Formosa Sumco Technology Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2022 and 2021 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Formosa Sumco Technology Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Formosa Sumco Technology Corporation and its subsidiaries (collectively, the "Group") as of June 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). 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 Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit 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 consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2022 and 2021 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 Ching-Ting Yang and Wen-Yuan Chuang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 9, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated 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 consolidated financial statements shall prevail.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2022 (Reviewed) Amount	%	December 31, 2021 (Audited) Amount	%	June 30, 2021 (Reviewed) Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 14,092,955	43	$ 9,283,087	39	$ 7,095,981	31
Financial assets at amortized cost - current (Note 8)	-	-	-	-	1,300,000	6
Trade receivables from unrelated parties (Notes 9 and 19)	2,339,578	7	1,670,140	7	1,670,197	7
Trade receivables from related parties (Notes 9, 19 and 26)	539,577	2	456,728	2	354,384	1
Other receivables (Note 9)	8,495	-	31,673	-	34,551	-
Other receivables from related parties (Notes 9 and 26)	1,453	-	1,221	-	1,329	-
Inventories (Note 10)	3,070,065	9	2,886,367	12	2,893,544	13
Prepayments (Note 15)	163,939	1	128,952	1	167,746	1
Total current assets	20,216,062	62	14,458,168	61	13,517,732	59
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 7)	305	-	311	-	346	-
Property, plant and equipment (Notes 12, 26 and 27)	11,229,322	35	8,880,516	38	9,209,281	40
Right-of use assets (Notes 13 and 26)	58,816	-	17,357	-	23,405	-
Intangible assets (Notes 14 and 26)	7,920	-	7,963	-	6,545	-
Deferred tax assets (Notes 4 and 21)	285,843	1	269,662	1	240,674	1
Prepayment for equipment	783,273	2	85,517	-	6,696	-
Refundable deposits	302	-	205	-	205	-
Other non-current assets (Note 15)	1,502	-	1,746	-	1,990	-
Total non-current assets	12,367,283	38	9,263,277	39	9,489,142	41
TOTAL	$ 32,583,345	100	$ 23,721,445	100	$ 23,006,874	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities - current (Note 19)	$ 466,216	1	$ 126,870	-	$ 201,931	1
Trade payables to unrelated parties	531,308	2	428,292	2	309,159	1
Trade payables to related parties (Note 26)	103,616	-	112,151	-	109,652	-
Other payables (Note 16)	1,787,487	6	1,077,540	5	1,536,940	7
Other payables to related parties (Notes 16 and 26)	309,375	1	274,658	1	134,762	1
Current tax liabilities (Notes 4 and 21)	604,038	2	371,182	2	175,109	1
Lease liabilities - current (Notes 13 and 26)	37,339	-	7,292	-	9,462	-
Other current liabilities	16,666	-	11,634	-	11,753	-
Total current liabilities	3,856,045	12	2,409,619	10	2,488,768	11
NON-CURRENT LIABILITIES						
Contract liabilities - non-current (Note 19)	5,449,846	17	-	-	-	-
Deferred tax liabilities (Notes 4 and 21)	48,604	-	28,495	-	27,466	-
Lease liabilities - non-current (Notes 13 and 26)	21,808	-	10,298	-	14,188	-
Net defined benefit liabilities - non-current (Notes 4 and 17)	396,559	1	401,904	2	378,779	2
Guarantee deposits	550,765	2	217	-	170	-
Other non-current liabilities	23,008	-	18,156	-	13,604	-
Total non-current liabilities	6,490,590	20	459,070	2	434,207	2
Total liabilities	10,346,635	32	2,868,689	12	2,922,975	13
EQUITY (Notes 18 and 24)						
Share capital						
Ordinary shares	3,878,483	12	3,878,483	16	3,878,483	17
Capital surplus	5,739,249	17	5,739,249	24	5,739,235	25
Retained earnings						
Legal reserve	2,563,707	8	2,424,699	10	2,424,699	10
Special reserve	29,275	-	-	-	-	-
Unappropriated earnings	10,092,053	31	8,839,600	38	8,051,198	35
Total retained earnings	12,685,035	39	11,264,299	48	10,475,897	45
Other equity	(66,057)	-	(29,275)	-	(9,716)	-
Total equity	22,236,710	68	20,852,756	88	20,083,899	87
TOTAL	$ 32,583,345	100	$ 23,721,445	100	$ 23,006,874	100

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

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 19, 26 and 30)	$ 4,050,051	100	$ 2,857,443	100	$ 7,788,455	100	$ 5,811,088	100
OPERATING COST (Notes 10, 14, 17, 20 and 26)	(2,473,753)	(61)	(2,326,811)	(82)	(4,855,020)	(63)	(4,677,690)	(81)
GROSS PROFIT	1,576,298	39	530,632	18	2,933,435	37	1,133,398	19
OPERATING EXPENSES (Notes 17, 20 and 26)								
Marketing	(157,923)	(4)	(90,223)	(3)	(308,278)	(4)	(189,781)	(3)
Administrative	(83,404)	(2)	(60,939)	(2)	(154,230)	(2)	(123,807)	(2)
Total operating expenses	(241,327)	(6)	(151,162)	(5)	(462,508)	(6)	(313,588)	(5)
INCOME FROM OPERATIONS	1,334,971	33	379,470	13	2,470,927	31	819,810	14
NON-OPERATING INCOME AND EXPENSES (Notes 20 and 26)								
Interest income	16,037	-	5,134	-	22,644	-	10,645	-
Other income	2,898	-	1,568	-	6,425	-	5,074	-
Other gains and losses	234,718	6	(74,005)	(2)	343,590	5	(126,748)	(2)
Finance costs	(228)	-	(107)	-	(464)	-	(244)	-
Total non-operating income and expenses	253,425	6	(67,410)	(2)	372,195	5	(111,273)	(2)
INCOME BEFORE INCOME TAX	1,588,396	39	312,060	11	2,843,122	36	708,537	12
INCOME TAX EXPENSE (Notes 4 and 21)	(308,624)	(7)	(36,700)	(2)	(561,363)	(7)	(106,861)	(2)
NET INCOME	1,279,772	32	275,360	9	2,281,759	29	601,676	10
OTHER COMPREHENSIVE INCOME (LOSS) (Note 18)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain/(loss) on investments in equity instruments designated as at fair value through other comprehensive income	(1)	-	32	-	(6)	-	22	-
Items that may be reclassified subsequently to profit or loss:								
Exchange difference on translating foreign operations	(27,251)	(1)	(8,378)	-	(36,776)	-	(29,953)	-
Other comprehensive income for the year, net of income tax	(27,252)	(1)	(8,346)	-	(36,782)	-	(29,931)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 1,252,520	31	$ 267,014	9	$ 2,244,977	29	$ 571,745	10

(Continued)

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS PER SHARE (Note 22)								
Basic earnings per share	$ 3.30		$ 0.71		$ 5.88		$ 1.55	
Diluted earnings per share	$ 3.30		$ 0.71		$ 5.88		$ 1.55	

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

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

			Retained Earnings				Others			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Difference on Translating Foreign Operations	Unrealized Gain (Loss) on Investments in Financial Assets Designated as at Fair Value Through Other Comprehensive Income	Total	Total Equity
BALANCE AT JANUARY 1, 2021	$ 3,878,483	$ 5,739,235	$ 2,293,240	$ -	$ 8,414,855	$ 10,708,095	$ 19,929	$ 286	$ 20,215	$ 20,346,028
Appropriation of the 2020 earnings										
Legal reserve	-	-	131,459	-	(131,459)	-	-	-	-	-
Cash dividends	-	-	-	-	(833,874)	(833,874)	-	-	-	(833,874)
	-	-	131,459	-	(965,333)	(833,874)	-	-	-	(833,874)
Net profit for the six months ended June 30, 2021	-	-	-	-	601,676	601,676	-	-	-	601,676
Other comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	(29,953)	22	(29,931)	(29,931)
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	601,676	601,676	(29,953)	22	(29,931)	571,745
BALANCE AT JUNE 30, 2021	$ 3,878,483	$ 5,739,235	$ 2,424,699	$ -	$ 8,051,198	$ 10,475,897	$ (10,024)	$ 308	$ (9,716)	$ 20,083,899
BALANCE AT JANUARY 1, 2022	$ 3,878,483	$ 5,739,249	$ 2,424,699	$ -	$ 8,839,600	$ 11,264,299	$ (29,548)	$ 273	$ (29,275)	$ 20,852,756
Appropriation of the 2021 earnings										
Legal reserve	-	-	139,008	-	(139,008)	-	-	-	-	-
Special reserve	-	-	-	29,275	(29,275)	-	-	-	-	-
Cash dividends	-	-	-	-	(861,023)	(861,023)	-	-	-	(861,023)
	-	-	139,008	29,275	(1,029,306)	(861,023)	-	-	-	(861,023)
Net profit for the six months ended June 30, 2022	-	-	-	-	2,281,759	2,281,759	-	-	-	2,281,759
Other comprehensive loss for the six months ended June 30, 2022	-	-	-	-	-	-	(36,776)	(6)	(36,782)	(36,782)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	2,281,759	2,281,759	(36,776)	(6)	(36,782)	2,244,977
BALANCE AT JUNE 30, 2022	$ 3,878,483	$ 5,739,249	$ 2,563,707	$ 29,275	$ 10,092,053	$ 12,685,035	$ (66,324)	$ 267	$ (66,057)	$ 22,236,710

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

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,843,122	$ 708,537
Adjustments for:		
Depreciation expense	1,033,027	1,059,650
Amortization expense	1,114	1,802
Interest expense	464	244
Interest income	(22,644)	(10,645)
Loss on disposal of property, plant and equipment	-	23
Write-down of inventories	1,376	20,202
Net (gain) loss on foreign currency exchange	(9,281)	10,285
Changes in operating assets and liabilities		
Trade receivables	(750,853)	(64,046)
Other receivables	29,688	3,797
Inventories	(201,487)	41,896
Prepayments	(32,189)	(40,499)
Contract liabilities	5,789,192	47,958
Trade payables	87,130	(107,405)
Other payables	(182,726)	(106,799)
Other current liabilities	5,032	195
Net defined benefit liabilities	(5,345)	3,093
Cash generated from operations	8,585,620	1,568,288
Interest received	16,012	13,901
Interest paid	(464)	(244)
Income tax paid	(324,579)	(302,778)
Net cash generated from operating activities	8,276,589	1,279,167
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	-	(1,000,000)
Payments for property, plant and equipment	(3,263,025)	(1,003,298)
Increase in refundable deposits	(97)	-
Payments for intangible assets	(1,071)	(780)
Decrease in non-current assets	244	-
Increase in prepayments for equipment	(732,977)	(13,626)
Net cash used in investing activities	(3,996,926)	(2,017,704)

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FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2022	**2021**
CASH FLOWS FROM FINANCING ACTIVITIES		
Refund of (proceeds from) guarantee deposits received	$ 550,548	$ (513)
Repayment of the principal portion of lease liabilities	(18,765)	(5,653)
Increase (decrease) in other non-current liabilities	4,852	(55,582)
Payment of cash dividends	-	(2)
Net cash generated from (used in) financing activities	536,635	(61,750)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(6,430)	36,210
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,809,868	(764,077)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	9,283,087	7,860,058
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 14,092,955	$ 7,095,981

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

1. GENERAL INFORMATION

Formosa Sumco Technology Corporation (the "Company", formerly Formosa Komatsu Silicon Corporation) was established by Formosa Plastics Corporation, Asia Pacific Investment Corporation and Komatsu Electronic Metals Co., Ltd. The Company was incorporated in the Republic of China ("ROC") and commenced business in November 1995. The Company mainly manufactures, sells, and trades silicon wafers.

On October 18, 2006, Sumco Corporation acquired 51% of the equity in Komatsu Electronic Metals Co., Ltd. As the result, the Company's name was changed to Formosa Sumco Technology Corporation in accordance with the resolution passed at the general shareholders' meeting on December 29, 2006, and this name change was registered with the Ministry of Economic Affairs, Republic of China. In addition, Komatsu Electronic Metals Co., Ltd. changed its name to Sumco Techxiv Corporation.

The Company became publicly listed on September 12, 2006, and its shares have been listed and started trading on the Emerging Stock Board (ESB) on November 23, 2006. The Company was subsequently listed and started trading on the Taiwan Stock Exchange since December 10, 2007.

The Company's parent is Sumco Techxiv Corporation, which held 45.57% and 45.57% of the ordinary shares of the Company as of June 30, 2022 and 2021, respectively. The Company's ultimate parent is Sumco Corporation.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollars (NTD).

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on August 9, 2022.

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

a. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

b. New IFRSs in issue but not yet endorsed and issued into effect by the Financial Supervisory Commission (FSC)

New IFRSs	Effective Date Announced by IASB (Note 1)
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 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

Note: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated 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 consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of preparation

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) 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

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Group.

See Note 11 and Table 6 for the detailed information of subsidiaries (including percentage of ownership and main businesses).

d. Other significant accounting policies

Except for the following, the accounting policies to these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefit plan

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.

2) Taxation

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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The accounting policies applied to these consolidated financial statements are consistent with those applied to the consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	$ 7	$ 8	$ -
Checking deposits	6,347	2,543	791,161
Demand deposits	564	564	486
Foreign currency deposits	1,419,648	606,969	661,092
Cash equivalent (investments with original maturities of less than 3 months)			
Commercial papers	2,878,799	1,574,086	399,826
Repurchase agreements collateralized by bonds	2,339,650	1,683,130	1,203,013
Time deposits	7,447,940	5,415,787	4,040,403
	$ 14,092,955	$ 9,283,087	$ 7,095,981

The market rate intervals of cash in bank, commercial papers, repurchase agreement collateralized by bonds and time deposits at the end of the reporting period were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Demand deposits	0.205%	0.02%	0.02%
Foreign currency deposits	0.0001%-0.01%	0.0001%-0.01%	0.01%
Commercial papers	0.50%-0.83%	0.25-0.37%	0.20%-0.23%
Repurchase agreement collateralized by bonds	0.50%-0.54%	0.25-0.30%	0.19%-0.20%
Time deposits	0.20%-1.56%	0.31%-0.38%	0.18%-0.38%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2022	December 31, 2021	June 30, 2021
Non-current			
Domestic investments			
Listed shares and emerging market shares			
Ordinary shares - Formosa Petrochemical Corporation	$ 305	$ 311	$ 346

The Group invested in the ordinary shares of Formosa Petrochemical Corporation for long-term strategy purposes and expects to profit from the shares through long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

8. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2022	December 31, 2021	June 30, 2021
Current			
Domestic investments			
Time deposits with original maturities of more than 3 months	$ -	$ -	$ 1,300,000

The ranges of interest rates for time deposits with original maturities of more than 3 months was approximately 0.38% for June 30, 2021.

9. TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2022	December 31, 2021	June 30, 2021
Trade receivables			
At amortized cost			
Trade receivables from unrelated parties	$ 2,339,578	$ 1,670,140	$ 1,670,197
Trade receivables from related parties	539,577	456,728	354,384
Less: Allowance for impairment loss	-	-	-
	$ 2,879,155	$ 2,126,868	$ 2,024,581
Other receivables			
Tax refund receivable (sales tax)	$ -	$ 30,142	$ 32,425
Other	8,495	1,531	2,126
	$ 8,495	$ 31,673	$ 34,551
Other receivables - related parties			
Others	$ 1,453	$ 1,221	$ 1,329

Trade Receivables at Amortized Cost

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group provides for expected credit losses based on the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

June 30, 2022

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	
Gross carrying amount	$ 2,879,155	$ -	$ -	$ -	$ -	$ 2,879,155
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$ 2,879,155	$ -	$ -	$ -	$ -	$ 2,879,155

December 31, 2021

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	
Gross carrying amount	$ 2,126,868	$ -	$ -	$ -	$ -	$ 2,126,868
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$ 2,126,868	$ -	$ -	$ -	$ -	$ 2,126,868

June 30, 2021

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	-
Gross carrying amount	$ 2,024,581	$ -	$ -	$ -	$ -	$ 2,024,581
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$ 2,024,581	$ -	$ -	$ -	$ -	$ 2,024,581

10. INVENTORIES

	June 30, 2022	December 31, 2021	June 30, 2021
Raw materials	$ 952,235	$ 833,149	$ 771,515
Supplies	1,114,156	1,070,445	1,048,466
Work in progress	503,204	482,777	562,343
Finished goods	622,925	611,520	643,027
Merchandise inventories	12,758	22,813	5,606
Less: Allowance for inventory devaluation	(135,213)	(133,837)	(137,413)
	$ 3,070,065	$ 2,886,367	$ 2,893,544

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2022 and for the six months ended June 30, 2022 was $2,473,753 thousand and $4,855,020 thousand, respectively.

The cost of revenue recognized as cost of goods sold for the three months ended June 30, 2022 and for the six months ended June 30, 2022, included inventory write-downs of $2,342 thousand and $1,376 thousand, and income from selling silicon waste of $28,766 thousand and $53,990 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2021 and for the six months ended June 30, 2021 was $2,326,811 thousand and $4,677,690 thousand, respectively.

The cost of revenue recognized as cost of goods sold for the three months ended June 30, 2021 and for the six months ended June 30, 2021, included inventory write-downs of $10,836 thousand and $20,202 thousand, and income from selling silicon waste of $19,734 thousand and $33,677 thousand, respectively.

11. SUBSIDIARIES

Subsidiary Included in the Consolidated Financial Statements

			Proportion of Ownership		
				December 31,	
Investor	Investee	Nature of Activities	June 30, 2022	2021	June 30, 2021
The Company	Japan Formosa Sumco Technology Corporation	Manufacturing, selling and other related business of high quality ingot	100%	100%	100%

The above subsidiary was incorporated in the consolidated financial statements on the basis of reviewed financial statements as of and for the same reporting periods as the Company.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Equipment Under Installation and Construction in Progress	Total
Cost						
Balance at January 1, 2022	$ 120,906	$ 3,944,529	$ 34,595,892	$ 626,238	$ 828,767	$ 40,116,332
Additions	-	-	9,855	20,752	3,380,959	3,411,566
Reclassified	-	-	171,006	16,812	(187,818)	-
Disposals	-	-	(4,701)	(294)	-	(4,995)
Effect of foreign currency exchange differences	-	-	(101,775)	(1,642)	-	(103,417)
Balance at June 30, 2022	$ 120,906	$ 3,944,529	$ 34,670,277	$ 661,866	$ 4,021,908	$ 43,419,486
Accumulated depreciation and impairment						
Balance at January 1, 2022	$ -	$ 1,684,900	$ 29,150,742	$ 400,174	$ -	$ 31,235,816
Disposals	-	-	(4,701)	(294)	-	(4,995)
Depreciation expense	-	55,954	922,901	35,298	-	1,014,153
Effect of foreign currency exchange differences	-	-	(53,740)	(1,070)	-	(54,810)
Balance at June 30, 2022	$ -	$ 1,740,854	$ 30,015,202	$ 434,108	$ -	$ 32,190,164
Carrying amount at June 30, 2022	$ 120,906	$ 2,203,675	$ 4,655,075	$ 227,758	$ 4,021,908	$ 11,229,322
Carrying amount at December 31, 2021 and January 1, 2022	$ 120,906	$ 2,259,629	$ 5,445,150	$ 226,064	$ 828,767	$ 8,880,516
Cost						
Balance at January 1, 2021	$ 120,906	$ 3,933,248	$ 33,583,371	$ 923,231	$ 1,040,953	$ 39,601,709
Additions	-	-	14,812	13,759	735,071	763,642
Reclassified	-	11,281	238,218	11,830	(261,329)	-
Disposals	-	-	(7,115)	(1,680)	-	(8,795)
Effect of foreign currency exchange differences	-	-	(88,305)	(1,425)	-	(89,730)
Balance at June 30, 2021	$ 120,096	$ 3,944,529	$ 33,740,981	$ 945,715	$ 1,514,695	$ 40,266,826
Accumulated depreciation and impairment						
Balance at January 1, 2021	$ -	$ 1,573,175	$ 27,730,332	$ 749,690	$ -	$ 30,053,197
Disposals	-	-	(7,115)	(1,657)	-	(8,772)
Depreciation expense	-	55,771	972,854	25,347	-	1,053,972
Effect of foreign currency exchange differences	-	-	(40,047)	(805)	-	(40,852)
Balance at June 30, 2021	$ -	$ 1,628,946	$ 28,656,024	$ 772,575	$ -	$ 31,057,545
Carrying amount at June 30, 2021	$ 120,906	$ 2,315,583	$ 5,084,957	$ 173,140	$ 1,514,695	$ 9,209,281

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the asset:

Building	
Real estate, dormitory, warehouse, and readiness room	23-35 years
Wastewater treatment area and strain tank	15-35 years
Machinery and equipment	5-12 years
Other equipment	3-12 years

No impairment loss or reversal of impairment loss was recognized for the six months ended June 30, 2022 and 2021.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amount			
Land	$ 45,689	$ 7,325	$ 9,156
Buildings	13,127	10,032	14,249
	$ 58,816	$ 17,357	$ 23,405

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Additions to right-of-use assets			$ 61,136	$ -
Depreciation charge for right-of-use assets				
Land	$ 7,615	$ 915	$ 15,230	$ 1,831
Buildings	1,822	1,935	3,644	3,847
	$ 9,437	$ 2,850	$ 18,874	$ 5,678

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2022 and 2021.

b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amount			
Current	$ 37,339	$ 7,292	$ 9,462
Non-current	$ 21,808	$ 10,298	$ 14,188

Range of discount rates for lease liabilities was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Land	1.1%	1.1%	1.1%
Buildings	1.1%	1.1%	1.1%

14. INTANGIBLE ASSETS

	June 30, 2022	December 31, 2021	June 30, 2021
Technical cooperation fee	$ 7,920	$ 7,963	$ 6,545

	For the Three Months Ended June 30	
	2022	2021
Cost		
Balance at January 1	$ 10,826	$ 7,728
Additions	1,071	780
Balance at June 30	$ 11,897	$ 8,508
Accumulated amortization		
Balance at January 1	$ 2,863	$ 1,164
Amortization expense	1,114	799
Balance at June 30	$ 3,977	$ 1,963
Carrying amount at June 30	$ 7,920	$ 6,545

In November 2021 and January 2022, the Company has signed technical compensation arrangement with Sumco Corporation and acquired the technical know-how of silicon wafer production at JPY600 thousand (NT$146 thousand) and JPY4,000 thousand (NT$925 thousand) in January 2022 and May 2022. The amounts have been paid in 2022, and are amortized over a period of 60 months.

The amortized expense for the three months ended June 30, 2022 and for the six months ended June 30, 2022 was $565 thousand and $1,114 thousand. The amortization expense is recognized as technical corporation expense under operating costs.

The amortized expense for the three months ended June 30, 2021 and for the six months ended June 30, 2021 was $413 thousand and $799 thousand. The amortization expense is recognized as technical corporation expense under operating costs.

15. OTHER ASSETS

	June 30, 2022	December 31, 2021	June 30, 2021
Prepayments	$ 163,939	$ 128,952	$ 167,746
Others (including test fee and electricity subsidies)	1,502	1,746	1,990
	$ 165,441	$ 130,698	$ 169,736
Current	$ 163,939	$ 128,952	$ 167,746
Non-current	1,502	1,746	1,990
	$ 165,441	$ 130,698	$ 169,736

16. OTHER LIABILITIES

	June 30, 2022	December 31, 2021	June 30, 2021
Other payables - current			
Payables for purchase of equipment	$ 252,055	$ 203,333	$ 164,357
Payables for salary and bonus	295,146	599,809	267,898
Payables for insurance	30,117	34,033	27,904
Payables for utilities	67,080	55,661	65,331
Payables for dividends	861,178	155	833,974
Others (Note)	281,911	184,549	177,476
	$ 1,787,487	$ 1,077,540	$ 1,536,940
Other payables - related party (current)			
Payables for purchase of equipment - related parties	$ 64,598	$ -	$ 3,743
Payables for royalties - related parties	208,222	259,423	100,751
Payables for expense - related parties	36,555	15,235	30,268
	$ 309,375	$ 274,658	$ 134,762

Note: Others included under other payables - current are mainly payables for project fees, pension cost, employees' compensation, interest and taxation.

17. RETIREMENT BENEFIT PLANS

Pension costs in respect of defined benefit plans are calculated by the actuarially determined pension cost rate at the end of the prior financial year and are recognized in each period respectively as follow:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Operating cost	$ 2,199	$ 2,453	$ 4,399	$ 4,914
Operating expenses	561	657	1,114	1,312
	$ 2,760	$ 3,110	$ 5,513	$ 6,226

18. EQUITY

a. Share capital

Ordinary shares

	June 30, 2022	December 31, 2021	June 30, 2021
Numbers of shares authorized (in thousands)	775,697	775,697	775,697
Shares authorized	$ 7,756,966	$ 7,756,966	$ 7,756,966
Number of shares issued and fully paid (in thousands)	387,848	387,848	387,848
Shares issued	$ 3,878,483	$ 3,878,483	$ 3,878,483

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	June 30, 2022	December 31, 2021	June 30, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital			
Issuance of ordinary shares (1)	$ 5,739,080	$ 5,739,080	$ 5,739,080
May be used to offset a deficit only			
Dividends expired and uncollected by shareholders (2)	169	169	155
	$ 5,739,249	$ 5,739,249	$ 5,739,235

1) Such capital surplus 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 share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Accounted for as capital surplus - others, may be used only to offset a deficit.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended 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, setting aside or reversing a special reserve in accordance with the laws and regulations, and then 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 policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, please refer to compensation of employees and remuneration of directors and supervisors in Note 20 (g).

The Company belongs to a high-tech capital intensive industry and is in the growth phase. To support the Company's growth, the Company has three different methods to distribute dividends, including cash dividends, capitalization of retained earnings, and capital surplus, and no more than 80% of distributable surplus should be distributed from the legal reserve and special reserve. In principle, cash dividends should be distributed first, and the aggregate of capitalized of retained earnings and capital surplus shall not exceed 50% of total dividends.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020 which were approved in the shareholders' meetings on June 17, 2022 and July 28, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Legal reserve	$ 139,008	$ 131,459		
Special reserve	29,275	-		
Cash dividends	861,023	833,874	$2.22	$2.15

d. Others equity items

The exchange differences arising on translation of foreign operations' net assets from its functional currencies to the Group's presentation currency (NTD) are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the exchange differences on translating the financial statements of foreign operations are reclassified to profit or loss on the disposal of the foreign operation.

Unrealized gain (loss) on available-for-sale financial assets represents the cumulative gains or losses arising from the fair value measurement on available-for-sale financial assets that are recognized in other comprehensive income, excluding those available-for-sale financial assets that have been disposed of or are determined to be impaired subsequently, the related cumulative gains or losses in other comprehensive income are reclassified into profit or loss.

19. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Revenue from the sale of goods	$ 4,050,051	$ 2,857,443	$ 7,788,455	$ 5,811,088

Contract Balances

	June 30, 2022	December 31, 2021	June 30, 2021	January 1, 2021
Trade receivables (Note 9)	$ 2,879,155	$ 2,126,868	$ 2,024,581	$ 1,977,828
Contract liabilities - current	$ 466,216	$ 126,870	$ 201,931	$ 153,973
Contract liabilities - non-current	$ 5,449,846	$ -	$ -	$ -

20. NET INCOME

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Bank deposits	$ 16,029	$ 4,495	$ 22,636	$ 9,572
Financial assets at amortized cost	-	625	-	1,059
Others	8	14	8	14
	$ 16,037	$ 5,134	$ 22,644	$ 10,645

b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Others (including insurance claim income and commission income, etc.)	$ 2,898	$ 1,568	$ 6,425	$ 5,074

c. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Net foreign exchange gains (losses)	$ 234,994	$ (73,962)	$ 344,004	$ (126,666)
Loss on disposal of property, plant and equipment	-	-	-	(23)
Others	(276)	(43)	(414)	(59)
	$ 234,718	$ (74,005)	$ 343,590	$ (126,748)

d. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest on lease liabilities	$ 179	$ 72	$ 385	$ 152
Other interest expenses	49	35	79	92
	$ 228	$ 107	$ 464	$ 244

e. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
An analysis of depreciation by function				
Operating costs	$ 495,050	$ 518,138	$ 1,026,655	$ 1,053,891
Operating expenses	3,234	2,882	6,372	5,759
	$ 498,284	$ 521,020	$ 1,033,027	$ 1,059,650
An analysis of amortization by function				
Operating costs	$ 565	$ 919	$ 1,114	$ 1,802
Operating expenses	-	-	-	-
	$ 565	$ 919	$ 1,114	$ 1,802

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Post-employment benefits (Note 17)				
Defined contribution plans	$ 16,053	$ 14,797	$ 31,896	$ 29,515
Defined benefit plans	2,760	3,110	5,513	6,226
	18,813	17,907	37,409	35,741
Salary and bonus etc.	437,773	404,541	891,568	815,781
	$ 456,586	$ 422,448	$ 928,977	$ 851,522
An analysis of employee benefits expense by function				
Operating costs	$ 399,316	$ 375,042	$ 815,167	$ 756,604
Operating expenses	57,270	47,406	113,810	94,918
	$ 456,586	$ 422,448	$ 928,977	$ 851,522

g. Employees' compensation and remuneration to directors and supervisors

The Company accrued employees' compensation at the rates no less than 0.05% and no higher than 0.5%, respectively, of net profit before income tax and employees' compensation. For the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the employees' compensation were as follows:

Accrual rate

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Compensation of employees	0.30%	0.30%	0.30%	0.30%
Remuneration of directors and supervisors	-	-	-	-

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Compensation of employees	$ 4,772	$ 938	$ 8,541	$ 2,126
Remuneration of directors and supervisors	$ -	$ -	$ -	$ -

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

The appropriations for employees' compensation and remuneration of directors and supervisors for 2021 and 2020 having been resolved by the board of directors March 4, 2022 and March 23, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
Compensation of employees	$ 5,055	$ 4,647
Remuneration of directors and supervisors	-	-

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Foreign exchange gains	$ 269,577	$ 33,923	$ 404,379	$ 72,694
Foreign exchange losses	(34,583)	(107,885)	(60,375)	(199,360)
Net gains (losses)	$ 234,994	$ (73,962)	$ 344,004	$ (126,666)

21. INCOME TAX

a. Income tax recognized in profit or loss

Major components of tax expense recognized in profit or loss:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
In respect of the current year	$ 302,800	$ 22,006	$ 557,106	$ 94,934
Income tax expense of unappropriated earnings	-	17,463	-	17,463
Adjustments for prior year	(9)	-	330	973
Deferred tax				
In respect of the current year	5,833	(2,769)	3,927	(6,509)
Income tax expense recognized in profit or loss	$ 308,624	$ 36,700	$ 561,363	$ 106,861

b. Income tax assessments

The income tax returns through 2020 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per shares were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Net income	$ 1,279,772	$ 275,360	$ 2,281,759	$ 601,676

Unit: Thousand Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares in the computation of basic earnings per share (in thousands)	387,848	387,848	387,848	387,848
Effect of potentially dilutive ordinary shares				
Compensation of employees	60	41	54	26
Weighted average number of ordinary shares used for computation of diluted earnings per share (in thousands)	387,908	387,889	387,902	387,874

The Group may settle bonuses or compensation paid to employees in shares or cash; therefore, the Group assumed the entire amount of the bonus or compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

23. NON-CASH TRANSACTIONS

The cash dividends approved in the shareholders' meetings were not yet distributed as of June 30, 2022 and 2021 (refer to Notes 16 and 18, respectively).

24. CAPITAL MANAGEMENT

In consideration of the prevailing industry dynamics and the future development as well as the changes in the external economic environment, the Group manages its working capital and dividend payments in the future, to ensure that the Group will be able to continue as going concern while maximizing the returns to shareholders as well as other related parties through the optimization of capital structure.

The Group could make adjustment to dividends or issue shares in order to maintain or adjust the capital structure.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Group's management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

Fair value hierarchy

June 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments FVTOCI				
Listed shares and emerging market shares	$ 305	$ -	$ -	$ 305

December 31, 2021

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Equity securities				
Listed shares and emerging market shares	$ 311	$ -	$ -	$ 311

June 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments FVTOCI				
Listed shares and emerging market shares	$ 346	$ -	$ -	$ 346

There were no transfers between Levels 1 and 2 in the current and prior periods.

c. Categories of financial instruments

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets			
Financial assets at amortized cost (1)	$ 16,982,360	$ 11,412,912	$ 10,424,222
Financial assets at FVTOCI			
Equity instruments	305	311	346
Financial liabilities			
Amortized cost (2)	2,090,259	1,273,745	972,301

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables (excluding sales tax refund receivables), and refundable deposits.

2) The balances included financial liabilities at amortized cost, which comprise trade payables, other payables (excluding payable for salary and bonus, employees' compensation, pension cost, dividends and taxation), and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables, lease liabilities, and bank borrowings. The Group's Corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group has foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollars (USD) and Japanese Yen (JPY).

The following table details the Group's sensitivity to a 10% increase and decrease in NTD (the functional currency) against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates an increase (decrease) in pre-tax profit associated with NTD weakening 10% against the relevant currency. For a 10% strengthening of NTD assets (liabilities) against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact		JPY Impact	
	For the Six Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Profit or loss	$ 939,366 (i)	$ 392,581 (i)	$ (21,843) (ii)	$ (24,167) (ii)

i. This was mainly attributable to the exposure outstanding on cash and cash equivalents, receivables and payables in USD, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure to outstanding on cash, receivables and payables in JPY, which were not hedged, at the end of the reporting period.

The Group's sensitivity to U.S. dollars (USD) increased during the current year mainly due to the increase of USD time deposits. In addition, the Group's sensitivity to Japanese Yen (JPY) has no major difference for the six months ended June 30, 2022 and 2021.

b) Interest rate risk

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

	June 30, 2022	December 31, 2021	June 30, 2021
Fair value interest rate risk			
Financial assets	$ 12,666,389	$ 8,673,003	$ 6,943,242
Cash flow interest rate risk			
Financial assets	1,420,212	607,533	661,578

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2022 would have increased/decreased by $7,101 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on floating rate bank deposits.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2021 would have increased/decreased by $3,308 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on floating rate bank deposits.

The Group's sensitivity to interest rates increased during the current year mainly due to the increase of cash in bank for the six months ended June 30, 2022 and 2021.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily trade receivables.

In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, except for the clients with trade receivables accounting for 10% of total monetary assets. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparty did not exceed 10% of total monetary assets at any time during the six months ended June 30, 2022, the year ended December 31, 2021, and the six months ended June 30, 2021.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents, highly liquid marketable securities, and sufficient bank borrowings deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Liquidity and interest risk rate table

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate at the end of the reporting period.

June 30, 2022

	1-6 Months	6 Months to 1 Year	1-3 Years	3+ Years
Non-derivative financial liabilities				
Non-interest bearing	$ 1,539,495	$ -	$ -	$ -
Lease liabilities	18,618	18,721	21,808	-
	$ 1,558,113	$ 18,721	$ 21,808	$ -

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	$ 37,339	$ 21,808	$ -	$ -

December 31, 2021

	1-6 Months	6 Months to 1 Year	1-3 Years	3+ Years
Non-derivative financial liabilities				
Non-interest bearing	$ 1,273,745	$ -	$ -	$ -
Lease liabilities	3,819	3,473	10,298	-
	$ 1,277,564	$ 3,473	$ 10,298	$ -

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	$ 7,292	$ 10,298	$ -	$ -

June 30, 2021

	1-6 Months	6 Months to 1 Year	1-3 Years	3+ Years
Non-derivative financial liabilities				
Non-interest bearing	$ 972,131	$ -	$ -	$ -
Lease liabilities	5,561	3,901	14,188	-
	$ 977,692	$ 3,901	$ 14,188	$ -

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	$ 9,462	$ 14,188	$ -	$ -

The following table details the Group's expected maturities for some of its non-derivative financial assets. The tables below had been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

June 30, 2022

	1-6 Months	6 Months to 1 Year
Non-derivative financial assets		
Non-interest bearing	$ 2,894,012	$ -
Variable interest rate assets	1,420,283	-
Fixed interest rate assets	12,668,417	-
	$ 16,982,712	$ -

December 31, 2021

	1-6 Months	6 Months to 1 Year
Non-derivative financial assets		
Non-interest bearing	$ 2,132,376	$ -
Variable interest rate assets	607,535	-
Fixed interest rate assets	8,674,707	-
	$ 11,414,618	$ -

June 30, 2021

	1-6 Months	6 Months to 1 Year
Non-derivative financial assets		
Non-interest bearing	$ 2,817,868	$ -
Variable interest rate assets	661,612	-
Fixed interest rate assets	6,945,381	-
	$ 10,424,861	$ -

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and its related parties are disclosed below.

a. Related parties and their relationships with the Group:

Related Party	Related Party Categories and Relationship with the Group
Sumco Corporation	Ultimate parent company
Sumco Techxiv Corporation	Parent of the Company
Sumco Technology Corporation	Sister company (subsidiary of Sumco Corporation)
Formosa Plastic Corporation	Investor with significant influence over the Group (equity-method investor holding 29.05% of the equity of the Company)
Formosa Technologies Corporation	Other (a director is the chairman of the Company)
Formosa Daikin Advanced Chemicals Co., Ltd.	Other (same chairman)
Formosa Heavy Industries Corporation	Other (same chairman)

b. Operating transaction

1) Sale of good

Line Items	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2022	2021	2022	2021
Sales	Ultimate parent company (Sumco Corporation)	$ 253,433	$ 73,533	$ 463,837	$ 162,479
	Parent entity (Sumco Techxiv Corporation)	535,330	445,991	983,208	873,680
		$ 788,763	$ 519,524	$ 1,447,045	$ 1,036,159

The transaction prices are based on mutual agreement. The credit terms are from the day the related party confirms the sale: (a) 60 days - parent company; (b) 55 days - ultimate parent company.

2) Purchases of goods

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Ultimate parent company (Sumco Corporation)	$ 143,509	$ 147,666	$ 296,725	$ 321,840
Parent company of the Company (Sumco Techxiv Corporation)	3,445	8,024	7,191	16,780
Investor with significant influence over the Group (Formosa Plastic Corporation)	11,820	5,303	22,248	10,358
Others (same chairman or a director is the chairman of the Company)	5,338	6,244	10,473	10,729
	$ 164,112	$ 167,237	$ 336,637	$ 359,707

The transaction prices are based on mutual agreement. Payments are due within the following number of days from the receipt of the Group's goods: (a) 30 to 70 days - parent company; (b) 30 to 120 days - ultimate parent company; (c) immediately upon delivery - all other related parties.

3) Receivables from related parties

Line Items	Related Party Category	June 30, 2022	December 31, 2021	June 30, 2021
Trade receivable	Ultimate parent company (Sumco Corporation)	$ 179,450	$ 131,392	$ 48,661
	Parent entity (Sumco Techxiv Corporation)	360,127	325,336	305,723
		$ 539,577	$ 456,728	$ 354,384

4) Payables to related parties

Line Items	Related Party Category	June 30, 2022	December 31, 2021	June 30, 2021
Trade payables	Ultimate parent company (Sumco Corporation)	$ 97,119	$ 104,471	$ 104,217
	Parent entity (Sumco Techxiv Corporation)	2,025	2,947	2,921
	Investor with significant influence over the Group (Formosa Plastic Corporation)	4,094	3,429	2,103
	Others (same chairman or a director is the chairman of the Company)	378	1,304	411
		$ 103,616	$ 112,151	$ 109,652

The outstanding trade payables to related parties are unsecured and will be paid by cash. The outstanding trade receivables from related parties are unsecured. For the six months ended June 30, 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

c. Commission income, selling waste income, other income and other receivables - related parties

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Ultimate parent company (commission income, accounted for as other revenue; accounted for as deduction of operating costs)	$ 633	$ 520	$ 1,217	$ 1,684
Sister company (selling waste income, accounted for as deduction of operating cost)	2,619	3,361	5,930	7,103
Investor with significant influence over the Group (other income)	381	305	984	575
	$ 3,633	$ 4,186	$ 8,131	$ 9,362

Line Items	June 30, 2022	December 31, 2021	June 30, 2021
Other receivables - related parties			
Ultimate parent company	$ 420	$ -	$ 98
Investor with significant influence over the Group	7	-	-
Sister company	1,026	1,221	1,231
	$ 1,453	$ 1,221	$ 1,329

d. Lease arrangements - the Group is lessee

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Acquisition of right-of-use assets				
Investors with significant influence over the Group (Formosa Plastic Corporation)	$ -	$ -	$ 60,262	$ -

Line Item	Related Party Category	June 30, 2022	December 31, 2021	June 30, 2021
Lease liabilities	Ultimate parent company (Sumco Corporation)	$ 7,399	$ 9,777	$ 11,958
	Investors with significant influence over the Group (Formosa Plastic Corporation)	50,920	7,446	10,963
		$ 58,319	$ 17,223	$ 22,921

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Party Category	2022	2021	2022	2021
Interest expense				
Ultimate parent company (Sumco Corporation)	$ 23	$ 37	$ 49	$ 76
Investors with significant influence over the Group (Formosa Plastic Corporation)	155	34	334	72
	$ 178	$ 71	$ 383	$ 148

The rent to the investors with significant influence over the Group (Formosa Plastic Corporation) for the lease of land and offices with 2-year lease term in January 2022 and 2021 is based on the price agreed by the parties and paid monthly.

The rent to the ultimate parent company (Sumco Corporation) for the lease of factory with 5-year lease term in January 2020 is based on the price agreed by the parties and paid in monthly. The rent to the related parties for the lease of land and offices with 5-year lease term respectively in January 2020 is based on the price agreed by the parties and paid in six-month periods.

e. Loans to related parties

The Company has issued loans to the investor with significant influence over the Group (Formosa Plastic Corporation) which totaled $316,494 thousand. The Company provided the investor with significant influence over the Group with loans at interest rate of 1%, which were unsecured and has been recovered before June 30, 2022. The interest income from loan to the investor with significant influence over the Group (Formosa Plastic Corporation) were both $8 thousands for the three months ended June 30, 2022 and for the six months ended June 30, 2022.

The Company has issued loans to the investor with significant influence over the Group (Formosa Plastic Corporation) which totaled $495,686 thousand. The Company provided the investor with significant influence over the Group with loans at interest rate of 1%, which were unsecured and has been recovered before June 30, 2021. The interest income from loan to the investor with significant influence over the Group (Formosa Plastic Corporation) were both $14 thousands for the three months ended June 30, 2021 and for the six months ended June 30, 2021.

f. Loans from related parties

Japan Formosa Sumco Technology Corporation obtained loan from the investor with significant influence over the Group (Formosa Plastic Corporation) totaled $316,494 thousand at interest rate of 1% on June 9, 2022, the loan is unsecured and has been repaid by Japan Formosa Sumco Technology Corporation before June 30, 2022. The interest expense paid to the investor with significant influence over the Group (Formosa Plastic Corporation) for the three months ended June 30, 2022 and for the six months ended June 30, 2022 were both $8 thousand.

Japan Formosa Sumco Technology Corporation obtained loan from the investor with significant influence over the Group (Formosa Plastic Corporation) totaled $495,686 thousand at interest rate of 1% on June 9, 2021, the loan is unsecured and has been repaid by Japan Formosa Sumco Technology Corporation before June 30, 2021. The interest expense paid to the investor with significant influence over the Group (Formosa Plastic Corporation) for the three months ended June 30, 2021 and for the six months ended June 30, 2021 were both $14 thousand.

g. Other transactions with related parties

1) Manufacturing expense and accrued expenses - related parties

The repairs and maintenance expenses which the Group paid to the other related party (Formosa Technologies Corporation) were $5,346 thousand and $5,353 thousand for the three months ended June 30, 2022 and 2021, respectively; $10,692 thousand and $10,838 thousand for the six months ended June 30, 2022 and 2021, respectively. The transaction amounts were based on mutual agreement, and settled within the year.

The repairs and maintenance expenses which the Group paid to the other related party (Formosa Heavy Industry Corporation) were $326 thousand and $0 thousand for the three months ended June 30, 2022 and 2021, respectively; $326 thousand and $2,205 thousand for the six months ended June 30, 2022 and 2021, respectively. The transaction amounts were based on mutual agreement, and settled within the year.

The production cost paid by the Group to its ultimate parent company (Sumco Corporation) were $51,846 thousand, $45,248 thousand for the three months ended June 30, 2022 and 2021, respectively; $104,485 thousand and $92,396 thousand for the six months ended June 30, 2022 and 2021, respectively. The unpaid amount has been recognized as accrued expenses - related parties of $36,555 thousand, $15,235 thousand and $30,268 thousand, as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively, and will be paid in the next month.

2) Acquisitions of equipment and payable for purchase of equipment - related parties

The Group acquired production equipment from its ultimate parent company (Sumco Corporation) with contract price of $759 thousand for the six months ended June 30, 2022, has been paid upon receipt.

The Group acquired video conference network system and digitized control system DCS from investor with significant influence over the Group (Formosa Plastic Corporation) for the six months ended June 30, 2022 with contract price of $470 thousand and $1,400 thousand, has been paid upon receipt.

The Group acquired production equipment from other related parties (Formosa Heavy Industries Corporation) for the six months ended June 30, 2022 with contract price of $64,598 thousand, which was recognized as payable for equipment to related parties (other payables) and will be paid upon receipt.

The Group acquired video conference network system and distributed control system DCS from investor with significant influence over the Group (Formosa Plastic Corporation) in the six months ended June 30, 2021 with contract price of $940 thousand and $417 thousand, has been paid upon receipt.

The Group replaced manufacturing process control system from other related parties (Formosa Technologies Corporation) in the six months ended June 30, 2020 with contract price of $54,000 thousand, which was recognized as payable for equipments to related parties (other payable), and has been paid upon receipt.

The Group acquired a warehouse management system from other related party (Formosa Technologies Corporation) for the year ended December 31, 2019 at a contract price of $72,790 thousand. The balance payable was $3,743 thousand, as of June 30, 2021, which was recognized as payable for equipment to related parties (other payables) has been paid upon receipt in 2021.

3) Other transactions

In November 2021 and January 2022, the Company has signed technical compensation arrangement with its ultimate parent company (Sumco Corporation)and acquired the technical know-how of silicon wafer production at JPY600 thousand (NT$146 thousand) and JPY4,000 thousand (NT$925 thousand) in January and May 2022. The amounts have been paid in 2022, and are amortized over a period of 60 months. The technical know-how of silicon wafer production was recognized as intangible assets (refer to Note 14).

In May 2021, the Company has signed technical compensation arrangement with its ultimate parent company (Sumco Corporation) and acquired the technical know-how of silicon wafer production worth JPY3,000 thousand (NT$780 thousand) in April and May 2021, has been paid JPY3,000 thousand (NT$780 thousand) in April and May 2021 and was recognized as intangible assets (refer to Note 14).

Under an existing agreement effective since from 2003, the Company is obligated to pay recurring royalty fees to its parent company (Sumco Techxiv Corporation). The royalty fee was recognized as selling expenses from January 1 to June 30, 2022 and 2021. The unpaid amount as of June 30, 2022, December 31, 2021 and June 30, 2021 was recognized as accrued expenses (other payables) and will be paid in February of the following year.

In August 2010, the Company signed a technical right and support contract with its ultimate parent company (Sumco Corporation). Under this contract, the Company receives support from the ultimate parent company in technical know-how and assistance in manufacturing of silicon wafer semiconductors. The Company has the obligation to pay recurring royalty fees to the ultimate parent company. The royalty fee was recognized as technical commission fees classified under selling expenses form January 1 to June 30, 2022 and 2021. The unpaid amounts as of June 30, 2022, December 31, 2021 and June 30, 2021, were recognized as royalties payable to related parties (other payables) and will be paid in February of the subsequent year.

The above-mentioned selling expenses and accrued expenses (other payables) that resulted from transactions with related parties are summarized as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Selling expenses (technical support expense)				
Parent entity (Sumco Techxiv Corporation)	$ 5,890	$ 4,469	$ 11,463	$ 8,983
Ultimate parent entity (Sumco Corporation)	102,381	44,852	196,759	91,768
	$ 108,271	$ 49,321	$ 208,222	$ 100,751

	June 30, 2022	December 31, 2021	June 30, 2021
Payable for royalties (other payables)			
Parent entity (Sumco Techxiv Corporation)	$ 11,463	$ 18,375	$ 8,983
Ultimate parent entity (Sumco Corporation)	196,759	241,048	91,768
	$ 208,222	$ 259,423	$ 100,751

h. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	$ 1,851	$ 1,820	$ 3,738	$ 3,625
Post-employment benefits	27	26	53	52
Other long-term employee benefits	6	4	9	7
	$ 1,884	$ 1,850	$ 3,800	$ 3,684

The remuneration of directors and other key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and commitments of the Group as of June 30, 2022 were as follow:

The newly purchased machinery and equipment are exempt from tariff. Under the “estimated useful lives of fixed assets” enacted by Executive Yuan, should there be any capital reduction or other transfer of the machinery, equipment or components mentioned above to third party, except those transferred to permitted business, the Company should pay supplementary import duties of the fixed assets.

28. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group acquired production equipment for their own use in July 2022 for a total purchase price of $1,198,000 thousand.

The acquisition of land from Formosa Plastic Corporation was resolved by the Company's board of directors on August 9, 2022 for a total purchase price of $791,570 thousand.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

June 30, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 333,659	29.726 (USD:NTD)	$ 9,918,340
JPY	98,813	0.2177 (JPY:NTD)	21,512
			$ 9,939,852
Financial liabilities			
Monetary items			
USD	13,862	29.726 (USD:NTD)	$ 412,063
USD	3,788	136.546 (USD:JPY)	112,616
JPY	1,102,156	0.2177 (JPY:NTD)	239,939
			$ 764,618

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 137,542	27.690 (USD:NTD)	$ 3,808,548
JPY	162,899	0.2404 (JPY:NTD)	39,161
			$ 3,847,709
Financial liabilities			
Monetary items			
USD	11,687	27.690 (USD:NTD)	$ 323,606
USD	2,409	115.183 (USD:JPY)	66,697
JPY	1,189,298	0.2404 (JPY:NTD)	285,907
			$ 676,210

June 30, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 151,066	27.870 (USD:NTD)	$ 4,210,212
JPY	14,712	0.2527 (JPY:NTD)	3,718
			$ 4,213,930
Financial liabilities			
Monetary items			
USD	7,750	27.870 (USD:NTD)	$ 215,998
USD	2,455	110.289 (USD:JPY)	68,408
JPY	971,067	0.2527 (JPY:NTD)	245,389
			$ 529,795

The Group is mainly exposed to the USD and JPY. For the significant realized and unrealized foreign exchange gains (losses), refer to Note 20 (c) and (h).

30. DISCLOSED ITEMS

a. Information about significant transactions and b. investees

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (None)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 2)

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

9) Trading in derivative instruments. (None)

10) Intercompany relationships and significant intercompany transactions. (Note 26 and Table 5)

11) Information on investees. (Table 6)

c. Information on investments in mainland China

None.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

31. SEGMENT INFORMATION

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment Revenue		Segment Profit and Loss	
	For the Six Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Silicon wafer segment	$ 7,788,455	$ 5,811,088	$ 2,837,111	$ 703,522
Miscellaneous income			6,425	5,074
Miscellaneous expense			(414)	(59)
Profit before tax			$ 2,843,122	$ 708,537

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the six months ended June 30, 2022 and 2021.

Segment profit represents the profit earned by silicon wafer segment without dividend income and allocation of miscellaneous income (included in non-operating income) and miscellaneous expense (included in other profit and loss) and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

The Group's assets and liabilities information is not reported to chief management decision maker on a regular basis. Therefore, all the assets and liabilities are not allocated to the reportable segment.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrower	Total Financing Amount Limits	Note
													Item	Value			
0	Formosa Sumco Technology Corporation	Japan Formosa Sumco Technology Corporation	Receivables from related parties	Yes	$ 694,250 (Notes 3 and 4)	$ 694,250 (Notes 3 and 4)	$ 313,784 (Note 6)	1.00%	2	$ -	Operating capital	$ -	None	$ -	$ 2,223,671 (Note 7)	$ 11,118,355 (Note 9)	
		Formosa Plastic Corporation	Receivables from related parties	Yes	694,250 (Notes 3 and 4)	- (Notes 3 and 5)	- (Note 5)	1.00%	2	-	Operating capital	-	None	-	5,559,178 (Note 8)	11,118,355 (Note 9)	

Note 1: a. "0" financing provide.
b. "1" and onward coded based on reduce of companies inverted.

Note 2: a. "1" with trade transaction.
b. "2" the need for short-term financing.

Note 3: The maximum balance for the period and ending balance represent the amounts approved by the Board of Directors.

Note 4: Financing period for Japan Formosa Technology Corporation from June 10, 2022 to June 9, 2023.

Note 5: The Company recovered a $316,494 thousand loan from Formosa Plastic Corporation before June 30, 2022.

Note 6: The amount was eliminated upon consolidation.

Note 7: For short-term financing requirements, the financing limits for each borrowing company should not exceed 10% of Formosa Sumco Technology Corp.'s net worth.

Note 8: For short-term financing requirements, the financing limits for each borrowing company should not exceed 25% of Formosa Sumco Technology Corp.'s net worth.

Note 9: The maximum total financing provided should not exceed 50% of Formosa Sumco Technology Corp.'s net worth.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Held Company Name	Marketable Securities Type and Name (Note 1)	Relationship with the Company (Note 2)	Financial Statement Account	Ending Balance				Note
				Shares	Carrying Value (Note 3)	Percentage of Ownership (%)	Fair Value	
Formosa Sumco Technology Corporation	Shares Formosa Petrochemical Corporation		Financial assets at FVTOCI	3,247	$ 305		$ 305	

Note 1: The marketable securities, listed above includes shares, bonds, beneficiary certifiable, and all form of securities listed under IFRS 9: Financial Instruments.

Note 2: The issuer of security is unrelated party. Hence, no descriptions of relationship.

Note 3: The carrying value equals the original cost of $38 thousand pluses year-end evaluation of $267 thousand.

Note 4: Please refer to Table 6 for further information above investee.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Formosa Sumco Technology Corporation	Sumco Corporation	Ultimate parent company of Formosa Sumco Technology Corporation	Purchase	$ 269,222	7.30	30 to 120 days from the receipt of the Company's goods	No significant difference	No significant difference	$ (88,548)	(13.09)	
	Sumco Corporation	Ultimate parent company of Formosa Sumco Technology Corporation	Sale	463,837	5.96	Net 55 days from the end of the month of when invoice is issued	No significant difference	No significant difference	179,450	6.23	
	Sumco Techxiv Corporation	Parent company of Formosa Sumco Technology Corporation	Sale	983,208	12.62	Net 60 days from the end of the month of when invoice is issued	No significant difference	No significant difference	360,127	12.51	
	Japan Formosa Sumco Technology Corporation	Subsidiary of Formosa Sumco Technology Corporation	Purchase	315,607	8.56	70 days receipts of the Company's goods	No significant difference	No significant difference	(162,611)	(24.04)	Note
Japan Formosa Sumco Technology Corporation	Formosa Sumco Technology Corporation	Parent company	Sale	315,607	100.00	70 days receipts of the Company's goods	No significant difference	No significant difference	162,611	100.00	Note

Note: The amount was eliminated upon consolidation.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Actions Taken		
Formosa Sumco Technology Corporation	Sumco Techxiv Corporation	Parent company	$ 360,127	5.74	$ -	-	$ 183,954	$ -
	Sumco Corporation	Ultimate parent company	179,450	5.97	-	-	82,730	-
Japan Formosa Sumco Technology Corporation	Formosa Sumco Technology Corporation	Parent company	162,611 (Note 2)	3.72	-	-	60,471	-
Formosa Sumco Technology Corporation	Japan Formosa Sumco Technology Corporation	Subsidiary	315,288 (Notes 1 and 2)	Not applicable	-	-	-	-

Note 1: The Company issued loan to Japan Formosa Sumco Technology Corporation which includes principal $313,784 thousand and interest $1,504 thousand.

Note 2: The amount was eliminated upon consolidation.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship	Transactions Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 2)
0	The Company	Japan Formosa Sumco Technology Corporation	Subsidiary	Purchases of goods	$ 315,607	General terms	4.05
		Japan Formosa Sumco Technology Corporation	Subsidiary	Interest income	1,781	General terms	0.02
		Japan Formosa Sumco Technology Corporation	Subsidiary	Trade payables	162,611	General terms	0.50
		Japan Formosa Sumco Technology Corporation	Subsidiary	Other receivables (include interest receivables)	315,288	General terms	0.97

Note 1: The intercompany relationships are coded as blow:

a. "0" parent company
b. "1" and above coded based on the type of intercompany relationship.

Note 2: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of June 30, 2022, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the six months ended June 30, 2022.

Note 3: The amount was eliminated upon consolidation.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of Foreign Currency/New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2022	December 31, 2021	Shares	%	Carrying Amount			
Formosa Sumco Technology Corporation	Japan Formosa Sumco Technology Corporation	Japan	Manufacturing, selling and other related business of high quality ingot	JPY 998,000 (NT$ 248,390)	JPY 998,000 (NT$ 248,390)	9,980	100.00	JPY1,510,651 (NT$ 323,247)	JPY 33,598 (NT$ 7,870)	(JPY 5,980) (NT$ 1,222)	Notes 1 and 2

Note 1: Carrying amount and share of profits (loss) is calculated from the financial statement audited by independent accountant and the percentage of ownership of investor company.

Note 2: The share of profits (losses) of investee includes the effect of unrealized gross profit on intercompany transaction.

Note 3: Intercompany balances and transactions between investor company and investee company have been eliminated upon consolidation.

TABLE 7

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sumco Techxiv Corporation	176,742,849	45.57
Formosa Plastic Corporation	112,707,716	29.05
Asia Pacific Investment Corporation	34,675,146	8.94

Note: The main shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day of the end of the quarter, and the total number of ordinary shares and special shares held by the shareholders that have been delivered by the company without physical registration (including treasury shares) is more than 5%. The share capital recorded in the company's consolidated financial report and the actual number of shares delivered without physical registration may be different due to the basis of preparation and calculation.