

# **VisEra Technologies Company Ltd.**

**Financial Statements for the  
Six Months Ended June 30, 2024 and 2023 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
VisEra Technologies Company Ltd.

### **Introduction**

We have reviewed the accompanying balance sheets of VisEra Technologies Company Ltd. (the "Company") as of June 30, 2024 and 2023, and the related statements of comprehensive income for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the statements of changes in equity and cash flows for the six months ended June 30, 2024 and 2023, and the related notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements"). 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, 2024 and 2023, its financial performance for the three months ended June 30, 2024 and 2023 and its financial performance and its cash flows for the six months ended June 30, 2024 and 2023 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 Shang-Chih Lin and Ming-Yuan Chung.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 1, 2024

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.*

**VISERA TECHNOLOGIES COMPANY LTD.**

**BALANCE SHEETS**  
**(In Thousands of New Taiwan Dollars)**

ASSETS	June 30, 2024		December 31, 2023		June 30, 2023		LIABILITIES AND EQUITY	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Note 6)	\$ 12,665,309	51	\$ 12,467,450	50	\$ 13,175,387	50	Financial liabilities at fair value through profit or loss						
Financial assets at fair value through profit or loss - current (Notes 7 and 24)	-	-	19,851	-	-	-	- current (Notes 7 and 24)	\$ 13,745	-	\$ 6	-	\$ 17,906	-
Contract assets - current (Notes 17 and 25)	386,580	2	366,731	2	205,889	1	Contract liabilities - current (Note 17)	12,389	-	20,659	-	12,191	-
Accounts receivable, net (Note 8)	1,377,107	5	793,091	3	831,836	3	Accounts payable	361,981	1	271,104	1	155,747	1
Accounts receivable from related parties (Notes 8 and 25)	142,022	1	109,679	1	106,626	-	Accounts payable to related party (Note 25)	465	-	440	-	513	-
Other receivables	94,873	-	81,236	-	84,151	-	Lease liabilities - current (Notes 11, 22 and 25)	42,648	-	77,880	1	84,788	-
Other receivables from related parties (Note 25)	84	-	84	-	-	-	Accrued profit-sharing bonus to employees and remuneration of directors (Note 18)	194,645	1	74,456	-	409,341	2
Current tax assets	45,719	-	44,238	-	-	-	Payables to equipment suppliers	335,782	1	510,147	2	205,079	1
Inventories (Note 9)	140,591	1	106,599	-	83,868	-	Current tax liabilities	132,660	1	-	-	76,688	-
Prepayments and other current assets (Note 25)	81,410	-	89,510	-	125,150	1	Long-term liabilities - current portion (Notes 13 and 22)	2,678,333	11	2,295,556	9	2,025,556	8
							Accrued expenses and other current liabilities (Notes 14, 17 and 25)	944,695	4	677,769	3	1,090,652	4
Total current assets	14,933,695	60	14,078,469	56	14,612,907	55	Total current liabilities	4,717,343	19	3,928,017	16	4,078,461	16
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Property, plant and equipment (Note 10)	9,545,902	39	10,742,099	43	11,478,456	44	Long-term borrowings (Notes 13 and 22)	2,954,765	12	4,382,965	17	5,611,138	21
Right-of-use assets (Notes 11 and 25)	184,490	1	245,977	1	301,191	1	Deferred tax liabilities	33,058	-	28,107	-	17,231	-
Intangible assets (Note 12)	40,229	-	52,306	-	59,958	-	Lease liabilities - non-current (Notes 11, 22 and 25)	149,582	1	175,866	1	223,599	1
Deferred tax assets	74,118	-	33,052	-	19,239	-	Deferred revenue - non-current (Note 13)	17,735	-	27,868	-	39,695	-
Other non-current assets (Note 26)	24,961	-	26,619	-	24,045	-	Guarantee deposits (Notes 22 and 25)	4,574	-	4,532	-	4,541	-
							Total non-current liabilities	3,159,714	13	4,619,338	18	5,896,204	22
Total non-current assets	9,869,700	40	11,100,053	44	11,882,889	45	Total liabilities	7,877,057	32	8,547,355	34	9,974,665	38
							EQUITY (Note 16)						
							Capital stock	3,170,201	13	3,165,671	13	3,158,321	12
							Capital surplus	7,312,541	29	7,310,640	29	7,307,424	27
							Retained earnings						
							Appropriated as legal reserve	1,423,351	6	1,387,743	5	1,387,743	5
							Unappropriated earnings	5,020,245	20	4,767,113	19	4,667,643	18
								6,443,596	26	6,154,856	24	6,055,386	23
							Total equity	16,926,338	68	16,631,167	66	16,521,131	62
TOTAL	\$ 24,803,395	100	\$ 25,178,522	100	\$ 26,495,796	100	TOTAL	\$ 24,803,395	100	\$ 25,178,522	100	\$ 26,495,796	100

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

# **VISERA TECHNOLOGIES COMPANY LTD.**

## **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			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 17 and 25)	\$ 2,453,281	100	\$ 1,936,874	100	\$ 4,562,643	100	\$ 3,528,355	100
OPERATING COSTS (Notes 9, 18 and 25)	<u>1,725,885</u>	<u>70</u>	<u>1,569,808</u>	<u>81</u>	<u>3,416,801</u>	<u>75</u>	<u>2,786,279</u>	<u>79</u>
GROSS PROFIT	<u>727,396</u>	<u>30</u>	<u>367,066</u>	<u>19</u>	<u>1,145,842</u>	<u>25</u>	<u>742,076</u>	<u>21</u>
OPERATING EXPENSES (Notes 18 and 25)								
Sales and marketing	21,448	1	14,541	1	37,452	1	28,054	1
General and administrative	44,424	1	33,358	2	80,624	2	158,716	4
Research and development	<u>217,119</u>	<u>9</u>	<u>177,498</u>	<u>9</u>	<u>418,157</u>	<u>9</u>	<u>343,876</u>	<u>10</u>
Total operating expenses	<u>282,991</u>	<u>11</u>	<u>225,397</u>	<u>12</u>	<u>536,233</u>	<u>12</u>	<u>530,646</u>	<u>15</u>
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 10, 18 and 25)	<u>34,901</u>	<u>1</u>	<u>12,672</u>	<u>1</u>	<u>73,402</u>	<u>2</u>	<u>25,065</u>	<u>1</u>
PROFIT FROM OPERATIONS	<u>479,306</u>	<u>20</u>	<u>154,341</u>	<u>8</u>	<u>683,011</u>	<u>15</u>	<u>236,495</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES (Notes 18 and 25)								
Interest income	48,177	2	41,763	2	93,238	2	80,360	2
Other income	13	-	55	-	244	-	245	-
Other gains and losses	(34,840)	(2)	(32,711)	(2)	(86,050)	(2)	(29,985)	(1)
Foreign exchange gain, net	21,681	1	25,027	1	64,360	2	10,815	-
Finance costs	<u>(22,228)</u>	<u>(1)</u>	<u>(27,043)</u>	<u>(1)</u>	<u>(44,684)</u>	<u>(1)</u>	<u>(40,069)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>12,803</u>	<u>-</u>	<u>7,091</u>	<u>-</u>	<u>27,108</u>	<u>1</u>	<u>21,366</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	492,109	20	161,432	8	710,119	16	257,861	7
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 19)	<u>68,529</u>	<u>3</u>	<u>(18,035)</u>	<u>(1)</u>	<u>104,655</u>	<u>3</u>	<u>1,251</u>	<u>-</u>
NET PROFIT	<u>423,580</u>	<u>17</u>	<u>179,467</u>	<u>9</u>	<u>605,464</u>	<u>13</u>	<u>256,610</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 423,580</u>	<u>17</u>	<u>\$ 179,467</u>	<u>9</u>	<u>\$ 605,464</u>	<u>13</u>	<u>\$ 256,610</u>	<u>7</u>
EARNINGS PER SHARE (Note 20)								
Basic earnings per share	<u>\$ 1.34</u>		<u>\$ 0.57</u>		<u>\$ 1.91</u>		<u>\$ 0.81</u>	
Diluted earnings per share	<u>\$ 1.33</u>		<u>\$ 0.56</u>		<u>\$ 1.90</u>		<u>\$ 0.81</u>	

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

# **VISERA TECHNOLOGIES COMPANY LTD.**

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

	<b>Capital Stock - Common Stock</b>			<b>Retained Earnings</b>			
	<b>Stock</b>	<b>Amount</b>	<b>Capital Surplus</b>	<b>Legal Reserve</b>	<b>Unappropriated Earnings</b>	<b>Total</b>	<b>Total Equity</b>
	<b>(In Thousands)</b>						
BALANCE, JANUARY 1, 2023	315,534	\$ 3,155,341	\$ 7,304,953	\$ 1,211,163	\$ 5,218,705	\$ 6,429,868	\$ 16,890,162
Appropriation of earnings							
Legal reserve	-	-	-	176,580	(176,580)	-	-
Cash dividends to shareholders	-	-	-	-	(631,092)	(631,092)	(631,092)
Employee share options exercised	298	2,980	1,818	-	-	-	4,798
Compensation cost of employee share options	-	-	653	-	-	-	653
Net profit and total comprehensive income for the six months ended June 30, 2023	-	-	-	-	256,610	256,610	256,610
BALANCE, JUNE 30, 2023	<u>315,832</u>	<u>\$ 3,158,321</u>	<u>\$ 7,307,424</u>	<u>\$ 1,387,743</u>	<u>\$ 4,667,643</u>	<u>\$ 6,055,386</u>	<u>\$ 16,521,131</u>
BALANCE, JANUARY 1, 2024	316,567	\$ 3,165,671	\$ 7,310,640	\$ 1,387,743	\$ 4,767,113	\$ 6,154,856	\$ 16,631,167
Appropriation of earnings							
Legal reserve	-	-	-	35,608	(35,608)	-	-
Cash dividends to shareholders	-	-	-	-	(316,724)	(316,724)	(316,724)
Employee share options exercised	453	4,530	1,857	-	-	-	6,387
Compensation cost of employee share options	-	-	44	-	-	-	44
Net profit and total comprehensive income for the six months ended June 30, 2024	-	-	-	-	605,464	605,464	605,464
BALANCE, JUNE 30, 2024	<u>317,020</u>	<u>\$ 3,170,201</u>	<u>\$ 7,312,541</u>	<u>\$ 1,423,351</u>	<u>\$ 5,020,245</u>	<u>\$ 6,443,596</u>	<u>\$ 16,926,338</u>

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

# VISERA TECHNOLOGIES COMPANY LTD.

## STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 710,119	\$ 257,861
Adjustments for:		
Depreciation expense	1,573,544	1,388,499
Amortization expense	13,894	11,032
Finance costs	44,684	40,069
Interest income	(93,238)	(80,360)
Compensation cost of employee share options	44	653
Impairment loss recognized on property, plant and equipment	47,539	-
Foreign exchange loss, net	4,066	1,936
Gain on lease modification	(231)	-
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	33,590	29,084
Contract assets	(19,849)	108,210
Accounts receivable, net	(584,016)	(180,534)
Receivables from related parties, net	(32,343)	6,194
Other receivables	(16,344)	27,881
Other receivables from related parties	-	4,257
Inventories	(33,992)	1,360
Prepayments and other current assets	8,100	(54,685)
Contract liabilities	(8,270)	3,106
Accounts payable	90,877	(146,490)
Accounts payable to related parties	25	513
Accrued profit-sharing bonus to employees and remuneration of directors	120,189	52,942
Accrued expenses and other current liabilities	(49,319)	(190,373)
Cash generated from operations	1,809,069	1,281,155
Income taxes paid	(9,591)	(90,623)
Net cash generated from operating activities	<u>1,799,478</u>	<u>1,190,532</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(561,744)	(1,564,013)
Decrease in refundable deposits	520	314
Payments for intangible assets	(1,817)	(21,068)
Decrease (increase) in other non-current assets	1,138	(1,863)
Interest received	<u>95,945</u>	<u>45,212</u>
Net cash used in investing activities	<u>(465,958)</u>	<u>(1,541,418)</u>

(Continued)

# VISERA TECHNOLOGIES COMPANY LTD.

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

	For the Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	\$ -	\$ 2,450,000
Repayments of long-term borrowings	(1,055,556)	(786,944)
Guarantee deposits received	-	472
Guarantee deposits refunded	-	(1,151)
Repayment of the principal portion of lease liabilities	(41,329)	(41,236)
Employee share options exercised	6,387	4,798
Interest paid	<u>(45,163)</u>	<u>(49,118)</u>
Net cash (used in) generated from financing activities	<u>(1,135,661)</u>	<u>1,576,821</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	197,859	1,225,935
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>12,467,450</u>	<u>11,949,452</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 12,665,309</u>	<u>\$ 13,175,387</u>

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

(Concluded)



# VISERA TECHNOLOGIES COMPANY LTD.

## NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

### 1. GENERAL INFORMATION

VisEra Technologies Company Ltd. (the “Company”), a company limited by shares, was incorporated in Hsinchu City on December 1, 2003. The Company is a dedicated optical foundry mainly engaged in manufacturing electronic spare parts and in researching, developing, designing, manufacturing, selling, packaging and testing of color filters.

The Company’s stock has been listed on the Taiwan Stock Exchange (TWSE) since June 30, 2022.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on August 1, 2024.

### 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 Financial Supervisory Commission (FSC).

The initial application of the amendments to IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings and affected assets or liabilities.

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

(Continued)

<b><u>New, Amended and Revised Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB (Note 1)</u></b>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
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
Amendments to IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
	(Concluded)

#### **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 Group 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 Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.

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

Except for the above impacts, as of the date the financial statements were issued, the Company is continuously assessing the possible impact of the application of other standards and interpretations and related applicable period on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

Except for the following, please refer to the financial statements for the year ended December 31, 2023.

##### **Statement of Compliance**

These 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. This financial report does not contain all the disclosure information required by the entire annual financial report that is approved by the FSC and issued by the effective IFRS Accounting Standards.

## Basis of Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, as explained in the accounting policies below.

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

- a. 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.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

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, 2023.

## 6. CASH AND CASH EQUIVALENTS

	June 30, 2024	December 31, 2023	June 30, 2023
Deposits in banks	\$ 12,665,299	\$ 12,457,462	\$ 13,125,487
Commercial paper	-	9,978	49,890
Petty cash	<u>10</u>	<u>10</u>	<u>10</u>
	<u>\$ 12,665,309</u>	<u>\$ 12,467,450</u>	<u>\$ 13,175,387</u>

Deposits in banks consisted of highly liquid time deposits that were readily convertible to known amounts of cash and were subject to an insignificant risk of changes in value.

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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Mandatorily measured at FVTPL			
Derivative financial assets (not under hedge accounting)			
Forward exchange contracts	\$ -	\$ 19,851	\$ -
<u>Financial liabilities</u>			
Held for trading			
Derivative financial liabilities (not under hedge accounting)			
Forward exchange contracts	\$ 13,745	\$ 6	\$ 17,906

The Company entered into forward exchange contracts to manage exposures due to fluctuations of foreign exchange rates. These forward exchange contracts did not meet the criteria for hedge accounting; therefore, the Company did not apply hedge accounting for these forward exchange contracts.

Outstanding forward exchange contracts consisted of the following:

	Maturity Date	Contract Amount (In Thousands)
<u>June 30, 2024</u>		
Sell US\$/Buy NT\$	July 2024 to August 2024	US\$ 52,000/NT\$ 1,671,086
<u>December 31, 2023</u>		
Sell US\$/Buy NT\$	January 2024 to March 2024	US\$ 34,000/NT\$ 1,063,081
<u>June 30, 2023</u>		
Sell US\$/Buy NT\$	July 2023 to August 2023	US\$ 42,500/NT\$ 1,301,518

## 8. ACCOUNTS RECEIVABLE, NET

	June 30, 2024	December 31, 2023	June 30, 2023
<u>At amortized cost</u>			
Accounts receivable from unrelated parties	\$ 1,377,627	\$ 793,437	\$ 832,118
Less: Allowance for impairment loss	(520)	(346)	(282)
	1,377,107	793,091	831,836
Accounts receivable from related parties	142,022	109,679	106,626
	<u>\$ 1,519,129</u>	<u>\$ 902,770</u>	<u>\$ 938,462</u>

The average payment terms granted to customers are 30 days to 90 days from the end of the month when the invoice is issued. No interest is charged on accounts receivable. Aside from recognizing impairment loss for credit-impaired accounts receivable, the Company recognizes the loss allowance based on the expected credit loss ratio of customers of different risk levels. Such risk levels are determined with reference to the factors of historical loss ratios and the customers' current financial conditions and business outlook (such as economic outlook of the industries in which the customers operate and future changes in purchasing requirements during a certain period).

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

Aging analysis of accounts receivable, net

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Not past due	\$ 1,513,496	\$ 886,360	\$ 934,627
1-180 days	<u>5,633</u>	<u>16,410</u>	<u>3,835</u>
Total	<u>\$ 1,519,129</u>	<u>\$ 902,770</u>	<u>\$ 938,462</u>

The above aging analysis was based on the past due dates.

Aging analysis of accounts receivable that are past due but not impaired

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
1-180 days	<u>\$ 5,633</u>	<u>\$ 16,410</u>	<u>\$ 3,835</u>

The above aging analysis was based on the past due dates.

Movements of the loss allowance

	<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
Balance, beginning of period	\$ 346	\$ 277
Provision	<u>174</u>	<u>5</u>
Balance, end of period	<u>\$ 520</u>	<u>\$ 282</u>

For the six months ended June 30, 2024 and 2023, the changes in loss allowance were mainly due to the variations in the book values of accounts receivable of different risk levels.

## 9. INVENTORIES

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Raw materials	<u>\$ 140,591</u>	<u>\$ 106,599</u>	<u>\$ 83,868</u>

Write-down of inventories to net realizable value and the reversal of write-down of inventories resulting from the increase in net realizable value were included in the cost of revenue. The amounts are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Net Inventory (reversal gain) losses	\$ <u>(1,524)</u>	\$ <u>(1,169)</u>	\$ <u>3,070</u>	\$ <u>(1,041)</u>

## 10. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2024	December 31, 2023	June 30, 2023
Assets used by the Company	\$ 9,333,307	\$ 10,701,965	\$ 11,474,912
Assets leased under operating leases	<u>212,595</u>	<u>40,134</u>	<u>3,544</u>
	<u>\$ 9,545,902</u>	<u>\$ 10,742,099</u>	<u>\$ 11,478,456</u>

### a. Assets used by the Company

	Buildings	Machinery and Equipment	Office Equipment	Transportation Equipment	Other Equipment	Equipment under Installation and Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2024	\$ 8,136,490	\$ 17,916,811	\$ 339,334	\$ 3,562	\$ 170,690	\$ 205,787	\$ 26,772,674
Additions	40,377	24,197	5,352	-	6,905	306,524	383,355
Transfers to assets leased under operating leases	(197,752)	-	-	-	-	-	(197,752)
Disposals	-	(120)	(20,461)	-	-	-	(20,581)
Reclassification	40,290	135,336	1,300	-	-	(176,926)	-
Balance at June 30, 2024	<u>\$ 8,019,405</u>	<u>\$ 18,076,224</u>	<u>\$ 325,525</u>	<u>\$ 3,562</u>	<u>\$ 177,595</u>	<u>\$ 335,385</u>	<u>\$ 26,937,696</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2024	\$ 3,017,914	\$ 12,701,631	\$ 224,621	\$ 1,169	\$ 125,374	\$ -	\$ 16,070,709
Additions	310,328	1,167,310	28,628	280	14,543	-	1,521,089
Impairment loss recognized	47,539	-	-	-	-	-	47,539
Transfers to assets leased under operating leases	(14,367)	-	-	-	-	-	(14,367)
Disposals	-	(120)	(20,461)	-	-	-	(20,581)
Reclassification	-	-	-	-	-	-	-
Balance at June 30, 2024	<u>\$ 3,361,414</u>	<u>\$ 13,868,821</u>	<u>\$ 232,788</u>	<u>\$ 1,449</u>	<u>\$ 139,917</u>	<u>\$ -</u>	<u>\$ 17,604,389</u>
Carrying amount at January 1, 2024	<u>\$ 5,118,576</u>	<u>\$ 5,215,180</u>	<u>\$ 114,713</u>	<u>\$ 2,393</u>	<u>\$ 45,316</u>	<u>\$ 205,787</u>	<u>\$ 10,701,965</u>
Carrying amount at June 30, 2024	<u>\$ 4,657,991</u>	<u>\$ 4,207,403</u>	<u>\$ 92,737</u>	<u>\$ 2,113</u>	<u>\$ 37,678</u>	<u>\$ 335,385</u>	<u>\$ 9,333,307</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 3,743,062	\$ 14,468,674	\$ 209,809	\$ 762	\$ 130,571	\$ 6,444,737	\$ 24,997,615
Additions	410,884	85,501	20,202	770	2,475	385,348	1,345,914
Disposals	-	(1,994)	-	-	-	-	(1,994)
Reclassification	3,364,628	2,810,063	88,109	2,030	8,361	(6,273,191)	-
Balance at June 30, 2023	<u>\$ 7,518,574</u>	<u>\$ 17,362,244</u>	<u>\$ 318,120</u>	<u>\$ 3,562</u>	<u>\$ 141,407</u>	<u>\$ 556,894</u>	<u>\$ 25,900,801</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ 2,480,853	\$ 10,335,771	\$ 173,913	\$ 762	\$ 90,670	\$ -	\$ 13,081,969
Additions	203,130	1,104,409	20,105	127	18,143	-	1,345,914
Disposals	-	(1,994)	-	-	-	-	(1,994)
Reclassification	-	-	-	-	-	-	-
Balance at June 30, 2023	<u>\$ 2,683,983</u>	<u>\$ 11,438,186</u>	<u>\$ 194,018</u>	<u>\$ 889</u>	<u>\$ 108,813</u>	<u>\$ -</u>	<u>\$ 14,425,889</u>
Carrying amount at January 1, 2023	<u>\$ 1,262,209</u>	<u>\$ 4,132,903</u>	<u>\$ 35,896</u>	<u>\$ -</u>	<u>\$ 39,901</u>	<u>\$ 6,444,737</u>	<u>\$ 11,915,646</u>
Carrying amount at June 30, 2023	<u>\$ 4,834,591</u>	<u>\$ 5,924,058</u>	<u>\$ 124,102</u>	<u>\$ 2,673</u>	<u>\$ 32,594</u>	<u>\$ 556,894</u>	<u>\$ 11,474,912</u>

Due to the earthquake, partial buildings were damaged for the six months ended June 30, 2024. Therefore, the Company recognized an impairment loss of \$47,539 thousand and recorded it under non-operating income and expenses with related insurance claims. No impairment assessment was performed for the six months ended June 30, 2023 as there was no indication of impairment.

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	10-20 years
Mechanical and electrical power equipment	2-5 years
Machinery and equipment	2-5 years
Transportation equipment	5 years
Office equipment	2-5 years
Other equipment	2-3 years

b. Assets leased under operating leases

	<b>Buildings</b>
<u>Cost</u>	
Balance at January 1, 2024	\$ 53,881
Additions	-
Transfers from assets used by the Company	<u>197,752</u>
Balance at June 30, 2024	<u>\$ 251,633</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2024	\$ 13,747
Additions	10,924
Transfers from assets used by the Company	<u>14,367</u>
Balance at June 30, 2024	<u>\$ 39,038</u>
Carrying amount at June 30, 2024	<u>\$ 212,595</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 15,464
Additions	<u>-</u>
Balance at June 30, 2023	<u>\$ 15,464</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ 11,533
Additions	<u>387</u>
Balance at June 30, 2023	<u>\$ 11,920</u>
Carrying amount at June 30, 2023	<u>\$ 3,544</u>

Operating leases relate to leases of buildings with lease terms between 1 and 4 years with an option to extend for another 18 months. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under the above operating leases is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Year 1	\$ 115,754	\$ 116,234	\$ 19,824
Year 2	105,562	115,474	19,824
Year 3	71,737	95,650	9,912
Year 4	<u>-</u>	<u>23,912</u>	<u>-</u>
	<u>\$ 293,053</u>	<u>\$ 351,270</u>	<u>\$ 49,560</u>

To reduce the residual asset risk related to buildings at the end of the relevant lease, the Company follows its general risk management strategy.

No impairment assessment was performed for the six months ended June 30, 2024 and 2023 as there was no indication of impairment.

Depreciation expense is provided on a straight-line basis over the following useful lives:

Buildings	20 years
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## 11. LEASE ARRANGEMENTS

### a. Right-of-use assets

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Carrying amount</u>			
Land	\$ 153,302	\$ 182,215	\$ 201,884
Buildings	28,821	63,408	98,599
Transportation equipment	<u>2,367</u>	<u>354</u>	<u>708</u>
	<u>\$ 184,490</u>	<u>\$ 245,977</u>	<u>\$ 301,191</u>
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>
Additions to right-of-use assets	<u>\$ 8,855</u>	<u>\$ 30,983</u>	<u>\$ 8,942</u>
Depreciation charge for right-of-use assets			
Land	\$ 3,213	\$ 3,656	\$ 6,590
Buildings	17,294	17,495	34,587
Transportation equipment	<u>177</u>	<u>177</u>	<u>354</u>
	<u>\$ 20,684</u>	<u>\$ 21,328</u>	<u>\$ 41,531</u>
			<u>\$ 42,198</u>

Other than the abovementioned additions and depreciation expense recognized, the Company did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2024 and 2023.



b. Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Carrying amount</u>			
Current	\$ 42,648	\$ 77,880	\$ 84,788
Non-current	<u>149,582</u>	<u>175,866</u>	<u>223,599</u>
	<u>\$ 192,230</u>	<u>\$ 253,746</u>	<u>\$ 308,387</u>

Ranges of discount rates for lease liabilities were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Land	1.36%-2.02%	1.36%-2.05%	1.36%-2.05%
Buildings	1.73%	1.73%	1.73%-1.96%
Transportation equipment	2.20%	1.08%	1.08%

c. Material terms of right-of-use assets

The Company leases land and buildings mainly for the use of plants and offices with lease terms of 2 to 30 years. The Company has options to renew at the end of the lease terms. The lease contracts for land located in the R.O.C specify that lease payments will be adjusted every 2 years on the basis of changes in announced land value prices. The Company does not have purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Expenses relating to low-value asset leases	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 2,900</u>	<u>\$ 2,400</u>	<u>\$ 4,300</u>	<u>\$ 3,800</u>
Total cash outflow for leases	<u>\$ 24,018</u>	<u>\$ 24,552</u>	<u>\$ 47,131</u>	<u>\$ 47,657</u>

## 12. INTANGIBLE ASSETS

	June 30, 2024	December 31, 2023	June 30, 2023
Computer software	\$ 40,229	\$ 52,306	\$ 59,958
Technology license fees	-	-	-
Technical expertise	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 40,229</u>	<u>\$ 52,306</u>	<u>\$ 59,958</u>

	<b>Technology License Fees</b>	<b>Technical Expertise</b>	<b>Computer Software</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2024	\$ 114,930	\$ 102,000	\$ 240,223	\$ 457,153
Additions	-	-	1,817	1,817
Disposals	<u>(32,460)</u>	<u>(102,000)</u>	<u>-</u>	<u>(134,460)</u>
Balance at June 30, 2024	<u>\$ 82,470</u>	<u>\$ -</u>	<u>\$ 242,040</u>	<u>\$ 324,510</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2024	\$ 114,930	\$ 102,000	\$ 187,917	\$ 404,847
Additions	-	-	13,894	13,894
Disposals	<u>(32,460)</u>	<u>(102,000)</u>	<u>-</u>	<u>(134,460)</u>
Balance at June 30, 2024	<u>\$ 82,470</u>	<u>\$ -</u>	<u>\$ 201,811</u>	<u>\$ 284,281</u>
Carrying amount at June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,229</u>	<u>\$ 40,229</u>
<u>Cost</u>				
Balance at January 1, 2023	\$ 114,930	\$ 102,000	\$ 211,068	\$ 427,998
Additions	<u>-</u>	<u>-</u>	<u>21,068</u>	<u>21,068</u>
Balance at June 30, 2023	<u>\$ 114,930</u>	<u>\$ 102,000</u>	<u>\$ 232,136</u>	<u>\$ 449,066</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2023	\$ 114,930	\$ 102,000	\$ 161,146	\$ 378,076
Additions	<u>-</u>	<u>-</u>	<u>11,032</u>	<u>11,032</u>
Balance at June 30, 2023	<u>\$ 114,930</u>	<u>\$ 102,000</u>	<u>\$ 172,178</u>	<u>\$ 389,108</u>
Carrying amount at June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,958</u>	<u>\$ 59,958</u>

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Technology license fees	5 years
Technical expertise	5 years
Computer software	3 years

### 13. LONG-TERM BORROWINGS

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
<u>Unsecured borrowings</u>			
Bank loans	\$ 5,650,833	\$ 6,706,389	\$ 7,676,389
Less: Discounts on government grants	(17,735)	(27,868)	(39,695)
Less: Current portion	<u>(2,678,333)</u>	<u>(2,295,556)</u>	<u>(2,025,556)</u>
	<u>\$ 2,954,765</u>	<u>\$ 4,382,965</u>	<u>\$ 5,611,138</u>

In March 2020, 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 within three years 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 \$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, 2024, the Company acquired preferential interest rate loan subsidized by the government of \$8,630,000 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 December 2027, where repayment of interest will be made in monthly installments for the first two years and the principal will be repaid in equal monthly installments starting from the third year. Using the prevailing market interest rate at an equivalent loan rate of 0.9%, 1.15%, 1.4% and 1.525%, respectively, the fair value of the loan was estimated at \$8,545,722 thousand on initial recognition. The difference of \$84,278 thousand between the proceeds and the fair value of the loan was the benefit derived from the preferential interest rate loan and had been recognized as deferred revenue. The revenue was offset against interest expense on a monthly basis over the loan period. The amount offset against interest expense was \$10,133 thousand and \$13,757 thousand for the three months ended June 30, 2024 and 2023, respectively.

Under the bank loan agreement, the Company has to meet certain financial covenants. As of June 30, 2024, such financial covenants were not breached.

#### 14. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Accrued expenses			
Cash dividends payable	\$ 316,724	\$ -	\$ 631,092
Payables for salaries and bonuses	153,099	260,253	119,094
Utilities payables	72,375	45,495	55,941
Insurance payables	46,864	44,180	48,739
Others	<u>230,698</u>	<u>291,033</u>	<u>184,435</u>
	<u>819,760</u>	<u>640,961</u>	<u>1,039,301</u>
Other current liabilities			
Refund liabilities	118,335	19,463	44,854
Others	<u>6,600</u>	<u>17,345</u>	<u>6,497</u>
	<u>124,935</u>	<u>36,808</u>	<u>51,351</u>
	<u>\$ 944,695</u>	<u>\$ 677,769</u>	<u>\$ 1,090,652</u>

#### 15. RETIREMENT BENEFIT PLANS

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

## 16. EQUITY

### a. Capital stock

	June 30, 2024	December 31, 2023	June 30, 2023
Authorized stock (in thousands)	400,000	400,000	400,000
Authorized capital	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Issued and paid stock (in thousands)	317,020	316,567	315,832
Issued capital	<u>\$ 3,170,201</u>	<u>\$ 3,165,671</u>	<u>\$ 3,158,321</u>

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

The change in the Company's capital stock is mainly due to the exercise of employee share options.

### b. Capital surplus

	June 30, 2024	December 31, 2023	June 30, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)			
Issuance of ordinary shares	\$ 7,245,103	\$ 7,243,246	\$ 7,240,233
Employee share options exercised	51,112	49,178	46,504
Donations	12,893	12,893	12,893
<u>May only be used to offset a deficit</u>			
Donations - unclaimed dividend	932	932	824
<u>May not be used for any purpose</u>			
Compensation cost of employee share options	<u>2,501</u>	<u>4,391</u>	<u>6,970</u>
	<u>\$ 7,312,541</u>	<u>\$ 7,310,640</u>	<u>\$ 7,307,424</u>

Note 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.

### c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's Articles, where the Company made a 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 the distribution of dividends and bonuses to shareholders.

For the policy on the profit-sharing bonus for employees and remuneration of directors, refer to Note 18(g).

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

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. 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 2023 and 2022, which were resolved in the shareholders' meeting on May 22, 2024 and May 24, 2023, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Legal reserve	\$ 35,608	\$ 176,580
Cash dividends to shareholders	\$ 316,724	\$ 631,092
Cash dividends per share (NT\$)	\$ 1.0	\$ 2.0

The cash dividends per share for 2022 was adjusted to \$1.99, mainly due to the exercise of employee share options on July 6, 2023. The cash dividends per share for 2023 was adjusted to \$0.99, mainly due to the exercise of employee share options on July 8, 2024.

## 17. OPERATING REVENUE

### a. Contract information

For revenue generated from the manufacturing of color filters according to customized specifications agreed in the contractual agreement, because the customers have obtained control over the products during the provision of services, the Company's revenue from service contracts is recognized over time.

### b. Disaggregation of revenue from contracts with customers

Product	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Image Sensors	\$ 1,604,406	\$ 622,305	\$ 2,912,646	\$ 1,090,649
Micro-Optical Elements	780,961	1,283,818	1,520,211	2,384,493
Others	67,914	30,751	129,786	53,213
	<u>\$ 2,453,281</u>	<u>\$ 1,936,874</u>	<u>\$ 4,562,643</u>	<u>\$ 3,528,355</u>
Region	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Asia	\$ 2,165,654	\$ 1,707,404	\$ 4,053,870	\$ 3,112,271
Taiwan	258,583	215,504	461,911	389,894
Europe	6,755	4,996	11,427	9,772
United States	22,289	8,970	35,435	16,418
	<u>\$ 2,453,281</u>	<u>\$ 1,936,874</u>	<u>\$ 4,562,643</u>	<u>\$ 3,528,355</u>

Application	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Mobile	\$ 2,020,197	\$ 1,699,449	\$ 3,781,387	\$ 3,035,964
Automotive	294,654	145,875	571,834	337,798
Security	<u>138,430</u>	<u>91,550</u>	<u>209,422</u>	<u>154,593</u>
	<u>\$ 2,453,281</u>	<u>\$ 1,936,874</u>	<u>\$ 4,562,643</u>	<u>\$ 3,528,355</u>

c. Contract balances

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Contract assets	<u>\$ 386,580</u>	<u>\$ 366,731</u>	<u>\$ 205,889</u>	<u>\$ 314,099</u>
Contract liabilities	<u>\$ 12,389</u>	<u>\$ 20,659</u>	<u>\$ 12,191</u>	<u>\$ 9,085</u>

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

Revenue recognized for the three months ended June 30, 2024 and 2023 from the balance of contract liabilities at the beginning of the year amounted to \$413 thousand and \$1,921 thousand, respectively; and \$16,588 thousand and \$4,556 thousand for the six months ended June 30, 2024 and 2023, respectively.

d. Refund liabilities

Estimated sales returns and other allowances are made and adjusted based on historical experience and the consideration of varying contractual terms, which amounted to \$88,069 thousand and \$7,215 thousand for the three months ended June 30, 2024 and 2023, respectively; and \$105,227 thousand and \$5,857 thousand for the six months ended June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, the aforementioned refund liabilities amounted to \$118,335 thousand and \$44,854 thousand, respectively, which were classified under accrued expenses and other current liabilities.

## 18. NET PROFIT

a. Other operating income and expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Rental income	\$ 52,053	\$ 12,866	\$ 101,465	\$ 25,452
Compensation income	43,453	-	43,453	-
Impairment losses	(47,539)	-	(47,539)	-
Others	<u>(13,066)</u>	<u>(194)</u>	<u>(23,977)</u>	<u>(387)</u>
	<u>\$ 34,901</u>	<u>\$ 12,672</u>	<u>\$ 73,402</u>	<u>\$ 25,065</u>

b. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Bank deposits	\$ 48,177	\$ 41,763	\$ 93,238	\$ 80,360

c. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Loss on financial instruments at FVTPL, net	\$ (34,630)	\$ (32,442)	\$ (85,630)	\$ (29,453)
Others	(210)	(269)	(420)	(532)
	<u>\$ (34,840)</u>	<u>\$ (32,711)</u>	<u>\$ (86,050)</u>	<u>\$ (29,985)</u>

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
An analysis of depreciation by function				
Operating costs	\$ 669,775	\$ 762,797	\$ 1,435,138	\$ 1,312,986
Operating expenses	51,061	39,537	127,482	75,126
Other operating income and expenses	<u>18,515</u>	<u>194</u>	<u>10,924</u>	<u>387</u>
	<u>\$ 739,351</u>	<u>\$ 802,528</u>	<u>\$ 1,573,544</u>	<u>\$ 1,388,499</u>
An analysis of amortization by function				
Operating costs	\$ 5,888	\$ 5,926	\$ 11,950	\$ 8,384
General and administrative expenses	<u>885</u>	<u>1,419</u>	<u>1,944</u>	<u>2,648</u>
	<u>\$ 6,773</u>	<u>\$ 7,345</u>	<u>\$ 13,894</u>	<u>\$ 11,032</u>

e. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Interest expense				
Bank loans	\$ 21,320	\$ 25,713	\$ 42,702	\$ 47,455
Interest on lease liabilities	894	1,317	1,955	2,619
Others	<u>14</u>	<u>13</u>	<u>27</u>	<u>25</u>
	22,228	27,043	44,684	50,099
Less: Amounts included in the cost of qualifying assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,030)</u>
	<u>\$ 22,228</u>	<u>\$ 27,043</u>	<u>\$ 44,684</u>	<u>\$ 40,069</u>

Information about capitalized interest is as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Capitalized interest amount	\$ -	\$ -	\$ -	\$ 10,030
Capitalized rate	-	-	-	1.17%-1.24%

f. Employee benefits expense

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Post-employment benefits (Note 15)				
Defined contribution plan	\$ 17,010	\$ 16,185	\$ 33,040	\$ 32,253
Share-based payments				
Equity-settled	-	278	44	653
Other employee benefits	<u>575,630</u>	<u>449,559</u>	<u>1,037,221</u>	<u>883,381</u>
Total employee benefits expense	<u>\$ 592,640</u>	<u>\$ 466,022</u>	<u>\$ 1,070,305</u>	<u>\$ 916,287</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 444,998	\$ 351,348	\$ 806,208	\$ 652,923
Operating expenses	146,655	114,674	262,283	263,364
Other operating income and expenses	<u>987</u>	<u>-</u>	<u>1,814</u>	<u>-</u>
Total employee benefits expense	<u>\$ 592,640</u>	<u>\$ 466,022</u>	<u>\$ 1,070,305</u>	<u>\$ 916,287</u>

g. Compensation of employees and remuneration of directors

The Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors.

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

The compensation of employees and the remuneration of directors for the six months ended June 30, 2024 and 2023 are as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Compensation of employees	<u>\$ 85,432</u>	<u>\$ 35,893</u>	<u>\$ 121,809</u>	<u>\$ 51,322</u>
Remuneration of directors	<u>\$ 810</u>	<u>\$ 810</u>	<u>\$ 1,620</u>	<u>\$ 1,620</u>



The appropriations of employees' compensation and remuneration of directors for 2023 and 2022 that were resolved by the Board of Directors on February 21, 2024 and February 22, 2023, respectively, are \$71,216 thousand and \$353,159 thousand, and \$3,240 thousand and \$3,240 thousand, respectively.

There was no significant difference between the actual amounts of compensation of employees and remuneration of directors the aforementioned resolutions paid and the amounts recognized for the years ended December 31, 2023 and 2022.

Information on the compensation of employees and remuneration of directors resolved by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Foreign exchange gains	\$ 26,142	\$ 27,618	\$ 96,440	\$ 40,543
Foreign exchange losses	<u>(4,461)</u>	<u>(2,591)</u>	<u>(32,080)</u>	<u>(29,728)</u>
Foreign exchange gains, net	<u>\$ 21,681</u>	<u>\$ 25,027</u>	<u>\$ 64,360</u>	<u>\$ 10,815</u>

## 19. INCOME TAX

a. Income tax expense consisted of the following:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Current income tax				
In respect of the current period	\$ 92,956	\$ 31,125	\$ 142,251	\$ 49,266
Income tax adjustments of prior periods	(1,481)	(31,710)	(1,481)	(31,710)
Deferred tax				
In respect of the current period	(2,341)	(17,450)	(15,510)	(16,305)
Investment tax credit	<u>(20,605)</u>	<u>-</u>	<u>(20,605)</u>	<u>-</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 68,529</u>	<u>\$ (18,035)</u>	<u>\$ 104,655</u>	<u>\$ 1,251</u>

b. Income tax examination

The tax authorities have examined income tax returns of the Company through 2021.

## 20. EARNINGS PER SHARE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Basic earnings per share	<u>\$ 1.34</u>	<u>\$ 0.57</u>	<u>\$ 1.91</u>	<u>\$ 0.81</u>
Diluted earnings per share	<u>\$ 1.33</u>	<u>\$ 0.56</u>	<u>\$ 1.90</u>	<u>\$ 0.81</u>

Earnings per share is computed as follows:

	<b>Amount (Numerator)</b>	<b>Number of Stocks (Denominator) (In Thousands)</b>	<b>Earnings Per Share (NT\$)</b>
<u>For the three months ended June 30, 2024</u>			
Basic EPS			
Net income	\$ 423,580	316,962	\$ <u>1.34</u>
Effect of potentially dilutive common stock	<u>-</u>	<u>1,030</u>	
Diluted EPS			
Net income available to common shareholders plus effect of potentially dilutive common stock	\$ <u>423,580</u>	<u>317,992</u>	\$ <u>1.33</u>
<u>For the three months ended June 30, 2023</u>			
Basic EPS			
Net income	\$ 179,467	315,796	\$ <u>0.57</u>
Effect of potentially dilutive common stock	<u>-</u>	<u>1,966</u>	
Diluted EPS			
Net income available to common shareholders plus effect of potentially dilutive common stock	\$ <u>179,467</u>	<u>317,762</u>	\$ <u>0.56</u>
<u>For the six months ended June 30, 2024</u>			
Basic EPS			
Net income	\$ 605,464	316,825	\$ <u>1.91</u>
Effect of potentially dilutive common stock	<u>-</u>	<u>1,236</u>	
Diluted EPS			
Net income available to common shareholders plus effect of potentially dilutive common stock	\$ <u>605,464</u>	<u>318,061</u>	\$ <u>1.90</u>
<u>For the six months ended June 30, 2023</u>			
Basic EPS			
Net income	\$ 256,610	315,682	\$ <u>0.81</u>
Effect of potentially dilutive common stock	<u>-</u>	<u>2,500</u>	
Diluted EPS			
Net income available to common shareholders plus effect of potentially dilutive common stock	\$ <u>256,610</u>	<u>318,182</u>	\$ <u>0.81</u>

If the Company offered to settle the obligation by cash or by issuing stock, the profit-sharing bonus for employees will be settled in stock and the resulting potential stock will be included in the weighted average number of stock outstanding in the calculation of diluted EPS, as the stock have a dilutive effect. Such

dilutive effect of the potential stock is included in the calculation of diluted EPS until the profit-sharing bonus for employees to be settled in the form of common stock is approved in the following year.

## 21. SHARE-BASED PAYMENT ARRANGEMENTS

Qualified employees were granted 460 options in April 2020, 5,424 options in July 2019 and 72 options in December 2019. Each option entitles the holder the right to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 6 years and exercisable at certain percentages after the second year from the grant date. The options were granted at an exercise price equal to NT\$20. For any subsequent changes in the Company's ordinary shares, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Six Months Ended June 30			
	2024		2023	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance at January 1	1,102	\$ 14.10	2,141	\$ 16.10
Options exercised	(453)	14.10	(298)	16.10
Options forfeited	-	-	(6)	-
Balance at June 30	<u>649</u>		<u>1,837</u>	
Options exercisable, end of period	<u>649</u>		<u>591</u>	

The weighted-average share price on the exercise date of the share options for the six months ended June 30, 2024 was \$291.78.

Information on outstanding options was as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Range of exercise price (\$)	\$ 14.1	\$ 14.1	\$ 16.1
Weighted-average remaining contractual life (in years)	1.06	1.59	2.08

Options are priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	April 2020	December 2019	July 2019
Grant-date share price	\$ 24.79	\$ 17.42	\$ 17.42
Exercise price	\$ 20	\$ 20	\$ 20
Expected volatility	27.18%-28.74%	28.30%-28.48%	28.30%-28.48%
Expected life (in years)	4-5	4-5	4-5
Expected dividend yield	-	-	-
Risk-free interest rate	0.40%-0.42%	0.58%-0.61%	0.58%-0.61%

The stock price on the grant date is evaluated by the future cash flow method, and the expected volatility is based on the average annualized standard deviation of the daily rate of return of the industry. Compensation costs recognized were \$0 thousand and \$278 thousand for the three months ended June 30, 2024 and 2023, respectively; and \$44 thousand and \$653 thousand for the six months ended June 30, 2024 and 2023, respectively.

## 22. CASH FLOW INFORMATION

### a. Non-cash transactions

	<b>For the Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
Additions of property, plant and equipment	\$ 383,355	\$ 905,180
Less: Amounts included in the cost of qualifying assets	-	(10,030)
Changes in payables for purchases of equipment	<u>178,389</u>	<u>668,863</u>
Payments for acquisition of property, plant and equipment	<u>\$ 561,744</u>	<u>\$ 1,564,013</u>

### b. Reconciliation of liabilities arising from financing activities

	<b>Balance as of January 1, 2024</b>	<b>Financing Cash Flow</b>	<b>Non-cash changes</b>			<b>Balance as of June 30, 2024</b>
			<b>Foreign Exchange Movement</b>	<b>Leases Modifications</b>	<b>Other Changes (Note)</b>	
Guarantee deposits	\$ 4,532	\$ -	\$ 42	\$ -	\$ -	\$ 4,574
Lease liabilities	253,746	(43,284)	-	(22,554)	4,322	192,230
Long-term borrowings	<u>6,678,521</u>	<u>(1,055,556)</u>	<u>-</u>	<u>-</u>	<u>10,133</u>	<u>5,633,098</u>
Total	<u>\$ 6,936,799</u>	<u>\$ (1,098,840)</u>	<u>\$ 42</u>	<u>\$ (22,554)</u>	<u>\$ 14,455</u>	<u>\$ 5,829,902</u>

  

	<b>Balance as of January 1, 2023</b>	<b>Financing Cash Flow</b>	<b>Non-cash changes</b>			<b>Balance as of June 30, 2023</b>
			<b>Foreign Exchange Movement</b>	<b>Leases Modifications</b>	<b>Other Changes (Note)</b>	
Guarantee deposits	\$ 5,259	\$ (679)	\$ (39)	\$ -	\$ -	\$ 4,541
Lease liabilities	318,640	(43,855)	-	-	33,602	308,387
Cash dividends payable	-	-	-	-	631,092	631,092
Long-term borrowings	<u>5,973,936</u>	<u>1,663,056</u>	<u>-</u>	<u>-</u>	<u>(298)</u>	<u>7,636,694</u>
Total	<u>\$ 6,297,835</u>	<u>\$ 1,618,522</u>	<u>\$ (39)</u>	<u>\$ -</u>	<u>\$ 664,396</u>	<u>\$ 8,580,714</u>

Note: Other changes include the financial cost of lease liabilities, right-of-use assets obtained and long-term bank loan interest subsidy recognized as deferred revenue.

## 23. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of equity of the Company (comprising issued capital, reserves and retained earnings).

## 24. FINANCIAL INSTRUMENTS

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

Management believes that the carrying amounts of financial assets and financial liabilities not carried at fair value approximate their fair values or their fair values cannot be reliably measured.

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

#### 1) Fair value hierarchy

##### June 30, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ -	\$ -	\$ -
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 13,745	\$ -	\$ 13,745

##### December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 19,851	\$ -	\$ 19,851
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 6	\$ -	\$ 6

##### June 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ -	\$ -	\$ -
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 17,906	\$ -	\$ 17,906

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2024 and 2023.

The Company did not acquire or dispose of financial assets measured at fair value in Level 3 for the six months ended June 30, 2024 and 2023.

#### 2) Valuation techniques and inputs applied for Level 2 fair value measurement

Derivative instruments - forward exchange contracts are discounted using the cash flow method. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
FVTPL			
Held for trading	\$ -	\$ 19,851	\$ -
Amortized cost (1)	14,260,903	13,478,159	14,222,045
<u>Financial liabilities</u>			
FVTPL			
Held for trading	13,745	6	17,906
Amortized cost (2)	7,009,161	7,862,798	8,929,278

- 1) Including financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties) and other non-current assets.
- 2) Including accounts payable (including related parties), payables to contractors and equipment suppliers, accrued expenses and other current liabilities, long-term borrowings (including current portion of long-term borrowings) and guarantee deposits.

d. Financial risk management objectives and policies

The Company monitors and manages the financial risks associated with its operations, which include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of derivative financial instruments and significant financial rules and plans are regulated by the Company's Board of Directors and reviewed by the Company's internal control system. The Company does not engage in transactions of financial instruments (including derivative financial instruments) for speculative purposes.

1) Market risk

The Company'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).

The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

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

a) Foreign currency risk

A portion of the Company's cash inflows and outflows are denominated in foreign currencies and therefore have a natural hedging effect. The Company manages exchange rate risk for hedging purposes, not for profit-making.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 28.

### Sensitivity analysis

The Company is mainly exposed to the U.S. dollar and the Japanese yen.

The sensitivity analysis of foreign currency exchange rate risk is based on the unfavorable impact of foreign currency monetary items, including cash, accounts receivable, other receivables, accounts payable and other payables, as of the end of the reporting period. If the unfavorable change in foreign currencies reaches 5%, the Company's net income for the six months ended June 30, 2024 and 2023 will decrease by \$85,539 thousand and \$65,923 thousand, respectively.

#### b) Interest rate risk

The Company's fixed and floating financial assets and floating interest rate financial liabilities are exposed to interest rate risk. The Company constantly observes and analyzes how a change in market interest rate may affect cash flows on interest-bearing debts. The Company also maintains good relationships with banks and performs timely assessments on possible interest rate risks for all interest-bearing debts, while taking actions to reduce the impact of interest rate changes on profitability.

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

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Fair value interest rate risk			
Financial assets	\$ 12,263,012	\$ 12,408,861	\$ 12,821,392
Cash flow interest rate risk			
Financial assets	423,323	80,752	376,159
Financial liabilities	5,633,098	6,678,521	7,636,694

### Sensitivity analysis

The Company's fixed-rate financial assets are not included in the analysis of interest rate risk with fair value because they are measured at amortized cost.

The sensitivity analyses below were determined based on the Company'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.

If the market interest rate increase by 1% and all other variables were held constant, the Company's net profit before income tax for the six months ended June 30, 2024 and 2023 will decrease by \$26,049 thousand and \$36,303 thousand, respectively, which was mainly a result of the Company's variable rate bank borrowings and variable rate deposits.

#### 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

### Business-related credit risk

The Company's accounts receivable are from its five largest customers. The majority of the Company's outstanding accounts receivable are not covered by collateral or guarantees. While the Company has procedures to monitor and manage credit risk exposure on accounts receivable, there is no assurance such procedures will effectively eliminate losses resulting from its credit risk. This risk is heightened during periods when economic conditions worsen.

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Company's five largest customers accounted for 95%, 88% and 94% of accounts receivable, respectively.

### 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

#### a) Liquidity and interest rate risk tables

The following table details the analysis of the remaining contractual maturities of the Company's non-derivative financial liabilities with contractual repayment periods, which are based on the earliest possible date on which the Company can be required to make repayment, and is prepared using the undiscounted cash flows of the financial liabilities, which include cash flows of interest and principal.

The maturity dates of the Company's other non-derivative financial liabilities were based on the agreed upon repayment dates.

#### June 30, 2024

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1+Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 883,843	\$ 161,264	\$ 303,676	\$ 4,574
Lease liabilities	7,187	14,375	23,603	165,226
Long-term borrowings	<u>208,126</u>	<u>415,845</u>	<u>2,120,070</u>	<u>3,013,335</u>
	<u>\$ 1,099,156</u>	<u>\$ 591,484</u>	<u>\$ 2,447,349</u>	<u>\$ 3,183,135</u>

#### December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1+Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 806,248	\$ 172,118	\$ 184,254	\$ 4,532
Lease liabilities	7,300	14,600	59,469	197,540
Long-term borrowings	<u>178,273</u>	<u>355,682</u>	<u>1,837,340</u>	<u>4,474,123</u>
	<u>\$ 991,821</u>	<u>\$ 542,400</u>	<u>\$ 2,081,063</u>	<u>\$ 4,676,195</u>



June 30, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1+Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 874,665	\$ 130,983	\$ 267,355	\$ 4,541
Lease liabilities	7,458	14,916	66,987	246,307
Long-term borrowings	<u>160,814</u>	<u>321,483</u>	<u>1,632,562</u>	<u>5,748,451</u>
	<u>\$ 1,042,937</u>	<u>\$ 467,382</u>	<u>\$ 1,966,904</u>	<u>\$ 5,999,299</u>

Additional information about the maturity analysis for lease liabilities:

June 30, 2024

	<b>Less than 5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Non-interest bearing	\$ 1,353,357	\$ -	\$ -	\$ -	\$ -
Lease liabilities	<u>\$ 106,812</u>	<u>\$ 75,020</u>	<u>\$ 20,341</u>	<u>\$ 8,218</u>	<u>\$ -</u>
Long-term borrowings	<u>\$ 5,757,376</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

	<b>Less than 5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Non-interest bearing	\$ 1,167,152	\$ -	\$ -	\$ -	\$ -
Lease liabilities	<u>\$ 147,169</u>	<u>\$ 82,250</u>	<u>\$ 33,429</u>	<u>\$ 16,061</u>	<u>\$ -</u>
Long-term borrowings	<u>\$ 6,845,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2023

	<b>Less than 5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Non-interest bearing	\$ 1,277,544	\$ -	\$ -	\$ -	\$ -
Lease liabilities	<u>\$ 188,840</u>	<u>\$ 87,668</u>	<u>\$ 40,732</u>	<u>\$ 18,428</u>	<u>\$ -</u>
Long-term borrowings	<u>\$ 7,863,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The following table details the liquidity analysis of the Company's derivative financial instruments. For derivative instruments with gross settlement, the analysis is based on undiscounted contractual net cash inflows and outflows.

June 30, 2024

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Gross settled</u>					
Foreign exchange forward contracts					
Inflows	\$ 754,167	\$ 916,919	\$ -	\$ -	\$ -
Outflows	<u>(763,515)</u>	<u>(925,965)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (9,348)</u>	<u>\$ (9,046)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Gross settled</u>					
Foreign exchange forward contracts					
Inflows	\$ 519,747	\$ 543,334	\$ -	\$ -	\$ -
Outflows	<u>(507,326)</u>	<u>(538,073)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,421</u>	<u>\$ 5,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Gross settled</u>					
Foreign exchange forward contracts					
Inflows	\$ 610,620	\$ 690,899	\$ -	\$ -	\$ -
Outflows	<u>(622,600)</u>	<u>(700,425)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (11,980)</u>	<u>\$ (9,526)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## 25. TRANSACTIONS WITH RELATED PARTIES

The Company's parent company is Taiwan Semiconductor Manufacturing Company (TSMC), which held 67.38% and 67.64% of the ordinary shares of the Company on June 30, 2024 and 2023, respectively.

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
TSMC	The Company's parent company
Xintec Inc. (Xintec)	Other related party
Global Unichip Corp. (GUC)	Other related party

b. Sales of goods

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
<u>Related Party Category/Name</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Xintec	\$ 174,335	\$ 132,376	\$ 297,226	\$ 239,010
Others	<u>192</u>	<u>198</u>	<u>437</u>	<u>595</u>
	<u>\$ 174,527</u>	<u>\$ 132,574</u>	<u>\$ 297,663</u>	<u>\$ 239,605</u>

c. Purchases of goods

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
<u>For manufacturing</u>				
TSMC	\$ 463	\$ 922	\$ 463	\$ 2,392

d. Rental income

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
GUC	\$ 16,200	\$ 12,056	\$ 29,760	\$ 22,214
TSMC	240	810	480	3,238
	<u>\$ 16,440</u>	<u>\$ 12,866</u>	<u>\$ 30,240</u>	<u>\$ 25,452</u>

e. Interest expense

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Xintec	\$ 164	\$ 461	\$ 403	\$ 999
Others	14	13	27	25
	<u>\$ 178</u>	<u>\$ 474</u>	<u>\$ 430</u>	<u>\$ 1,024</u>

f. Contract assets

Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Xintec	<u>\$ 5,809</u>	<u>\$ 670</u>	<u>\$ 1,948</u>

g. Receivables from related parties

Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Xintec	\$ 142,022	\$ 109,632	\$ 106,518
Others	<u>-</u>	<u>47</u>	<u>108</u>
	<u>\$ 142,022</u>	<u>\$ 109,679</u>	<u>\$ 106,626</u>

h. Other receivables

Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
TSMC	<u>\$ 84</u>	<u>\$ 84</u>	<u>\$ -</u>

i. Payables to related parties

<b>Related Party Category/Name</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
TSMC	<u>\$ 465</u>	<u>\$ 440</u>	<u>\$ 513</u>

j. Expenses payable and other current liabilities

<b>Related Party Category/Name</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
TSMC	\$ 217,351	\$ 385	\$ 431,142
Others	<u>80</u>	<u>73</u>	<u>-</u>
	<u>\$ 217,431</u>	<u>\$ 458</u>	<u>\$ 431,142</u>

k. Prepayments

<b>Related Party Category/Name</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
TSMC	<u>\$ 1,309</u>	<u>\$ 1,870</u>	<u>\$ 2,431</u>

l. Lease arrangements

Acquisition of Right-of-Use Assets, Property, Plant and Equipment and Investment Property

The Company leases plant and offices from related parties. The lease terms are determined by agreement between the parties, rentals are paid monthly in accordance with the lease agreements, and the related rental expenses are recorded as right-of-use assets and manufacturing costs.

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Lease liabilities	Xintec	<u>\$ 29,239</u>	<u>\$ 64,051</u>	<u>\$ 69,319</u>

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
<b>Related Party Category/Name</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>

Interest expense

Xintec	<u>\$ 164</u>	<u>\$ 461</u>	<u>\$ 403</u>	<u>\$ 999</u>
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Lease expense

Xintec	<u>\$ 2,900</u>	<u>\$ 2,400</u>	<u>\$ 4,300</u>	<u>\$ 3,800</u>
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m. Deposit guarantee

<b>Related Party Category/Name</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
GUC	\$ 3,304	\$ 3,304	\$ 3,304
Others	<u>6</u>	<u>6</u>	<u>6</u>
	<u>\$ 3,310</u>	<u>\$ 3,310</u>	<u>\$ 3,310</u>

For the sales transactions between the Company and its related parties, the transaction prices and collection terms are not materially different from those of non-related parties. For other related party transactions, price and terms were determined in accordance with mutual agreements.

The Company rented/leased property, plant and equipment to/from related parties. The lease terms are determined in accordance with mutual agreements. The rentals were paid monthly; the related rentals were classified under other income and manufacturing expenses.

For the six months ended June 30, 2024 and 2023, no impairment loss was recognized for contract assets from related parties.

n. Others

Item	Related Party Categories	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2024	2023	2024	2023
Manufacturing expenses	Xintec TSMC	\$ 2,900	\$ 2,400	\$ 4,300	\$ 3,800
		<u>1,560</u>	<u>246</u>	<u>1,814</u>	<u>522</u>
		<u>\$ 4,460</u>	<u>\$ 2,646</u>	<u>\$ 6,114</u>	<u>\$ 4,322</u>
Research and development	TSMC	<u>\$ 674</u>	<u>\$ 2,382</u>	<u>\$ 1,613</u>	<u>\$ 3,982</u>
General and administrative	TSMC	<u>\$ 74</u>	<u>\$ 14</u>	<u>\$ 118</u>	<u>\$ 28</u>

o. Compensation of key management personnel

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 19,601	\$ 13,205	\$ 33,914	\$ 25,594
Post-employment benefits	<u>162</u>	<u>202</u>	<u>351</u>	<u>402</u>
	<u>\$ 19,763</u>	<u>\$ 13,407</u>	<u>\$ 34,265</u>	<u>\$ 25,996</u>

The compensation of directors and other key management personnel were determined by the Compensation Committee in accordance with the value of the individual's participation in and contribution to the operations of the Company and is determined by reference to the usual industry standards.

## 26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Company provided separately certificates of deposits amounting to \$21,036 thousand, \$22,174 thousand and \$22,174 thousand, which were recorded in other non-current assets as collateral mainly for land lease agreements and tariff guarantees.

## 27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at June 30, 2024, December 31, 2023 and June 30, 2023 were as follows:

a. Unrecognized commitments

	June 30, 2024	December 31, 2023	June 30, 2023
Acquisition of property, plant and equipment	\$ -	\$ -	\$ 385,000

b. The Company entered into long-term energy purchase agreements with its supplier. The relative fulfillment period, quantity and price are specified in the agreement.

## 28. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY DENOMINATED FINANCIAL ASSETS AND LIABILITIES

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

June 30, 2024

	Foreign Currencies (In Thousands)	Exchange Rate (Note)
<u>Financial assets</u>		
Monetary items		
USD	\$ 61,241	32.490
JPY	313,095	0.2025
EUR	131	34.855
CHF	2	36.100

Financial liabilities

Monetary items		
USD	8,639	32.490
JPY	309,892	0.2025
EUR	102	34.855
CHF	-	36.100

December 31, 2023

	Foreign Currencies (In Thousands)	Exchange Rate (Note)
<u>Financial assets</u>		
Monetary items		
USD	\$ 39,745	30.747
JPY	95,584	0.2192
EUR	92	34.175
CHF	2	36.600
(Continued)		

	Foreign Currencies (In Thousands)	Exchange Rate (Note)
<u>Financial liabilities</u>		
Monetary items		
USD	\$ 5,530	30.747
JPY	104,007	0.2192
EUR	93	34.175
CHF	-	-
		(Concluded)

June 30, 2023

	Foreign Currencies (In Thousands)	Exchange Rate (Note)
<u>Financial assets</u>		
Monetary items		
USD	\$ 45,994	31.13
JPY	53,781	0.2154
EUR	3	33.919
CHF	801	34.55

Financial liabilities

Monetary items		
USD	3,579	31.13
JPY	61,619	0.2154
EUR	11	33.919
CHF	800	34.55

Note: Please refer to Note 18 for the foreign exchange gains and losses for the six months ended June 30, 2024 and 2023. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

## 29. OPERATING SEGMENT INFORMATION

The Company's chief operating decision maker periodically reviews operating results, focusing on operating income generated by the color filter segment. Operating results are used for resource allocation and performance assessment. As a result, the Company has only one operating segment, the color filter segment. The color filter segment engages mainly in the researching, developing, designing, manufacturing, selling, packaging and testing of color filter products.

The basis for the measurement of income from operations is the same as those for the preparation of financial statements. Please refer to the statements of comprehensive income for the related segment revenue and operating results.

### 30. ADDITIONAL DISCLOSURES

a. Information on significant transactions:

- 1) Financing provided to others. (None)
- 2) Endorsements/guarantees provided. (None)
- 3) Marketable securities held. (None)
- 4) Marketable securities acquired or disposed of at costs or prices of 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 1)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 2)
- 9) Information about the derivative instrument transactions. (Note 7)

b. Information on investees. (None)

c. Information on investments in mainland China. (None)

d. Information of major shareholders

List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: See Table 3 attached.



**TABLE 1**

**VISERA TECHNOLOGIES COMPANY LTD.**

**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, 2024  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
VisEra	Xintec	Other related parties	Sales	\$ 297,226	7	60 days after monthly closing	Note 25	Note 25	\$ 142,022	9	-

**TABLE 2**

**VISERA TECHNOLOGIES COMPANY LTD.**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
JUNE 30, 2024**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
VisEra	Xintec	Other related parties	\$ 142,022	4.72	\$ -	-	\$ -	\$ -

**TABLE 3**

**VISERA TECHNOLOGIES COMPANY LTD.**

**INFORMATION OF MAJOR SHAREHOLDERS**

**JUNE 30, 2024**

**(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Shareholder	Shares	
	Total Shares Owned	Ownership Percentage (%)
TSMC	213,619,000	67.38