</u>	<u>(59,389)</u>
Income tax expense recognized in profit or loss	<u>\$ 7,046</u>	<u>\$ 112,910</u>	<u>\$ 43,574</u>	<u>\$ 185,264</u>

b. Income tax examination

The tax authorities have examined income tax returns of the Company through 2022. All investment tax credit adjustments assessed by the tax authorities have been recognized accordingly.

26. EARNINGS PER SHARE

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Basic earnings per share	<u>\$ 0.24</u>	<u>\$ 1.20</u>	<u>\$ 1.50</u>	<u>\$ 2.40</u>
Diluted earnings per share	<u>\$ 0.24</u>	<u>\$ 1.19</u>	<u>\$ 1.50</u>	<u>\$ 2.39</u>

Earnings per share is computed as follows:

	Amounts (Numerator)	Number of Stocks (Denominator) (In Thousands)	Earnings Per Share (NT\$)
<u>Three months ended June 30, 2025</u>			
Basic EPS			
Net income available to common shareholders	\$ 64,703	271,364	<u>\$ 0.24</u>
Effect of potentially dilutive common stock	<u>-</u>	<u>398</u>	
Diluted EPS			
Net income available to common shareholders plus effect of potentially dilutive common stock	<u>\$ 64,703</u>	<u>271,762</u>	<u>\$ 0.24</u>
<u>Three months ended June 30, 2024</u>			
Basic EPS			
Net income available to common shareholders	\$ 324,496	271,364	<u>\$ 1.20</u>
Effect of potentially dilutive common stock	<u>-</u>	<u>604</u>	
Diluted EPS			
Net income available to common shareholders plus effect of potentially dilutive common stock	<u>\$ 324,496</u>	<u>271,968</u>	<u>\$ 1.19</u>
<u>Six months ended June 30, 2025</u>			
Basic EPS			
Net income available to common shareholders	\$ 406,967	271,364	<u>\$ 1.50</u>
Effect of potentially dilutive common stock	<u>-</u>	<u>686</u>	
Diluted EPS			
Net income available to common shareholders plus effect of potentially dilutive common stock	<u>\$ 406,967</u>	<u>272,050</u>	<u>\$ 1.50</u>

(Continued)

	Amounts (Numerator)	Number of Stocks (Denominator) (In Thousands)	Earnings Per Share (NT\$)
<u>Six months ended June 30, 2024</u>			
Basic EPS			
Net income available to common shareholders	\$ 650,600	271,364	\$ <u>2.40</u>
Effect of potentially dilutive common stock	<u>-</u>	<u>959</u>	
Diluted EPS			
Net income available to common shareholders plus effect of potentially dilutive common stock	<u>\$ 650,600</u>	<u>272,323</u>	<u>\$ 2.39</u> (Concluded)

The Company may settle the obligation by cash or by issuing stocks; therefore, the profit sharing bonus for employees will be settled in stocks and the resulting potential stocks will be included in the weighted average number of stocks outstanding in the calculation of diluted EPS as the stocks have a dilutive effect. Such dilutive effect of the potential stocks is included in the calculation of diluted EPS until the profit sharing bonus for employees to be settled in the form of common stocks is approved in the following year.

27. ADDITIONAL INFORMATION OF EXPENSES BY NATURE

Net income included the following items:

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2025	2024	2025	2024
a. Depreciation of property, plant and equipment and right-of-use assets				
Recognized in operating costs	\$ 241,173	\$ 135,965	\$ 381,665	\$ 271,689
Recognized in operating expenses	4,797	10,718	15,407	19,014
Recognized in other operating income and expenses	<u>429</u>	<u>429</u>	<u>857</u>	<u>857</u>
	<u>\$ 246,399</u>	<u>\$ 147,112</u>	<u>\$ 397,929</u>	<u>\$ 291,560</u>
b. Amortization of intangible assets				
Recognized in operating costs	\$ 2,039	\$ 2,704	\$ 4,763	\$ 5,303
Recognized in operating expenses	<u>895</u>	<u>1,174</u>	<u>1,903</u>	<u>2,301</u>
	<u>\$ 2,934</u>	<u>\$ 3,878</u>	<u>\$ 6,666</u>	<u>\$ 7,604</u>
c. Research and development costs expensed as incurred	<u>\$ 72,314</u>	<u>\$ 105,183</u>	<u>\$ 159,729</u>	<u>\$ 194,105</u>

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
d. Employee benefits expenses				
Post-employment benefits (Note 18)				
Defined contribution plans	\$ 14,002	\$ 12,865	\$ 27,942	\$ 25,836
Other employee benefits	<u>412,547</u>	<u>407,373</u>	<u>843,868</u>	<u>787,037</u>
	<u>\$ 426,549</u>	<u>\$ 420,238</u>	<u>\$ 871,810</u>	<u>\$ 812,873</u>
Employee benefits expense summarized by function				
Recognized in operating costs	\$ 342,637	\$ 322,010	\$ 691,807	\$ 626,052
Recognized in operating expenses	<u>83,912</u>	<u>98,228</u>	<u>180,003</u>	<u>186,821</u>
	<u>\$ 426,549</u>	<u>\$ 420,238</u>	<u>\$ 871,810</u>	<u>\$ 812,873</u>

If the Company has annual profits, the Company shall allocate a profit sharing bonus for employees and compensation for directors at rates of not less than 1% and not more than 2% of annual profits, respectively. Directors who also serve as executive officers of the Company are not entitled to receive the compensation for directors. The Company's profit sharing bonus for employees and remuneration of directors have to be resolved by a majority vote at a board of directors meeting attended by two-thirds of the total number of directors and shall be reported in the shareholders' meeting. In accordance with the amendments to the Securities and Exchange Act in August 2024, the Company approved a resolution at the 2025 Annual General Meeting to amend its Articles of Incorporation, stipulating that not less than 10% of the total employee remuneration shall be allocated to or used for adjusting the compensation of grassroots employees. However, the Company shall reserve a sufficient profit to offset its accumulated deficit, and then set aside a profit sharing bonus for employees and remuneration of directors in accordance with the predetermined ratio. The Company also can allocate a profit sharing bonus for the employees of affiliated companies upon meeting the conditions set by the board of directors.

The Company accrues a profit sharing bonus for employees and remuneration of directors based on a percentage of net profit before income tax (before a profit sharing bonus for employees and remuneration of directors), which amounted to NT\$10,901 thousand and NT\$58,415 thousand (including remuneration of independent directors in the amounts of NT\$1,008 thousand) for the three months ended June 30, 2025 and 2024, respectively; NT\$61,700 thousand and NT\$111,770 thousand (including remuneration of independent directors in the amounts of NT\$2,016 thousand) for the six months ended June 30, 2025 and 2024, respectively. The estimated employees' compensation and the remuneration of directors for the three months and six months ended June 30, 2025 and 2024 were as follows:

Accrual rate

	Six Months Ended June 30	
	2025	2024
Employees' compensation	11.50%	11.50%
Remuneration of directors	0.20%	0.11%

Amounts

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
	Cash	Cash	Cash	Cash
Employees' compensation	\$ 9,389	\$ 56,903	\$ 58,676	\$ 108,746
Remuneration of directors	504	504	1,008	1,008

If there is a change in the proposed amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

The board of directors of the Company held on February 6, 2025 approved employees' compensation and remuneration of directors in the amounts of NT\$274,042 thousand (including NT\$4,032 thousand of the remuneration to independent directors) in cash for payment in 2024. There is no significant difference between the aforementioned approved amounts and the amounts charged against earnings of 2024.

The board of directors of the Company held on February 6, 2024 approved employees' compensation and remuneration of directors in the amounts of NT\$232,570 thousand (including NT\$3,566 thousand of the remuneration to independent directors) in cash for payment in 2023. There is no significant difference between the aforementioned approved amounts and the amounts charged against earnings of 2023.

Information on the employees' compensation and remuneration of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

28. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases, research and development activities, dividend payments, debt service requirements and other business requirements associated with its existing operations over the next 12 months.

29. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the six months ended in June 30, 2025

	January 1, 2025	Cash Flows	Non-cash Changes		June 30, 2025
			Leases Modifications	Others (Note)	
Lease liabilities	\$ 171,864	\$ (21,503)	\$ 4,503	\$ 1,572	\$ 156,436

For the six months ended in June 30, 2024

	January 1, 2024	Cash Flows	Non-cash Changes		June 30, 2024
			Leases Modifications	Others (Note)	
Lease liabilities	\$ 212,116	\$ (21,693)	\$ 3,445	\$ 1,953	\$ 195,821

Note: Finance costs from lease liabilities.

30. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Financial assets</u>			
FVTPL	\$ 14,343	\$ -	\$ -
Amortized cost (Note 1)	<u>5,686,994</u>	<u>6,255,511</u>	<u>5,486,831</u>
	<u>\$ 5,701,337</u>	<u>\$ 6,255,511</u>	<u>\$ 5,486,831</u>
<u>Financial liabilities</u>			
FVTPL	\$ 635	\$ 8,421	\$ 3,578
Amortized cost (Note 2)	<u>4,482,870</u>	<u>2,461,521</u>	<u>1,772,398</u>
	<u>\$ 4,483,505</u>	<u>\$ 2,469,942</u>	<u>\$ 1,775,976</u>

Note 1: The balance includes financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), other financial assets and refundable deposits.

Note 2: The balance includes accounts payable, payables to contractors and equipment suppliers, cash dividends payable, accrued expenses and other current liabilities.

b. Financial risk management objectives and policies

The Company seeks to ensure sufficient cost-efficient funding readily available when needed. The Company manages its exposure to foreign currency risk, credit risk and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The Company's major treasury activities are reviewed by its Board of Directors in accordance with procedures required by relevant regulations and internal controls. During the implementation of such activities, the treasury function must comply with certain treasury procedures that act as guiding principles for overall financial risk management and segregation of duties.

c. Market risk

The Company is exposed to the market risks arising from changes in foreign exchange rates and utilizes some derivative financial instruments to reduce the related risks.

Foreign currency risk

Most of the Company's operating activities are denominated in foreign currencies. Consequently, the Company is exposed to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Company utilizes derivative financial instruments, including forward exchange contracts, to hedge its currency exposure. These instruments help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements.

The Company's sensitivity analysis to foreign currency risk mainly focuses on the foreign currency monetary items at the end of the reporting period. Assuming an unfavorable 10% movement in the New Taiwan dollar against the foreign exchange rates, the net profit after tax for the six months ended June 30, 2025 and 2024 would have increased by NT\$8,348 thousand and NT\$73,118 thousand, respectively, after taking into consideration the hedging contracts and the hedged items.

Interest rate risk

The Company is exposed to interest rate risk arising from financial assets and liabilities at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Fair value interest rate risk			
Financial assets	\$ 4,382,976	\$ 4,104,496	\$ 3,771,812
Financial liabilities	156,436	171,864	195,821
Cash flow interest rate risk			
Financial assets	271,513	931,193	643,731
Financial liabilities	1,562,585	1,188,415	388,460

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the period was outstanding for the whole year.

If interest rates had been 1% basis points lower and all other variables were held constant, the Company's pre-tax profit for the three months ended June 30, 2025 and 2024 would have decreased by NT\$6,455 thousand and increased NT\$1,276 thousand, respectively, mainly due to the Company's exposure to floating interest rate assets.

The Company's sensitivity to interest rates increased during the current year mainly due to the increase in variable rate assets.

d. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily accounts receivable, and from investing activities, primarily deposits with banks. As of the balance sheet date, the Company's maximum credit risk exposure is mainly from the carrying amount of financial assets recognized in the balance sheet.

Business related credit risk

The Company has considerable accounts receivable outstanding with its customers worldwide. A substantial majority of the Company's outstanding accounts receivable are not covered by collateral or credit insurance. While the Company has procedures to monitor and limit exposure to credit risk on accounts receivable, there can be no assurance such procedures will effectively limit its credit risk and avoid losses.

The Company's credit risk is mainly concentrated on its two largest customers. The ratio of total accounts receivable to contract assets from the abovementioned customers are 92%, 95% and 94% as of June 30, 2025, December 31, 2024 and June 30, 2024.

Financial credit risk

The Company regularly monitors and reviews the transaction limit applied to counterparties and adjusts the concentration limit according to market conditions and the credit standing of the counterparties. The Company mitigates its exposure by selecting creditworthy financial institutions.

e. Liquidity risk management

The objective of liquidity risk management is to ensure the Company has sufficient liquidity to fund its business requirements. The Company manages its liquidity risk by maintaining adequate cash and banking facilities.

The Company relies on bank borrowings as a significant source of liquidity. As of June 30, 2025, December 31, 2024 and June 30, 2024, the unused financing facilities of the Company amounted to NT\$4,242,790 thousand, NT\$4,654,930 thousand and NT\$5,478,566 thousand, respectively.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments (including principal and interest).

	Less Than 1 Year	2-3 Years	4-5 Years	Over 5 Years	Total
<u>June 30, 2025</u>					
<u>Non-derivative financial liabilities</u>					
Accounts payable	\$ 139,253	\$ -	\$ -	\$ -	\$ 139,253
Payables to contractors and equipment suppliers	1,670,547	-	-	-	1,670,547
Cash dividends payable	678,411	-	-	-	678,411
Accrued expenses and other current liabilities	432,074	-	-	-	432,074
Lease liabilities	42,248	66,124	38,960	16,462	163,794
Long-term bank loans	<u>24,186</u>	<u>1,202,066</u>	<u>416,279</u>	<u>-</u>	<u>1,642,531</u>
	<u>2,986,719</u>	<u>1,268,190</u>	<u>455,239</u>	<u>16,462</u>	<u>4,726,610</u>
<u>Derivative financial liabilities (assets)</u>					
Forward exchange contracts					
Outflows	909,401	-	-	-	909,401
Inflows	<u>(923,109)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(923,109)</u>
	<u>(13,708)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,708)</u>
	<u>\$ 2,973,011</u>	<u>\$ 1,268,190</u>	<u>\$ 455,239</u>	<u>\$ 16,462</u>	<u>\$ 4,712,902</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	<u>\$ 42,248</u>	<u>\$ 105,084</u>	<u>\$ 16,462</u>	<u>\$ -</u>

	Less Than 1 Year	2-3 Years	4-5 Years	Over 5 Years	Total
<u>December 31, 2024</u>					
<u>Non-derivative financial liabilities</u>					
Accounts payable	\$ 159,983	\$ -	\$ -	\$ -	\$ 159,983
Payables to contractors and equipment suppliers	675,871	-	-	-	675,871
Accrued expenses and other current liabilities	437,252	-	-	-	437,252
Lease liabilities	41,543	72,234	41,845	25,036	180,658
Long-term bank loans	<u>18,516</u>	<u>607,505</u>	<u>635,600</u>	<u>-</u>	<u>1,261,621</u>
	<u>1,333,165</u>	<u>679,739</u>	<u>677,445</u>	<u>25,036</u>	<u>2,715,385</u>
<u>Derivative financial liabilities (assets)</u>					
Forward exchange contracts					
Outflows	551,486	-	-	-	551,486
Inflows	<u>(543,065)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(543,065)</u>
	<u>8,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,421</u>
	<u>\$ 1,341,586</u>	<u>\$ 679,739</u>	<u>\$ 677,445</u>	<u>\$ 25,036</u>	<u>\$ 2,723,806</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	<u>\$ 41,543</u>	<u>\$ 114,079</u>	<u>\$ 25,036</u>	<u>\$ -</u>

	Less Than 1 Year	2-3 Years	4-5 Years	Over 5 Years	Total
<u>June 30, 2024</u>					
<u>Non-derivative financial liabilities</u>					
Accounts payable	\$ 175,083	\$ -	\$ -	\$ -	\$ 175,083
Payables to contractors and equipment suppliers	204,603	-	-	-	204,603
Cash dividends payable	542,728	-	-	-	542,728
Accrued expenses and other current liabilities	461,524	-	-	-	461,524
Lease liabilities	43,674	80,649	47,832	34,306	206,461
Long-term bank loans	<u>6,148</u>	<u>96,270</u>	<u>314,174</u>	<u>-</u>	<u>416,592</u>
	<u>1,433,760</u>	<u>176,919</u>	<u>362,006</u>	<u>34,306</u>	<u>2,006,991</u>
<u>Derivative financial liabilities (assets)</u>					
Forward exchange contracts					
Outflows	321,651	-	-	-	321,651
Inflows	<u>(318,073)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(318,073)</u>
	<u>3,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,578</u>
	<u>\$ 1,437,338</u>	<u>\$ 176,919</u>	<u>\$ 362,006</u>	<u>\$ 34,306</u>	<u>\$ 2,010,569</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	<u>\$ 43,674</u>	<u>\$ 128,481</u>	<u>\$ 34,306</u>	<u>\$ -</u>

f. Fair value of financial instruments

1) Fair value of financial instruments carried at amortized cost

The Company considers that the carrying amounts of financial assets and financial liabilities carried at amortized cost recognized in the financial statements approximate their fair values.

2) Fair value measurements recognized in the balance sheets

The Company's financial assets and liabilities are measured at fair value. The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 inputs are unobservable inputs for the asset or liability.

3) Fair value of financial instruments that are measured at fair value on a recurring basis

Fair value hierarchy

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis:

	June 30, 2025			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial instruments	\$ -	\$ 14,343	\$ -	\$ 14,343
<u>Financial liabilities at FVTPL</u>				
Derivative financial instruments	\$ -	\$ 635	\$ -	\$ 635
	December 31, 2024			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial instruments	\$ -	\$ 8,421	\$ -	\$ 8,421
	June 30, 2024			
	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at FVTPL</u>				
Derivative financial instruments	\$ -	\$ 3,578	\$ -	\$ 3,578

There were no transfers between Level 1 and Level 2 of the fair value hierarchy for the six months ended June 30, 2025 and 2024, respectively.

There were no purchases and disposals for financial assets on Level 3 for the six months ended June 30, 2025 and 2024, respectively.

Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

- Forward exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

31. RELATED PARTY TRANSACTIONS

Besides as disclosed elsewhere in the other notes, the transactions between the Company and its related parties are summarized as follows:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Taiwan Semiconductor Manufacturing Company Limited (TSMC)	Investors with significant influence over the Company
VisEra Technologies Company Ltd. (VisEra)	Other related party

b. Operating revenue

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
TSMC	<u>\$ 1,124,718</u>	<u>\$ 1,202,697</u>	<u>\$ 2,197,017</u>	<u>\$ 2,293,531</u>

The sales prices and payment terms to related parties were not significantly different from those of the third parties.

c. Manufacturing overhead

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
VisEra	<u>\$ 87,868</u>	<u>\$ 171,100</u>	<u>\$ 197,410</u>	<u>\$ 293,060</u>

The consigned processing costs from related parties were determined in accordance with mutual agreements.

d. Rental income

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
VisEra	<u>\$ 21,227</u>	<u>\$ 20,507</u>	<u>\$ 41,455</u>	<u>\$ 39,014</u>

The Company leased property, plant and equipment to related parties. The lease terms and prices were both determined in accordance with mutual agreements. The rental income was received monthly; the related rental income of leased assets was recognized under other operating income and expenses.

e. Contract assets

	June 30, 2025	December 31, 2024	June 30, 2024
TSMC	<u>\$ 84,530</u>	<u>\$ 186,544</u>	<u>\$ 308,097</u>

The Company did not recognize loss allowance for the contract assets from related parties for the six months ended June 30, 2025 and 2024.

f. Receivables from related parties (Not including contract assets)

	June 30, 2025	December 31, 2024	June 30, 2024
TSMC	<u>\$ 788,255</u>	<u>\$ 987,992</u>	<u>\$ 786,721</u>

The Company did not obtain guarantees to receivables from related parties. The Company did not recognize loss allowance for receivables from related parties for the six months ended June 30, 2025 and 2024, respectively.

g. Other current assets

	June 30, 2025	December 31, 2024	June 30, 2024
VisEra	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 80</u>

h. Accrued expenses and other current liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
VisEra	<u>\$ 43,633</u>	<u>\$ 102,526</u>	<u>\$ 138,350</u>

For other related party transactions, price and terms were determined in accordance with mutual agreements.

i. Acquisition of property, plant and equipment

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
TSMC	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,401</u>

j. Remuneration of key management personnel

The remuneration of directors and other key management personnel were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 9,553	\$ 12,991	\$ 22,043	\$ 25,084
Post-employment benefits	<u>162</u>	<u>166</u>	<u>324</u>	<u>328</u>
	<u>\$ 9,715</u>	<u>\$ 13,157</u>	<u>\$ 22,367</u>	<u>\$ 25,412</u>

The remuneration of directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the market trends.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingent liabilities and unrecognized commitments of the Company as of the end of the reporting period, excluding those disclosed in other notes, were as follows:

- a. The amount that the Company has committed to purchase property, plant and equipment was NT\$435,989 thousand as of June 30, 2025.

33. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

The significant financial assets and financial liabilities denominated in foreign currencies were as follows:

	Foreign Currencies (In Thousands)	Exchange Rate (Note)	Carrying Amount (In Thousands)
<u>June 30, 2025</u>			
<u>Financial assets</u>			
Monetary items			
USD	\$ 38,136	29.154	\$ 1,111,822
JPY	391,872	0.2034	79,707
CHF	68	36.67	2,499
EUR	16	34.35	536
<u>Financial liabilities</u>			
Monetary items			
USD	3,353	29.154	97,745
JPY	392,173	0.2034	79,768
CHF	70	36.67	2,585
EUR	21	34.35	720
<u>December 31, 2024</u>			
<u>Financial assets</u>			
Monetary items			
USD	59,627	32.768	1,953,849
JPY	88,119	0.2099	18,496
CHF	102	36.27	3,708
EUR	4	34.14	139

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate (Note)	Carrying Amount (In Thousands)
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 5,776	32.768	\$ 189,270
JPY	88,190	0.2099	18,511
CHF	102	36.27	3,708
EUR	4	34.14	138

June 30, 2024

Financial assets

Monetary items			
USD	44,402	32.490	1,442,609
JPY	79,487	0.2017	16,033
CHF	89	36.06	3,193
EUR	24	34.71	822

Financial liabilities

Monetary items			
USD	6,350	32.490	206,317
JPY	81,609	0.2017	16,460
CHF	95	36.06	3,430
EUR	24	34.71	822
			(Concluded)

Note: The exchange rate represents the amount of New Taiwan dollars for which one unit of foreign currency could be exchanged.

Please refer to the statements of comprehensive income for the total of realized and unrealized foreign exchange gain and loss for the six months ended June 30, 2025 and 2024, respectively. Since there were varieties of foreign current transactions and functional currencies, the Company was unable to disclose foreign exchange gain (loss) towards each foreign currency with significant impact.

34. OPERATING SEGMENT INFORMATION

The Company operates in individual industry on the basis of how the Company's chief operating decision maker regularly reviews information in order to allocate resources and assess performance. The basis for the measurement of the operating segment profit (loss), assets and liabilities is the same as that for the preparation of financial statements. Refer to the financial statements for the related operating segment information.

35. ADDITIONAL DISCLOSURES

a. Significant transactions

- 1) Financing provided to others. (None)

- 2) Endorsements/guarantees provided. (None)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (None)
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 1)
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 2)
- b. Information on investees. (None)
- c. Information on investments in mainland China. (None)

TABLE 1**XINTEC INC.**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2025**
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	TSMC	TSMC is an equity-method investor of the Company	Sales	\$ 2,197,017	71	60 days after monthly closing	Note 31	Note 31	\$ 788,255	77	-

XINTEC INC.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Days	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	TSMC	TSMC is an equity-method investor of the Company.	\$ 788,255	74	\$ -	-	\$ 365,803	\$ -