

VisEra Technologies Company Ltd.

**Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
VisEra Technologies Company Ltd.

Opinion

We have audited the accompanying financial statements of VisEra Technologies Company Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy please follow the template for 2024 Q4 TIFRS. (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Company's financial statements for the year ended December 31, 2024 is stated as follows:

Contract Assets and Revenue Recognition

The majority of the Company's revenue is generated from color filter and optical coating, which are manufactured according to the customized specifications agreed in the contractual agreement. The customers have obtained control over the products during the manufacturing process. As such, revenue and contract assets are recognized over time in accordance with the requirements under paragraph 35(b) of IFRS 15. Refer to Notes 4, 5 and 17 to the accompanying financial statements for the details of the accounting policies related to the

contract assets and revenue recognition. The Company recognizes contract assets and revenue at the end of each month based on progress towards completion. Since the abovementioned process involves estimates and manual controls, there is a risk that contract assets and revenue may not be recognized correctly. Thus, the Company's contract assets and revenue recognition were identified as key audit matters.

The audit procedures performed in respect of the above key audit matters included the following:

1. We obtained an understanding and tested the effectiveness of the design and implementation of key internal controls over contract assets and revenue recognition.
2. We obtained an understanding and evaluated the reasonableness of management's assumption and policy over contract assets and revenue recognition.
3. We sampled and verified the accuracy of the underlying data used in calculations for the percentage of completion.
4. We sampled and verified the accuracy of the contract assets and revenue recognition.

Responsibilities of Management and Those Charged with Governance for 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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shang-Chih Lin and Ming-Yuan Chung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 20, 2025

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

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

VISERA TECHNOLOGIES COMPANY LTD.

BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	2024		2023		LIABILITIES AND EQUITY	2024		2023	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Note 6)	\$ 13,422,209	54	\$ 12,467,450	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)	\$ 19,150	-	\$ 6	-
Contract assets - current (Notes 5, 17 and 25)	486,264	2	366,731	2	Contract liabilities - current (Note 17)	29,561	-	20,659	-
Accounts receivable, net (Notes 5 and 8)	1,078,870	4	793,091	3	Accounts payable	279,496	1	271,104	1
Accounts receivable from related parties (Notes 5, 8 and 25)	104,879	-	109,679	1	Accounts payable to related party (Note 25)	-	-	440	-
Other receivables	124,648	1	81,236	-	Lease liabilities - current (Notes 11, 22 and 25)	88,104	-	77,880	1
Other receivables from related parties (Note 25)	-	-	84	-	Accrued profit sharing bonus to employees and remuneration of directors (Note 18)	351,021	2	74,456	-
Current tax assets (Note 19)	48,410	-	44,238	-	Payables to equipment suppliers	203,332	1	510,147	2
Inventories (Note 9)	181,572	1	106,599	-	Current tax liabilities (Note 19)	316,014	1	-	-
Prepayments and other current assets (Note 25)	<u>112,671</u>	<u>1</u>	<u>89,510</u>	<u>-</u>	Long-term liabilities-current portion (Notes 13 and 22)	2,710,000	11	2,295,556	9
					Accrued expenses and other current liabilities (Notes 14, 17 and 25)	<u>704,292</u>	<u>3</u>	<u>677,769</u>	<u>3</u>
Total current assets	<u>15,559,523</u>	<u>63</u>	<u>14,078,469</u>	<u>56</u>	Total current liabilities	<u>4,700,970</u>	<u>19</u>	<u>3,928,017</u>	<u>16</u>
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Property, plant and equipment (Notes 5 and 10)	8,771,902	36	10,742,099	43	Long-term borrowings (Notes 13 and 22)	1,699,586	7	4,382,965	17
Right-of-use assets (Notes 11 and 25)	305,845	1	245,977	1	Deferred tax liabilities (Note 19)	43,844	-	28,107	-
Intangible assets (Note 12)	31,008	-	52,306	-	Lease liabilities - non-current (Notes 11, 22 and 25)	225,562	1	175,866	1
Deferred tax assets (Note 19)	44,998	-	33,052	-	Deferred revenue - non-current (Note 13)	1,247	-	27,868	-
Other non-current assets (Note 26)	<u>26,260</u>	<u>-</u>	<u>26,619</u>	<u>-</u>	Guarantee deposits (Notes 22 and 25)	<u>4,581</u>	<u>-</u>	<u>4,532</u>	<u>-</u>
					Total non-current liabilities	<u>1,974,820</u>	<u>8</u>	<u>4,619,338</u>	<u>18</u>
Total non-current assets	<u>9,180,013</u>	<u>37</u>	<u>11,100,053</u>	<u>44</u>	Total liabilities	<u>6,675,790</u>	<u>27</u>	<u>8,547,355</u>	<u>34</u>
					EQUITY (Note 16)				
					Capital stock	<u>3,173,081</u>	<u>13</u>	<u>3,165,671</u>	<u>13</u>
					Capital surplus	<u>7,313,629</u>	<u>29</u>	<u>7,310,640</u>	<u>29</u>
					Retained earnings				
					Appropriated as legal reserve	1,423,351	6	1,387,743	5
					Unappropriated earnings	<u>6,153,685</u>	<u>25</u>	<u>4,767,113</u>	<u>19</u>
						<u>7,577,036</u>	<u>31</u>	<u>6,154,856</u>	<u>24</u>
					Total equity	<u>18,063,746</u>	<u>73</u>	<u>16,631,167</u>	<u>66</u>
TOTAL	<u>\$ 24,739,536</u>	<u>100</u>	<u>\$ 25,178,522</u>	<u>100</u>	TOTAL	<u>\$ 24,739,536</u>	<u>100</u>	<u>\$ 25,178,522</u>	<u>100</u>

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)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 5, 17 and 25)	\$ 10,002,074	100	\$ 7,236,928	100
OPERATING COSTS (Notes 9, 18 and 25)	<u>6,952,993</u>	<u>70</u>	<u>6,022,582</u>	<u>83</u>
GROSS PROFIT	<u>3,049,081</u>	<u>30</u>	<u>1,214,346</u>	<u>17</u>
OPERATING EXPENSES (Notes 18 and 25)				
Sales and marketing	89,159	1	56,052	1
General and administrative	174,581	2	225,031	3
Research and development	<u>933,673</u>	<u>9</u>	<u>726,535</u>	<u>10</u>
Total operating expenses	<u>1,197,413</u>	<u>12</u>	<u>1,007,618</u>	<u>14</u>
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 10, 18 and 25)	<u>155,671</u>	<u>2</u>	<u>71,408</u>	<u>1</u>
PROFIT FROM OPERATIONS	<u>2,007,339</u>	<u>20</u>	<u>278,136</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 18 and 25)				
Interest income	200,822	2	169,008	2
Other income	1,517	-	596	-
Other gains and losses	(124,563)	(1)	(48,496)	(1)
Foreign exchange gain and loss, net	71,904	1	6,212	-
Finance costs	<u>(83,454)</u>	<u>(1)</u>	<u>(90,104)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>66,226</u>	<u>1</u>	<u>37,216</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	2,073,565	21	315,352	4
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 19)	<u>334,661</u>	<u>4</u>	<u>(40,728)</u>	<u>(1)</u>
NET INCOME	<u>1,738,904</u>	<u>17</u>	<u>356,080</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,738,904</u>	<u>17</u>	<u>\$ 356,080</u>	<u>5</u>
EARNINGS PER SHARE (Note 20)				
Basic earnings per share	<u>\$ 5.49</u>		<u>\$ 1.13</u>	
Diluted earnings per share	<u>\$ 5.45</u>		<u>\$ 1.12</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)**

	Capital Stock - Common Stock			Retained Earnings			
	Stock	Amount	Capital Surplus	Legal Reserve	Unappropriated Earnings	Total	Total Equity
	(In Thousands)						
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	-	-	-	-	(631,092)	(631,092)	(631,092)
Employee share options exercised	1,033	10,330	4,831	-	-	-	15,161
Donation from shareholders	-	-	108	-	-	-	108
Compensation cost of employee share options	-	-	748	-	-	-	748
Net profit and total comprehensive income for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,080</u>	<u>356,080</u>	<u>356,080</u>
BALANCE, DECEMBER 31, 2023	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	-	-	-	-	(316,724)	(316,724)	(316,724)
Employee share options exercised	741	7,410	2,750	-	-	-	10,160
Donation from shareholders	-	-	195	-	-	-	195
Compensation cost of employee share options	-	-	44	-	-	-	44
Net profit and total comprehensive income for the year ended December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,738,904</u>	<u>1,738,904</u>	<u>1,738,904</u>
BALANCE, DECEMBER 31, 2024	<u>317,308</u>	<u>\$ 3,173,081</u>	<u>\$ 7,313,629</u>	<u>\$ 1,423,351</u>	<u>\$ 6,153,685</u>	<u>\$ 7,577,036</u>	<u>\$ 18,063,746</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)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,073,565	\$ 315,352
Adjustments for:		
Depreciation expense	2,867,500	3,077,390
Amortization expense	26,792	26,771
Finance costs	83,454	90,104
Interest income	(200,822)	(169,008)
Compensation cost of employee share options	44	748
Gain on disposal of property, plant and equipment, net	(5)	-
Impairment loss recognized on property, plant and equipment	47,539	-
Foreign exchange loss (gain), net	4,571	(2,280)
Gain on lease modification	(231)	(3)
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	38,995	(8,667)
Contract assets	(119,533)	(52,632)
Accounts receivable, net	(285,779)	(141,789)
Receivables from related parties, net	4,800	3,141
Other receivables	(27,526)	2,374
Other receivables from related parties	84	4,173
Inventories	(74,973)	(21,371)
Prepayments and other current assets	(23,161)	(19,045)
Contract liabilities	8,902	11,574
Accounts payable	8,392	(31,133)
Payables to related parties, net	(440)	440
Accrued profit sharing bonus to employees and remuneration of directors	276,565	(281,943)
Accrued expenses and other current liabilities	26,976	28,254
Cash generated from operations	4,735,709	2,832,450
Income taxes paid	(19,028)	(172,507)
Net cash generated from operating activities	4,716,681	2,659,943
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(1,172,725)	(2,165,028)
Proceeds from disposal of property, plant and equipment	5	-
Increase in refundable deposits	(1,300)	(2,683)
Decrease in refundable deposits	521	423
Payments for intangible assets	(5,494)	(29,155)
Decrease (increase) in other non-current assets	1,138	(1,863)
Interest received	184,936	162,282
Net cash used in investing activities	(992,919)	(2,036,024)

(Continued)

VISERA TECHNOLOGIES COMPANY LTD.

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

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	\$ -	\$ 2,450,000
Repayments of long-term borrowings	(2,295,556)	(1,756,944)
Guarantee deposits received	-	472
Guarantee deposits refunded	-	(1,151)
Repayment of the principal portion of lease liabilities	(83,016)	(82,904)
Cash dividends	(316,724)	(631,092)
Employee share options exercised	10,160	15,161
Interest paid	(84,062)	(99,571)
Donation from shareholders	<u>195</u>	<u>108</u>
Net cash used in financing activities	<u>(2,769,003)</u>	<u>(105,921)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	954,759	517,998
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>12,467,450</u>	<u>11,949,452</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 13,422,209</u>	<u>\$ 12,467,450</u>

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

(Concluded)

VISERA TECHNOLOGIES COMPANY LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 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 Company’s board of directors on February 20, 2025.

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

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

The initial application of the 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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
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 Company 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

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

(Continued)

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

IFRS 18 “Presentation and Disclosure 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 discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as “other” only if it cannot find a more informative label.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

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.

Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within 12 months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current Liabilities Include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period; and
- c. Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

Foreign Currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in foreign currencies are not retranslated.

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made on an item-by-item basis, except where it may be appropriate to group similar or related items. Net realizable

value is the estimated selling price of inventories less all estimated costs of completion and necessary selling costs. Inventories are recorded at weighted-average cost on the balance sheet date.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment.

Properties, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Intangible Assets

a. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

b. Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Property, Plant and Equipment, Right-of-use Asset and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reverses, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment

loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial Assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Regular way purchases or sales of financial assets are recognized and derecognized on a trade date or settlement date basis for which financial assets were classified in the same way, respectively. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

1) Financial assets at FVTPL

Derivative financial instruments that do not meet the criteria for hedge accounting are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 24.

2) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, accounts receivable (including related parties) at amortized cost, other receivables (including related parties) and other non-current assets) are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b. Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), as well as contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable and contract assets. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default without taking into account any collateral held by the Company:

- 1) Internal or external information shows that the debtor is unlikely to pay its creditors.
- 2) Financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c. Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Equity Instruments

Equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial Liabilities

a. Subsequent measurement

Financial liabilities are subsequently measured either at amortized cost using effective interest method or at FVTPL.

Financial liabilities measured at FVTPL are derivative financial instruments that do not meet the criteria for hedge accounting, and they are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 24.

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

b. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative Financial Instruments

The Company enters into foreign exchange forward contracts to manage its exposure to foreign exchange rates.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Revenue Recognition

Revenue from manufacturing color filter and optical coating

The Company identifies contracts with customers and recognizes revenue when performance obligations are satisfied.

The manufacturing of color filter is according to the customized specifications agreed in the contractual agreement. The customers have obtained control over the products during manufacturing process. As such, revenue and contract assets are recognized over time. Revenue from manufacturing color filter is measured at the fair value of the consideration received or receivable, and is reduced for estimated customer returns, rebates and other similar allowances.

Provision for estimated sales returns and other allowances is generally made and adjusted based on historical experience and the consideration of varying contractual terms to recognize refund liabilities, which is classified under accrued expenses and other current liabilities.

In principle, the averaged payment terms granted to customers are 30 days to 90 days. Due to the short term nature of the receivables from color filter and optical coating manufacturing revenue with the immaterial discounted effect, the Company measures them at the original invoice amounts without discounting.

Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

a. The Company as lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the lease.

b. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of lease term modifications or other related factors. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, variable lease payments which depend on an index or a rate and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The lease payments are discounted using the lessee's incremental borrowing rates.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in future lease payments resulting from a change in an index or a rate used, or a change in the assessment of an option to purchase an underlying asset to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

Borrowing Costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government Grants

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

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise

acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Share-based Payment Arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issuing employee share options is the date on which the number of shares that the employees can purchase is confirmed.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each

reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 4, the 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.

Material Accounting Judgments

Revenue recognition

For every contract, the Company determines its performance obligations are satisfied over time based on the conditions in the contract and applicable regulations described in Note 4.

Key Sources of Estimation Uncertainty

a. Estimation of sales returns and allowances

Sales returns and other allowance is estimated and recorded based on historical experience and in consideration of different contractual terms. The amount is deducted from revenue in the same period the related revenue is recorded. The Company periodically reviews the reasonableness of the estimates.

b. Estimated impairment of trade receivables and contract assets

The provision for impairment of trade notes and accounts receivable is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's past experience, current market conditions as well as forward looking information at the end of each reporting period. Where the actual future cash flows are less than expected, a material impairment loss may arise.

c. Impairment of property, plant and equipment

In the process of evaluating the potential impairment of tangible assets, the Company determines the independent cash flows, useful lives, expected future revenue and expenses related to the specific asset groups. Any change in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Deposits in banks	\$ 13,422,199	\$ 12,457,462
Commercial paper	-	9,978
Petty cash	<u>10</u>	<u>10</u>
	<u>\$ 13,422,209</u>	<u>\$ 12,467,450</u>

The market rate intervals of cash in the bank at the end of the year were as follows:

	December 31	
	2024	2023
Bank balance	0.002%-4.30%	0.001%-5.79%

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

	December 31	
	2024	2023
<u>Financial assets</u>		
Mandatorily measured at FVTPL		
Derivative financial assets (not under hedge accounting)		
Forward exchange contracts	<u>\$ -</u>	<u>\$ 19,851</u>
<u>Financial liabilities</u>		
Held for trading		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	<u>\$ 19,150</u>	<u>\$ 6</u>

For the years ended December 31, 2024 and 2023, 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>December 31, 2024</u>		
Sell US\$/Buy NT\$	January 2025 to March 2025	US\$48,500/NT\$1,566,697
<u>December 31, 2023</u>		
Sell US\$/Buy NT\$	January 2024 to March 2024	US\$34,000/NT\$1,063,081

8. ACCOUNTS RECEIVABLE

	December 31	
	2024	2023
<u>At amortized cost</u>		
Accounts receivable from unrelated parties	\$ 1,079,233	\$ 793,437
Less: Allowance for impairment loss	<u>(363)</u>	<u>(346)</u>
	1,078,870	793,091
Accounts receivable from related parties	<u>104,879</u>	<u>109,679</u>
	<u>\$ 1,183,749</u>	<u>\$ 902,770</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

	December 31	
	2024	2023
Not past due	\$ 1,128,845	\$ 886,360
1-180 days	<u>54,904</u>	<u>16,410</u>
Total	<u>\$ 1,183,749</u>	<u>\$ 902,770</u>

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

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

	December 31	
	2024	2023
1-180 days	<u>\$ 54,904</u>	<u>\$ 16,410</u>

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

Movements of the loss allowance

	For the Year Ended December 31	
	2024	2023
Balance, beginning of year	\$ 346	\$ 277
Provision	<u>17</u>	<u>69</u>
Balance, end of year	<u>\$ 363</u>	<u>\$ 346</u>

For the years ended December 31, 2024 and 2023, the changes in loss allowance were mainly due to the variations in the book values of accounts receivable different risk levels.

9. INVENTORIES

	December 31	
	2024	2023
Raw materials	<u>\$ 181,572</u>	<u>\$ 106,599</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 Year Ended December 31	
	2024	2023
Inventory write-downs (reversed)	<u>\$ 853</u>	<u>\$ (854)</u>

10. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2024	2023
Assets used by the Company	\$ 8,570,233	\$ 10,701,965
Assets leased under operating leases	<u>201,669</u>	<u>40,134</u>
	<u>\$ 8,771,902</u>	<u>\$ 10,742,099</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	195,600	347,874	20,157	-	14,631	283,126	861,388
Transfers to assets leased under operating leases	(197,752)	-	-	-	-	-	(197,752)
Disposals	-	(2,064)	(31,750)	-	(70)	-	(33,884)
Reclassification	40,290	164,198	1,300	-	-	(205,788)	-
Balance at December 31, 2024	<u>\$ 8,174,628</u>	<u>\$ 18,426,819</u>	<u>\$ 329,041</u>	<u>\$ 3,562</u>	<u>\$ 185,251</u>	<u>\$ 283,125</u>	<u>\$ 27,402,426</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	626,043	2,053,903	55,910	560	25,780	-	2,762,196
Impairment loss recognized	47,539	-	-	-	-	-	47,539
Transfers to assets leased under operating leases	(14,367)	-	-	-	-	-	(14,367)
Disposals	-	(2,064)	(31,750)	-	(70)	-	(33,884)
Reclassification	-	-	-	-	-	-	-
Balance at December 31, 2024	<u>\$ 3,677,129</u>	<u>\$ 14,753,470</u>	<u>\$ 248,781</u>	<u>\$ 1,729</u>	<u>\$ 151,084</u>	<u>\$ -</u>	<u>\$ 18,832,193</u>
Carrying amount at December 31, 2024	<u>\$ 4,497,499</u>	<u>\$ 3,673,349</u>	<u>\$ 80,260</u>	<u>\$ 1,833</u>	<u>\$ 34,167</u>	<u>\$ 283,125</u>	<u>\$ 8,570,233</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	1,067,217	472,031	41,416	770	31,758	202,278	1,815,470
Transfers to assets leased under operating leases	(38,417)	-	-	-	-	-	(38,417)
Disposals	-	(1,994)	-	-	-	-	(1,994)
Reclassification	3,364,628	2,978,100	88,109	2,030	8,361	(6,441,228)	-
Balance at December 31, 2023	<u>\$ 8,136,490</u>	<u>\$ 17,916,811</u>	<u>\$ 339,334</u>	<u>\$ 3,562</u>	<u>\$ 170,690</u>	<u>\$ 205,787</u>	<u>\$ 26,772,674</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
Depreciation	538,275	2,367,854	50,708	407	34,704	-	2,991,948
Transfers to assets leased under operating leases	(1,214)	-	-	-	-	-	(1,214)
Disposals	-	(1,994)	-	-	-	-	(1,994)
Reclassification	-	-	-	-	-	-	-
Balance at December 31, 2023	<u>\$ 3,017,914</u>	<u>\$ 12,701,631</u>	<u>\$ 224,621</u>	<u>\$ 1,169</u>	<u>\$ 125,374</u>	<u>\$ -</u>	<u>\$ 16,070,709</u>
Carrying amount at December 31, 2023	<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>

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 years ended December 31, 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

	Buildings
<u>Cost</u>	
Balance at January 1, 2024	\$ 53,881
Additions	-
Transfers from assets used by the Company	<u>197,752</u>
Balance on December 31, 2024	<u>\$ 251,633</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2024	\$ 13,747
Depreciation	21,850
Transfers from assets used by the Company	<u>14,367</u>
Balance on December 31, 2024	<u>\$ 49,964</u>
Carrying amount at December 31, 2024	<u>\$ 201,669</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 15,464
Additions	-
Transfers from assets used by the Company	<u>38,417</u>
Balance on December 31, 2023	<u>\$ 53,881</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ 11,533
Depreciation	1,000
Transfers from assets used by the Company	<u>1,214</u>
Balance on December 31, 2023	<u>\$ 13,747</u>
Carrying amount at December 31, 2023	<u>\$ 40,134</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:

	<u>December 31</u>	
	2024	2023
Year 1	\$ 115,474	\$ 116,234
Year 2	95,650	115,474
Year 3	23,912	95,650
Year 4	<u>-</u>	<u>23,912</u>
	<u>\$ 235,036</u>	<u>\$ 351,270</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 years ended December 31, 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

	December 31	
	2024	2023
<u>Carrying amount</u>		
Land	\$ 146,875	\$ 182,215
Buildings	156,998	63,408
Transportation equipment	<u>1,972</u>	<u>354</u>
	<u>\$ 305,845</u>	<u>\$ 245,977</u>
	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 172,220</u>	<u>\$ 30,983</u>
Depreciation charge for right-of-use assets		
Land	\$ 13,017	\$ 14,158
Buildings	69,688	69,576
Transportation equipment	<u>749</u>	<u>708</u>
	<u>\$ 83,454</u>	<u>\$ 84,442</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 years ended December 31, 2024 and 2023.

b. Lease liabilities

	December 31	
	2024	2023
<u>Carrying amount</u>		
Current	\$ 88,104	\$ 77,880
Non-current	<u>225,562</u>	<u>175,866</u>
	<u>\$ 313,666</u>	<u>\$ 253,746</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2024	2023
Land	1.36%-2.02%	1.36%-2.05%
Buildings	2.28%	1.73%
Transportation equipment	2.20%	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 the leases 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 Year Ended December 31	
	2024	2023
Expenses relating to low-value asset leases	\$ <u>4</u>	\$ <u>4</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ <u>11,674</u>	\$ <u>11,100</u>
Total cash outflow for leases	\$ <u>97,979</u>	\$ <u>99,121</u>

12. INTANGIBLE ASSETS

	For the Year Ended December 31	
	2024	2023
Computer software	\$ 31,008	\$ 52,306
Technology license fees	-	-
Technical expertise	<u>-</u>	<u>-</u>
	\$ <u>31,008</u>	\$ <u>52,306</u>

	Technology License Fee	Technical Expertise	Computer Software	Total
<u>Cost</u>				
Balance at January 1, 2024	\$ 114,930	\$ 102,000	\$ 240,223	\$ 457,153
Additions	-	-	5,494	5,494
Disposals	<u>(32,460)</u>	<u>(102,000)</u>	<u>(18,342)</u>	<u>(152,802)</u>
Balance at December 31, 2024	\$ <u>82,470</u>	\$ <u>-</u>	\$ <u>227,375</u>	\$ <u>309,845</u>

(Continued)

	Technology License Fee	Technical Expertise	Computer Software	Total
<u>Accumulated amortization</u>				
Balance at January 1, 2024	\$ 114,930	\$ 102,000	\$ 187,917	\$ 404,847
Additions	-	-	26,792	26,792
Disposals	<u>(32,460)</u>	<u>(102,000)</u>	<u>(18,342)</u>	<u>(152,802)</u>
Balance at December 31, 2024	<u>\$ 82,470</u>	<u>\$ -</u>	<u>\$ 196,367</u>	<u>\$ 278,837</u>
Carrying amount at December 31, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,008</u>	<u>\$ 31,008</u>

Cost

Balance at January 1, 2023	\$ 114,930	\$ 102,000	\$ 211,068	\$ 427,998
Additions	<u>-</u>	<u>-</u>	<u>29,155</u>	<u>29,155</u>
Balance at December 31, 2023	<u>\$ 114,930</u>	<u>\$ 102,000</u>	<u>\$ 240,223</u>	<u>\$ 457,153</u>

Accumulated amortization

Balance at January 1, 2023	\$ 114,930	\$ 102,000	\$ 161,146	\$ 378,076
Additions	<u>-</u>	<u>-</u>	<u>26,771</u>	<u>26,771</u>
Balance at December 31, 2023	<u>\$ 114,930</u>	<u>\$ 102,000</u>	<u>\$ 187,917</u>	<u>\$ 404,847</u>
Carrying amount at December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,306</u>	<u>\$ 52,306</u> (Concluded)

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

	December 31	
	2024	2023
<u>Unsecured borrowings</u>		
Bank loans	\$ 4,410,833	\$ 6,706,389
Less: Discounts on government grants	(1,247)	(27,868)
Less: Current portion	<u>(2,710,000)</u>	<u>(2,295,556)</u>
	<u>\$ 1,699,586</u>	<u>\$ 4,382,965</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 December 31, 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 of 0.9%, 1.15%, 1.4% and 1.525%, 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 treated as the benefit derived from the preferential interest rate loan and had been recognized as deferred revenue. The revenue, which was offset against interest expense on a monthly basis over the loan period. The amounts offset against interest expense were \$26,621 thousand and \$25,583 thousand for the years ended December 31, 2024 and 2023, respectively.

Under the bank loan agreement, the Company has to meet certain financial covenants. As of December 31, 2024, such financial covenants were not breached.

14. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31	
	2024	2023
<u>Current</u>		
Accrued expenses		
Payables for salaries and bonuses	\$ 298,917	\$ 260,253
Utilities payables	57,894	45,495
Insurance payables	54,214	44,180
Others	<u>209,842</u>	<u>291,033</u>
	<u>620,867</u>	<u>640,961</u>
Other current liabilities		
Refund liabilities	77,299	19,463
Others	<u>6,126</u>	<u>17,345</u>
	<u>83,425</u>	<u>36,808</u>
	<u>\$ 704,292</u>	<u>\$ 677,769</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

	December 31	
	2024	2023
Authorized stock (in thousands)	400,000	400,000
Authorized capital	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Issued and paid stock (in thousands)	317,308	316,567
Issued capital	<u>\$ 3,173,081</u>	<u>\$ 3,165,671</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

	December 31	
	2024	2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)		
Issuance of ordinary shares	\$ 7,245,996	\$ 7,243,246
Employee share options exercised	52,101	49,178
Donations	12,893	12,893
<u>May only be used to offset a deficit</u>		
Donations - unclaimed dividends	1,127	932
<u>May not be used for any purpose</u>		
Compensation cost of employee share options	<u>1,512</u>	<u>4,391</u>
	<u>\$ 7,313,629</u>	<u>\$ 7,310,640</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 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 and dividends per share for 2023 and 2022, which were proposed and resolved in the shareholders' meeting on May 22, 2024 and May 24, 2023, respectively, were as follows:

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

The appropriations of earnings for 2024 proposed by the Company's board of directors on February 20, 2025, were as follows:

	The Appropriation of Earnings	Cash Dividends Per Share (NT\$)
Legal reserve	\$ 173,890	
Cash dividends	952,023	\$ 3.0

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. The appropriation of earnings for 2024 is subject to the resolution of the shareholders in the shareholders' meeting to be held on May 22, 2025.

d. Restricted share plan for employees

On November 1, 2024, the Company's board of directors approved the issuance of RSAs for the year 2025 of no more than 850 thousand common shares. The grants will be made free of charge. The actual number of shares to be issued will be resolved by the board of directors after the RSAs is approved in the shareholders' meeting and by the competent authority.

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 Year Ended December 31	
	2024	2023
Image Sensors	\$ 6,743,515	\$ 3,016,018
Micro-Optical Elements	3,036,810	4,084,759
Others	<u>221,749</u>	<u>136,151</u>
	<u>\$ 10,002,074</u>	<u>\$ 7,236,928</u>

Region	For the Year Ended December 31	
	2024	2023
Asia	\$ 8,839,327	\$ 6,187,301
Taiwan	1,093,594	980,607
United States	49,859	52,161
Europe	<u>19,294</u>	<u>16,859</u>
	<u>\$ 10,002,074</u>	<u>\$ 7,236,928</u>

Application	For the Year Ended December 31	
	2024	2023
Mobile	\$ 8,173,703	\$ 6,147,820
Automotive	1,116,641	690,983
Security	<u>711,730</u>	<u>398,125</u>
	<u>\$ 10,002,074</u>	<u>\$ 7,236,928</u>

c. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Contract assets	<u>\$ 486,264</u>	<u>\$ 366,731</u>	<u>\$ 314,099</u>
Contract liabilities	<u>\$ 29,561</u>	<u>\$ 20,659</u>	<u>\$ 9,085</u>

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

Revenue recognized for the years ended December 31, 2024 and 2023 from the balance of contract liabilities at the beginning of the year amounted to \$17,271 thousand and \$5,946 thousand, 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 \$129,159 thousand and \$(4,455) thousand for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, the aforementioned refund liabilities amounted to \$77,299 thousand and \$19,463 thousand, respectively, which were classified under accrued expenses and other current liabilities.

18. NET PROFIT

a. Other operating income and expenses

	For the Year Ended December 31	
	2024	2023
Rental income - related party	\$ 212,227	\$ 73,622
Compensation income	43,453	-
Impairment loss	(47,539)	-
Others	<u>(52,470)</u>	<u>(2,214)</u>
	<u>\$ 155,671</u>	<u>\$ 71,408</u>

b. Interest income

	For the Year Ended December 31	
	2024	2023
Bank deposits	<u>\$ 200,822</u>	<u>\$ 169,008</u>

c. Other gains and losses

	For the Year Ended December 31	
	2024	2023
Loss on financial instruments at FVTPL net	\$ (123,658)	\$ (47,483)
Others	<u>(905)</u>	<u>(1,013)</u>
	<u>\$ (124,563)</u>	<u>\$ (48,496)</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 2,588,917	\$ 2,924,331
Operating expenses	256,733	150,845
Other operating income and expenses	<u>21,850</u>	<u>2,214</u>
	<u>\$ 2,867,500</u>	<u>\$ 3,077,390</u>
An analysis of amortization by function		
Operating costs	\$ 22,990	\$ 21,097
Operating expenses	<u>3,802</u>	<u>5,674</u>
	<u>\$ 26,792</u>	<u>\$ 26,771</u>

e. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest expense		
Bank loans	\$ 79,589	\$ 94,969
Interest on lease liabilities	3,810	5,113
Others	<u>55</u>	<u>52</u>
	83,454	100,134
Less: Amounts included in the cost of qualifying assets	<u>-</u>	<u>(10,030)</u>
	<u>\$ 83,454</u>	<u>\$ 90,104</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2024	2023
Capitalized interest amount	\$ -	\$ 10,030
Capitalized rate	-	1.17%-1.24%

f. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Post-employment benefits (Note 15)		
Defined contribution plan	\$ 68,711	\$ 64,681
Share-based payments		
Equity-settled	44	748
Other employee benefits	<u>2,322,434</u>	<u>1,725,250</u>
Total employee benefits expense	<u>\$ 2,391,189</u>	<u>\$ 1,790,679</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,791,555	\$ 1,315,322
Operating expenses	595,592	475,357
Other operating income and expenses	<u>4,042</u>	<u>-</u>
	<u>\$ 2,391,189</u>	<u>\$ 1,790,679</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 are as follows:

	For the Year Ended December 31	
	2024	2023
Compensation of employees	\$ 347,781	\$ 71,216
Remuneration of directors	<u>\$ 3,240</u>	<u>\$ 3,240</u>

The appropriations of employees' compensation and remuneration of directors for 2024 and 2023 that were resolved by the board of directors on February 20, 2025 and February 21, 2024, respectively, are \$347,781 thousand and \$71,216 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, 2024 and 2023.

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 Year Ended December 31	
	2024	2023
Foreign exchange gains	\$ 147,946	\$ 88,452
Foreign exchange losses	<u>(76,042)</u>	<u>(82,240)</u>
	<u>\$ 71,904</u>	<u>\$ 6,212</u>

19. INCOME TAX

a. Income tax (benefit) expense consisted of the following:

	For the Year Ended December 31	
	2024	2023
Current income tax		
In respect of the current year	\$ 334,492	\$ 39,348
Income tax adjustments on prior years	(3,623)	(60,834)
Deferred tax		
In respect of the current year	(7,220)	(163)
Investment tax credits	<u>11,012</u>	<u>(19,079)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 334,661</u>	<u>\$ (40,728)</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss is as follows:

	For the Year Ended December 31	
	2024	2023
Profit before tax	<u>\$ 2,073,565</u>	<u>\$ 315,352</u>
Income tax expense calculated at the statutory rate	\$ 414,713	\$ 63,070
Investment tax credits	(76,429)	(42,964)
Tax effect of adjusting items:		
Income tax expense adjustments on prior years	<u>(3,623)</u>	<u>(60,834)</u>
Income tax expense recognized in profit or loss	<u>\$ 334,661</u>	<u>\$ (40,728)</u>

b. Current tax assets and liabilities

	For the Year Ended December 31	
	2024	2023
Current tax assets		
Tax refund receivable	\$ 48,410	\$ 44,238
Current tax liabilities		
Income tax payable	\$ 316,014	\$ -

c. Deferred tax assets and deferred tax liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2024

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Investment tax credits	\$ 19,079	\$ (11,012)	\$ 8,067
Refund liabilities	3,893	11,567	15,460
Property, plant and equipment temporary differences	3,821	(213)	3,608
Others	<u>6,259</u>	<u>11,604</u>	<u>17,863</u>
	<u>\$ 33,052</u>	<u>\$ 11,946</u>	<u>\$ 44,998</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
Revenue	\$ 22,154	\$ 10,451	\$ 32,605
Others	<u>5,953</u>	<u>5,286</u>	<u>11,239</u>
	<u>\$ 28,107</u>	<u>\$ 15,737</u>	<u>\$ 43,844</u>

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Investment tax credits	\$ -	\$ 19,079	\$ 19,079
Refund liabilities	7,911	(4,018)	3,893
Property, plant and equipment temporary differences	4,597	(776)	3,821
Others	<u>5,448</u>	<u>811</u>	<u>6,259</u>
	<u>\$ 17,956</u>	<u>\$ 15,096</u>	<u>\$ 33,052</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
Revenue	\$ 30,017	\$ (7,863)	\$ 22,154
Others	<u>2,236</u>	<u>3,717</u>	<u>5,953</u>
	<u>\$ 32,253</u>	<u>\$ (4,146)</u>	<u>\$ 28,107</u>

d. Income tax examination

The tax authorities have examined income tax returns of the Company through 2022.

20. EARNINGS PER SHARE

	For the Year Ended December 31		
	2024	2023	
Basic earnings per share	<u>\$ 5.49</u>	<u>\$ 1.13</u>	
Diluted earnings per share	<u>\$ 5.45</u>	<u>\$ 1.12</u>	
Earnings per share is computed as follows:			
	Amounts (Numerator)	Number of Stocks (Denominator) (In Thousands)	Earnings Per Share (NT\$)
<u>For the year ended December 31, 2024</u>			
Basic EPS			
Net income	\$ 1,738,904	316,975	<u>\$ 5.49</u>
Effect of potentially dilutive common stock	<u>-</u>	<u>1,844</u>	
Diluted EPS			
Net income available to common shareholders plus effect of potentially dilutive common stock	<u>\$ 1,738,904</u>	<u>318,819</u>	<u>\$ 5.45</u>
<u>For the year ended December 31, 2023</u>			
Basic EPS			
Net income	\$ 356,080	316,016	<u>\$ 1.13</u>
Effect of potentially dilutive common stock	<u>-</u>	<u>2,067</u>	
Diluted EPS			
Net income available to common shareholders plus effect of potentially dilutive common stock	<u>\$ 356,080</u>	<u>318,083</u>	<u>\$ 1.12</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 Year Ended December 31			
	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	(741)	13.71	(1,033)	14.68
Options forfeited	<u>-</u>	-	<u>(6)</u>	-
Balance at December 31	<u>361</u>		<u>1,102</u>	
Options exercisable, end of the year	<u>361</u>		<u>1,029</u>	

The weighted-average share price on the exercise date of the share options for the year ended December 31, 2024 was \$290.32.

Information on outstanding options was as follows:

	December 31	
	2024	2023
Range of exercise price (\$)	\$ 13.1	\$ 14.1
Weighted-average remaining contractual life (in years)	0.59	1.59

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 yields	-	-	-
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 \$44 thousand and \$748 thousand for the years ended December 31, 2024 and 2023, respectively.

22. CASH FLOW INFORMATION

a. Non-cash transactions

	For the Years Ended December 31	
	2024	2023
Additions of property, plant and equipment	\$ 861,388	\$ 1,815,470
Less: Amounts included in the cost of qualifying assets	-	(10,030)
Changes in payables for purchases of equipment	<u>311,337</u>	<u>359,588</u>
Payments for acquisition of property, plant and equipment	<u>\$ 1,172,725</u>	<u>\$ 2,165,028</u>

b. Reconciliation of liabilities arising from financing activities

	Balance as of January 1, 2024	Financing Cash Flow	Non-cash changes			Balance as of December 31, 2024
			Foreign Exchange Movement	Leases Modifications	Other Changes (Note)	
Guarantee deposits	\$ 4,532	\$ -	\$ 49	\$ -	\$ -	\$ 4,581
Lease liabilities	253,746	(86,981)	-	140,724	6,177	313,666
Long-term borrowings	<u>6,678,521</u>	<u>(2,295,556)</u>	<u>-</u>	<u>-</u>	<u>26,621</u>	<u>4,409,586</u>
Total	<u>\$ 6,936,799</u>	<u>\$ (2,382,537)</u>	<u>\$ 49</u>	<u>\$ 140,724</u>	<u>\$ 32,798</u>	<u>\$ 4,727,833</u>

	Balance as of January 1, 2023	Financing Cash Flow	Non-cash changes			Balance as of December 31, 2023
			Foreign Exchange Movement	Leases Modifications	Other Changes (Note)	
Guarantee deposits	\$ 5,259	\$ (679)	\$ (48)	\$ -	\$ -	\$ 4,532
Lease liabilities	318,640	(88,017)	-	(12,973)	36,096	253,746
Long-term borrowings	<u>5,973,936</u>	<u>693,056</u>	<u>-</u>	<u>-</u>	<u>11,529</u>	<u>6,678,521</u>
Total	<u>\$ 6,297,835</u>	<u>\$ 604,360</u>	<u>\$ (48)</u>	<u>\$ (12,973)</u>	<u>\$ 47,625</u>	<u>\$ 6,936,799</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

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 19,150</u>	<u>\$ -</u>	<u>\$ 19,150</u>

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

There were no transfers between Levels 1 and 2 for the years ended December 31, 2024 and 2023.

The Company did not acquire or dispose of financial assets measured at fair value in Level 3 for the years ended December 31, 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

	<u>December 31</u>	
	2024	2023
<u>Financial assets</u>		
FVTPL		
Held for trading	\$ -	\$ 19,851
Amortized cost (1)	14,713,413	13,478,159
<u>Financial liabilities</u>		
FVTPL		
Held for trading	19,150	6
Amortized cost (2)	5,225,071	7,862,798

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 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 will decrease by \$78,954 thousand and \$52,510 thousand in 2024 and 2023, 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:

	December 31	
	2024	2023
Fair value interest rate risk		
Financial assets	\$ 12,789,562	\$ 12,408,861
Cash flow interest rate risk		
Financial assets	653,672	80,752
Financial liabilities	4,409,586	6,678,521

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 rates increase by 1% and all other variables were held constant, the Company's net profit before income tax for the years ended December 31, 2024 and 2023 will decreased by \$37,559 thousand and increased by \$65,978 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 December 31, 2024 and 2023, the Company's five largest customers accounted for 92% and 88% 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.

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 352,915	\$ 200,755	\$ 218,725	\$ 4,581
Lease liabilities	7,761	15,522	69,848	241,069
Long-term borrowings	<u>245,221</u>	<u>489,190</u>	<u>2,021,788</u>	<u>1,723,578</u>
	<u>\$ 605,897</u>	<u>\$ 705,467</u>	<u>\$ 2,310,361</u>	<u>\$ 1,969,228</u>

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+Years
<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>

Additional information about the maturity analysis for financial liabilities:

December 31, 2024

	Less than 5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Non-interest bearing	\$ 776,976	\$ -	\$ -	\$ -	\$ -
Lease liabilities	\$ 238,124	\$ 73,067	\$ 16,435	\$ 6,574	\$ -
Long-term borrowings	<u>\$ 4,479,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

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

December 31, 2024

	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	\$ 756,487	\$ 810,210	\$ -	\$ -	\$ -
Outflows	<u>(770,048)</u>	<u>(819,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (13,561)</u>	<u>\$ (8,990)</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>

25. TRANSACTIONS WITH RELATED PARTIES

The Company's parent company is Taiwan Semiconductor Manufacturing Company (TSMC), which held 67.32% and 67.48% of the ordinary shares of the Company on December 31, 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>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Xintec	\$ 668,021	\$ 639,326
Others	<u>1,694</u>	<u>749</u>
	<u>\$ 669,715</u>	<u>\$ 640,075</u>

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
<u>For manufacturing</u>		
TSMC	\$ <u>463</u>	\$ <u>3,727</u>

d. Rental income

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
GUC	\$ 68,938	\$ 54,323
TSMC	<u>840</u>	<u>3,358</u>
	\$ <u>69,778</u>	\$ <u>57,681</u>

e. Interest expense

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Xintec	\$ 818	\$ 1,705
Others	<u>56</u>	<u>52</u>
	\$ <u>874</u>	\$ <u>1,757</u>

f. Contract assets

Related Party Category/Name	December 31	
	2024	2023
Xintec	\$ <u>2,318</u>	\$ <u>670</u>

g. Receivables from related parties

Related Party Category/Name	December 31	
	2024	2023
Xintec	\$ 104,765	\$ 109,632
Others	<u>114</u>	<u>47</u>
	\$ <u>104,879</u>	\$ <u>109,679</u>

h. Other Receivables

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

i. Payables to related parties

Related Party Category/Name	December 31	
	2024	2023
TSMC	\$ <u>-</u>	\$ <u>440</u>

j. Accrued expenses and other current liabilities

Related Party Category/Name	December 31	
	2024	2023
TSMC	\$ 763	\$ 385
Others	<u>-</u>	<u>73</u>
	\$ <u>763</u>	\$ <u>458</u>

k. Prepayments

Related Party Category/Name	December 31	
	2024	2023
TSMC	\$ <u>748</u>	\$ <u>1,870</u>

l. Lease arrangements

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

The Company leases plant and offices from related parties. The lease terms are determined by agreement between the parties, and 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.

Line Item	Related Party Category/Name	December 31	
		2024	2023
Lease liabilities	Xintec	\$ <u>157,145</u>	\$ <u>64,051</u>

Related Party Category/Name	For the Year Ended December 31	
	2024	2023

Interest expense

Xintec	\$ <u>818</u>	\$ <u>1,705</u>
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Lease expense

Xintec	\$ <u>11,674</u>	\$ <u>11,100</u>
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m. Deposit guarantee

Related Party Category/Name	December 31	
	2024	2023
GUC	\$ 3,304	\$ 3,304
Others	<u>6</u>	<u>6</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 years ended December 31, 2024 and 2023, no impairment loss was recognized for contract assets from related parties.

n. Others

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
<u>Manufacturing expenses</u>		
Xintec	\$ 11,674	\$ 11,100
TSMC	<u>2,393</u>	<u>1,040</u>
	<u>\$ 14,067</u>	<u>\$ 12,140</u>
<u>Research and development</u>		
TSMC	<u>\$ 2,627</u>	<u>\$ 5,594</u>
<u>General and administrative</u>		
TSMC	<u>\$ 186</u>	<u>\$ 56</u>

o. Compensation of key management personnel

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

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 72,264	\$ 48,584
Post-employment benefits	<u>675</u>	<u>805</u>
	<u>\$ 72,939</u>	<u>\$ 49,389</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 December 31, 2024 and 2023, the Company provided certificates of deposits amounting to \$21,036 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 December 31, 2024 and 2023 were as follows:

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:

December 31, 2024

	Foreign Currencies (In Thousands)	Exchange Rate (Note)
<u>Financial assets</u>		
Monetary items		
USD	\$ 53,787	32.768
JPY	103,841	0.2092
EUR	12	34.102
CHF	2	36.310

Financial liabilities

Monetary items		
USD	5,635	32.768
JPY	99,647	0.2092
EUR	4	34.102

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

Financial liabilities

Monetary items		
USD	5,530	30.747
JPY	104,007	0.2192
EUR	93	34.175

Note: Please refer to Note 18 for foreign exchange gain and loss for the years ended December 31, 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

a. Operating segments, segment revenue and operating results

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.

b. Geographical information of operating revenue is as follows:

	For the Year Ended December 31	
	2024	2023
Asia	\$ 8,839,327	\$ 6,187,301
Taiwan	1,093,594	980,607
United States	49,859	52,161
Europe	<u>19,294</u>	<u>16,859</u>
	<u>\$ 10,002,074</u>	<u>\$ 7,236,928</u>

The Company's revenue by geography is computed based on the recipient's region and its non-current assets are all located in Taiwan. Hence, it is not required to disclose information about non-current assets.

c. Revenue from major products and services

	For the Year Ended December 31	
	2024	2023
Image Sensor	\$ 6,743,515	\$ 3,016,018
Micro-Optical Elements	3,036,810	4,084,759
Others	<u>221,749</u>	<u>136,151</u>
	<u>\$ 10,002,074</u>	<u>\$ 7,236,928</u>

d. Information about major customers

Major customers representing at least 10% of net revenue:

	For the Year Ended December 31			
	2024		2023	
	Amount	%	Amount	%
Customer B	\$ 3,045,385	30	\$ 1,583,456	22
Customer A	2,177,606	22	3,273,114	45
Customer C	1,922,673	19	886,781	12
Customer D	1,537,221	15	286,760	4

30. ADDITIONAL DISCLOSURES

a. 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 YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

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	\$ 668,021	7	60 days after monthly closing	Note 25	Note 25	\$ 104,765	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
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified 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	\$ 104,765	6.23	\$ -	-	\$ -	\$ -

TABLE 3

VISERA TECHNOLOGIES COMPANY LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
TSMC	213,619,000	67.32%

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STATEMENT 1**VISERA TECHNOLOGIES COMPANY LTD.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Description	Amount
Cash		
Petty cash		\$ 10
Cash in banks		
Checking accounts and demand deposits		34,750
Foreign currency deposits	Including US\$17,647 thousand at US\$32.768:NT\$1, JPY103,841 thousand at JPY0.2092:NT\$1, and EUR12 thousand at EUR34.102:NT\$1.etc	600,449
Time deposits (Note)	Including NT\$12,787,000	<u>12,787,000</u>
		<u>\$ 13,422,209</u>

Note: The deposits matured by the end of December 2025 consecutively, and the annual interest rates were 1.45%-1.75%.

VISERA TECHNOLOGIES COMPANY LTD.**STATEMENT OF ACCOUNTS RECEIVABLE, NET****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Customer B	\$ 363,008
Customer C	277,007
Customer D	180,478
Customer A	169,997
Others (Note)	<u>88,743</u>
	1,079,233
Less: Loss allowance	<u>(363)</u>
Total	<u>\$ 1,078,870</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

VISERA TECHNOLOGIES COMPANY LTD.

STATEMENT OF RECEIVABLES FROM RELATED PARTIES, NET

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Xintec Inc.	\$ 104,765
Others (Note)	<u>114</u>
	<u>\$ 104,879</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

VISERA TECHNOLOGIES COMPANY LTD.

STATEMENT OF INVENTORIES

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

	Amount	
	Cost	Market Price (Note)
Raw materials	<u>\$ 181,572</u>	<u>\$ 181,572</u>

Note: Market value is based on the net realizable value.

VISERA TECHNOLOGIES COMPANY LTD.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2024

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

	Land	Buildings	Transportation Equipment	Total
<u>Cost</u>				
Balance at January 1, 2024	\$ 246,141	\$ 392,728	\$ 2,124	\$ 640,993
Additions	-	-	2,367	2,367
Disposals	-	-	(2,124)	(2,124)
Lease modification	<u>(23,602)</u>	<u>163,278</u>	<u>-</u>	<u>139,676</u>
Balance at December 31, 2024	<u>222,539</u>	<u>556,006</u>	<u>2,367</u>	<u>780,912</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2024	63,926	329,320	1,770	395,016
Depreciation	13,017	69,688	749	83,454
Disposals	-	-	(2,124)	(2,124)
Lease modification	<u>(1,279)</u>	<u>-</u>	<u>-</u>	<u>(1,279)</u>
Balance at December 31, 2024	<u>75,664</u>	<u>399,008</u>	<u>395</u>	<u>475,067</u>
Carrying amount at December 31, 2024	<u>\$ 146,875</u>	<u>\$ 156,998</u>	<u>\$ 1,972</u>	<u>\$ 305,845</u>

VISERA TECHNOLOGIES COMPANY LTD.**STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Vendor A	\$ 90,241
Vendor B	21,444
Vendor C	19,000
Others (Note)	<u>148,811</u>
Total	<u>\$ 279,496</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

VISERA TECHNOLOGIES COMPANY LTD.**STATEMENT OF PAYABLES TO CONTRACTORS AND EQUIPMENT SUPPLIERS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Vendor D	\$ 50,147
Vendor E	27,525
Vendor F	23,072
Vendor G	18,160
Vendor H	11,469
Vendor I	10,784
Others (Note)	<u>62,175</u>
Total	<u>\$ 203,332</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

VISERA TECHNOLOGIES COMPANY LTD.

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Bank	Description	Borrowing Amount End of Year	Contract Period (Note)	Range of Interest Rates (%)	Collateral
E. Sun Bank	Unsecured borrowing	\$ 500,000	2020/09-2025/09	0.40-1.275	Nil
Taipei Fubon Bank	Unsecured borrowing	1,545,556	2021/02-2027/05	0.60-1.475	Nil
Far Eastern Int'l Bank	Unsecured borrowing	631,944	2021/02-2026/01	0.60-1.475	Nil
Mega International Commercial Bank	Unsecured borrowing	<u>1,733,333</u>	2021/09-2027/12	0.60-1.775	Nil
		4,410,833			
Less: Current portion		(2,710,000)			
Long-term deferred revenue		<u>(1,247)</u>			
		<u>\$ 1,699,586</u>			

Note: The earliest borrowing date and the last maturity date of multiple drawdowns.

VISERA TECHNOLOGIES COMPANY LTD.**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Description	Lease Term	Discount Rate (%)	Balance, End of Year
Land	Mainly for the use of plants and offices	10 to 17 years	1.36-2.02	\$ 154,537
Buildings	Mainly for the use of facilities	2 years	2.28	157,145
Transportation equipment	For operation use	3 years	2.20	<u>1,984</u>
				313,666
Less: Current portion				<u>(88,104)</u>
Non-current portion				<u>\$ 225,562</u>

VISERA TECHNOLOGIES COMPANY LTD.**STATEMENT OF OPERATING REVENUES****FOR THE YEAR ENDED DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Shipments (Piece)	Amount
Image sensor	1,740 thousand pieces of 8-inch wafer	\$ 6,743,515
Micro-optical elements	207 thousand pieces of 8-inch wafer	3,036,810
Others		<u>221,749</u>
Net revenue		<u>\$ 10,002,074</u>

VISERA TECHNOLOGIES COMPANY LTD.**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials, beginning of year	\$ 108,788
Raw materials purchased	1,456,755
Raw materials scrapped	(786)
Transferred to manufacturing or operating expenses	(27,630)
Others	62
Raw materials, end of year	<u>(184,614)</u>
Raw materials used	1,352,575
Direct labor	368,128
Manufacturing expenses	<u>5,231,799</u>
Manufacturing costs	6,952,502
Material requisition for research and development use	<u>-</u>
Cost of finished goods	<u>6,952,502</u>
Cost of production and marketing	6,952,502
Inventory write-downs	8,444
Others	<u>(7,953)</u>
Total	<u>\$ 6,952,993</u>

VISERA TECHNOLOGIES COMPANY LTD.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Sales and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Payroll and bonus	\$ 78,695	\$ 92,376	\$ 416,481
Depreciation expense	-	4,047	252,686
Research and development expense	-	-	145,849
Water/electricity bill	-	1,581	19,460
Management fees of the Science Park Administration	-	18,326	-
Others (Note)	<u>10,464</u>	<u>58,251</u>	<u>99,197</u>
Total	<u>\$ 89,159</u>	<u>\$ 174,581</u>	<u>\$ 933,673</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

VISERA TECHNOLOGIES COMPANY LTD.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2024				For the Year Ended December 31, 2023			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Other Operating Income and Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Other Operating Income and Expenses	Total
Labor cost								
Salary and bonus	\$ 1,530,296	\$ 515,756	\$ 3,500	\$ 2,049,552	\$ 1,109,148	\$ 403,476	\$ -	\$ 1,512,624
Labor and health insurance	119,143	31,803	251	151,197	103,121	31,686	-	134,807
Pension	52,120	16,463	128	68,711	47,282	17,399	-	64,681
Director's compensation	-	8,040	-	8,040	-	7,566	-	7,566
Others	89,996	23,530	163	113,689	55,771	15,230	-	71,001
	<u>\$ 1,791,555</u>	<u>\$ 595,592</u>	<u>\$ 4,042</u>	<u>\$ 2,391,189</u>	<u>\$ 1,315,322</u>	<u>\$ 475,357</u>	<u>\$ -</u>	<u>\$ 1,790,679</u>
Depreciation	<u>\$ 2,588,917</u>	<u>\$ 256,733</u>	<u>\$ 21,850</u>	<u>\$ 2,867,500</u>	<u>\$ 2,924,331</u>	<u>\$ 150,845</u>	<u>\$ 2,214</u>	<u>\$ 3,077,390</u>
Amortization	<u>\$ 22,990</u>	<u>\$ 3,802</u>	<u>\$ -</u>	<u>\$ 26,792</u>	<u>\$ 21,097</u>	<u>\$ 5,674</u>	<u>\$ -</u>	<u>\$ 26,771</u>

Note 1: For the years ended December 31, 2024 and 2023, the Company had 1,534 and 1,427 employees, respectively. There were 6 and 6 non-employee directors, respectively.

Note 2: Average labor costs for the years ended December 31, 2024 and 2023 were \$1,560 thousand and \$1,255 thousand, respectively.

Note 3: Average salaries and bonuses for the years ended December 31, 2024 and 2023 were \$1,341 thousand and \$1,064 thousand, respectively. The average salary and bonus increased by 26% year over year.

Note 4: The Company did not have any remuneration of supervisors for the years ended December 31, 2024 and 2023. The Company has established Audit Committee on March 4, 2021, and the remuneration of independent directors has been incorporated into the remuneration to directors.

Note 5: The Company's compensation policies: The Company's employees are entitled to a comprehensive compensation and benefits program above the industry average. The compensation program includes a monthly salary, business performance bonuses based on quarterly business results, and a profit sharing bonus based on annual profits. The Company determines the amount of the business performance bonus and profit sharing based on operating results and industry practice in the R.O.C. The amount and distribution of the bonus and profit sharing are recommended by the Compensation Committee to the board of directors for approval. Individual rewards are based on each employee's job responsibility, contribution and performance.

Note 6: The total compensation paid to the executive officers is decided based on their job responsibility, contribution, company performance and projected future risks the Company will face. It is reviewed by the Compensation Committee then submitted to the board of directors for approval.

Note 7: According to the Company's Articles of Incorporation, the board of directors is authorized to determine the salary for the Chairman and Directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the industry within the R.O.C. and overseas. The Articles of Incorporation also provide that the compensation to directors shall be no more than 2% of annual profits. The distribution of compensation to directors shall be made in accordance with the Company's "Rules for Distribution of Compensation and Honorarium to Directors" based on the following principles: (1) independent directors receive compensation in accordance with the policy; (2) the remuneration received by each non-independent director shall not exceed the total remuneration received by each independent director.