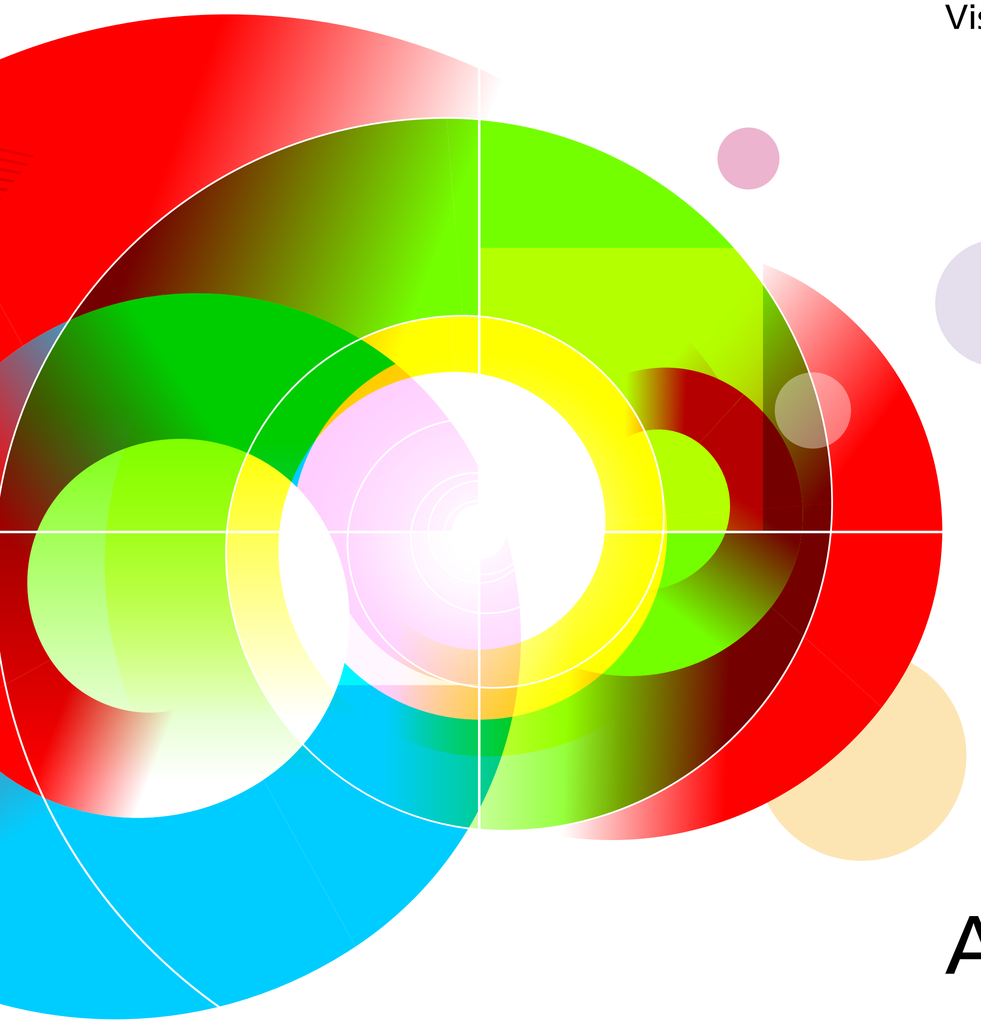
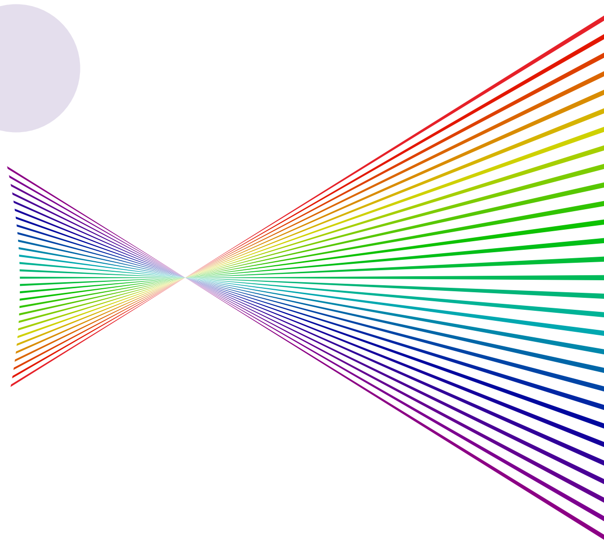
VisEra Technologies Company Ltd.





# 2024
# Annual Report

The annual report is available on the Market Observation Post System (MOPS):
http://mops.twse.com.tw
VisEra Technologies website: https://www.viseratech.com/tw

Printed on March 24, 2025

Stock No.: 6789

### ⊿ Spokesperson

Name: Jane Chen
Position: Vice President
TEL: (03)6668788
E-mail:
invest@viseratech.com

### ⊿ Acting Spokesperson

Name: Ming-Shan Wu
Position: Senior Manager
TEL: (03)6668788
E-mail:
invest@viseratech.com

### ⊿ Address and contact number of the headquarter, branches and factory sites:

| Name | | Address | TEL |
|---|---|---|---|
| **Head Office** | | No. 12, Duxing 1st Road, Hsinchu Science Park, Hsinchu City | (03)666-8788 |
| **Plants** | Hsinchu Plant | No. 12, Duxing 1st Road, Hsinchu Science Park, Hsinchu City | (03)666-8788 |
| | Zhongli Plant | 3F and 6F, No. 188, Zhongyuan Road, Yongfu Village, Zhongli District, Taoyuan City | |
| | Longtan Plant | No. 89, Longyuan 1st Rd., Longtan Dist., Taoyuan City | |
| **Branch** | | None | |

### ⊿ Name, address, website, and contact number of stock transfer agency:

Name: Agency Department, CTBC Bank
Address: 5F, No. 83, Section 1 Chongqing South Road, Zhongzheng Dist., Taipei City
TEL: (02)66365566
Website: https://www.ctbcbank.com

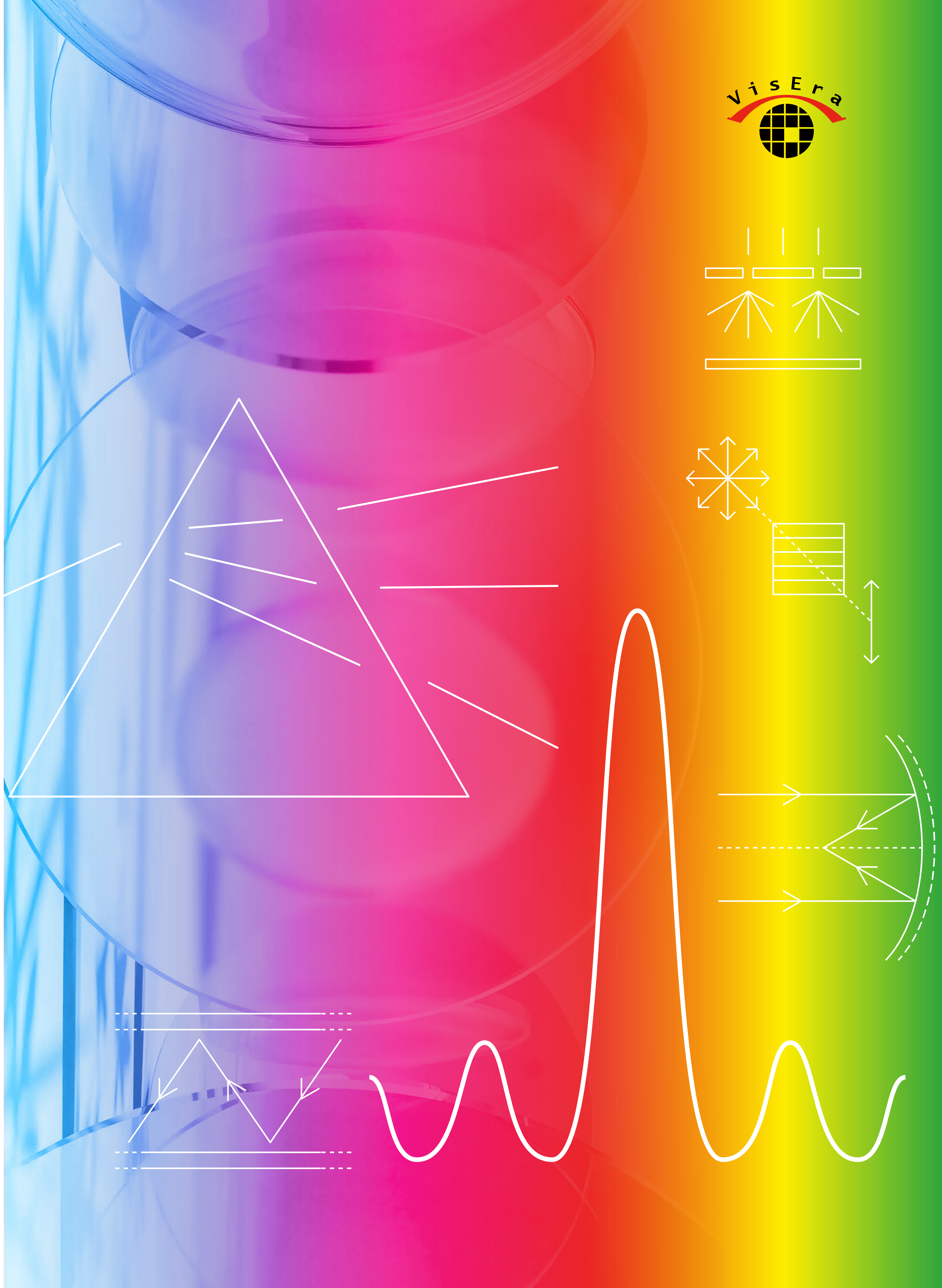
### ⊿ Names of financial statement auditors and the name, address, website, and contact number of the accounting firm for the latest financial report:

Certifying CPA: CPA Shang-Chih Lin, CPA Ming-Yuan Chung
Name of accounting firm: Deloitte Taiwan
Address: 6F, No. 2, Zhanye 1st Road, East Dist., Hsinchu City
TEL: (03)5780899
Website: http://www.deloitte.com.tw

### ⊿ Name of overseas exchange where securities are listed, and method of inquiry:

Not applicable.

### ⊿ Company website: http://www.viseratech.com



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# One. Report to Shareholders

## Ladies and gentlemen:

In 2024, the global semiconductor market grew due to the rapid development of artificial intelligence (AI) and the demand for computing power development. VisEra’s primary products and applications in the mobile market were seeing a mild recovery. Major smartphone brands were incorporating various AI features and technologies, and the overall market returned to growth. In response to increasing customer demand, the Company actively resumed production at the Longtan Plant in the first half of the year, improving capacity utilization and contributing to profitability. Meanwhile, as the Company’s products benefited from the increase in demand for image sensor size changes, pixel enhancement, other specification upgrades, and product mix optimization, the annual wafer output reached 1.95 million units (8-inch equivalent), and annual revenue hit NT$10 billion, both marking historic highs. At the same time, the Company intensified its investment in technological research and development (R&D), provided customers with comprehensive manufacturing process services for image sensors and micro-optical components, along with differentiated technical support. These efforts serve as the foundation for delivering value and driving business growth.

## Financial Performance

In 2024, VisEra’s revenue reached NT$10.002 billion, reflecting a 38% year-over-year growth, driven by image sensor specification upgrades and increased downstream market share. Gross margin increased from 13% to 30%, thanks to higher capacity utilization. Operating expenses totaled NT$1.197 billion, up 19% from the previous year. Net income after tax surged 388% year-over-year to NT$1.739 billion, with earnings per share (EPS) reaching NT$5.49.

## Technology Development

VisEra remains committed to technological development, invested NT$930 million in R&D in 2024 to enhance semiconductor optical manufacturing process capabilities, and developed key technologies, ensuring alignment with market needs and future growth.

In the field of image sensors, the Company has developed Nano Light Pillar microstructures, using MetaLens technology, effectively increasing space for interacting with light and sensing performance. This innovation aligns with the industry trend toward high-resolution sensing solutions. Additionally, the LnG microstructure that VisEra promotes enhances the optical performance of small-pixel-size image sensors. The Company is also developing multispectral color filter array technology, improving color accuracy and white balance in photography to restore true-to-life image colors.

In the field of micro-optical components, VisEra is fully engaged in Metasurface technology, to offer the market the advantages of thinner and flatter semiconductor optical integration solutions, enabling various applications. The Company is also dedicated to R&D of waveguide display technology, which enables AI-powered smart glasses to project images directly in front of the eyes, achieving virtual- and real-world integration, supporting customers in exploring the future of wearable devices. Simultaneously, VisEra collaborates with customers to develop applications of microlenses and metalenses for near-eye display technologies, such as Micro-OLED and Micro-LED.

## Environmental, Social, and Corporate Governance (ESG)

Global sustainability has become a key indicator of corporate competitiveness. VisEra is committed to enhancing environmental, social, and governance (ESG) efforts, embedding these principles into its core business operations and development strategies. Sustainability is no longer just a slogan but a daily operational habit at VisEra.

Environmental protection: The Company actively engages in greenhouse gas reduction by improving energy efficiency and adopting renewable energy sources to lower carbon emissions. In 2024, a carbon pricing task force was established to manage carbon cost control and effectively achieve carbon reduction targets at every stage. Additionally, VisEra prioritizes energy conservation, resource efficiency (e.g., increasing waste recycling rates), and pollution control (e.g., reducing air emissions and wastewater discharge). Social responsibility: The Company prioritizes employee well-being, fostering a safe and inclusive workplace while preventing workplace violence. VisEra also actively participates in community activities, environmental conservation events, and supports Taiwan’s arts and cultural development. Corporate governance: In its first participation in the corporate governance evaluation after going public, VisEra ranked in the top 6%-20% of all. The Company is committed to further strengthening governance and enhancing stakeholder communication. VisEra aspires to create a positive impact on sustainability and fulfill its social responsibility as a corporate citizen.

## Future Outlook

In 2025, AI is expected to continue to drive the growth of the global semiconductor industry. However, geopolitical factors and the restructuring of global supply chains may lead to challenges. Facing both opportunities and uncertainties, VisEra will proactively transform these changes into new business opportunities by focusing on: improving the added value of technology and expanding the product structure, leveraging the huge business opportunities brought by the AI trend in diverse application devices, opening a new chapter in the development of semiconductor optics, and continuing to be a reliable partner for customers’ process technology.

Furthermore, the Company is actively investing in silicon photonics (SiPh) technology, including passive components, such as silicon microlenses, waveguides, and optical couplers. These developments are geared toward long-term AI-driven high performance computing opportunities, thereby expanding new applications and customer bases to drive future business growth.

Last, VisEra sincerely appreciates all our shareholders’ trust and support. With our partnership, the Company has achieved a historic milestone in business scale. Moving forward, VisEra remains dedicated to sustainable growth and maximizing shareholder value.

We wish you

**Good health and good luck.**

Chairman:
Robert Kuan

# Two. Company Profile

## I. Date of Incorporation:

December 1, 2003

## II. Corporate History:

| Year | Milestones |
|---|---|
| 2003 | VisEra Technologies Company Ltd. was founded, providing color filter services<br>Paid-in capital NT$204,000 thousand |
| 2005 | Approved by the Science Park Bureau to invest in the establishment of a wafer-level color filter manufacturing plant in the Hsinchu Science Park<br>Purchased color filter production equipment from TSMC and leased part of TSMC's plant and plant facilities to engage in the manufacturing of color filters and micro-lenses<br>Issuance of common stock worth NT$496,000 thousand to increase cash capital. After the capital increase, the paid-up capital amounted to NT$700,000 thousand |
| 2006 | The color filter and micro-lens plant was officially put into operation and started mass production<br>The color filters and micro-lenses for automotive image sensors obtained the ISO quality certification<br>Issuance of common stock worth NT$766,000 thousand to increase cash capital. After the capital increase, the paid-up capital amounted to NT$1,466,000 thousand |
| 2007 | Issuance of common stock worth NT$1,260,000 thousand to increase cash capital. Employee profit sharing to increase capital by NT$98,097 thousand. After the capital increase, the paid-up capital amounted to NT$2,824,097 thousand |
| 2008 | Employee profit sharing to increase capital by NT$29,083 thousand. After the capital increase, the paid-up capital amounted to NT$2,853,180 thousand<br>The Company owned plant in Hsinchu was officially put into operation |
| 2009 | Mass production of 8-inch backside illumination (BSI) color filters and micro-lenses<br>Employee profit sharing to increase capital by NT$5,797 thousand. After the capital increase, the paid-up capital amounted to NT$2,858,977 thousand |
| 2010 | Mass production of 12-inch color filters and micro-lenses |
| 2011 | Employee profit sharing to increase capital by NT$17,327 thousand. After the capital increase, the paid-up capital amounted to NT$2,876,304 thousand |
| 2012 | Mass production of first RGBC sensor of 12-inch color filter film and micro-lenses<br>Employee profit sharing to increase capital by NT$35,227 thousand. After the capital increase, the paid-up capital amounted to NT$2,911,531 thousand |
| 2015 | Investment and development of on-chip multi-film technology |
| 2016 | Mass production of 12-inch 1.1µm color filters and 16 million pixel image sensors |
| 2017 | Mass production of on-chip multi-film (OCMF) |
| 2018 | Mass production of optical finger print sensors (OFP)<br>Mass production of proximity light sensors |
| 2019 | Mass production of 12-inch 0.8µm color filters and 48 million pixel image sensors<br>Development of ambient optical sensing components to apply on-chip multi-film (OCMF) technology to smartphones<br>Completed the development of optical biochips and obtained the ISO 13485 medical supply chain certification |
| 2020 | Mass production of 12-inch 0.7µm colors filter and 64-million pixel image sensors<br>Mass production of new generation ambient light sensors<br>Set a production record for the year to 1.5 million pieces of equivalent 8-inch wafers<br>Taipei Exchange approved the Company's shares to be offered to the public |
| 2021 | The Company's shares were traded on the Emerging Stock Market<br>Pioneered the launch of the 12-inch 0.61µm image sensors with a specially optical structured color filter<br>Winner of the 6th Taiwan Mittelstand Award<br>Issuance of new shares in the amount of NT$21,240 thousand resulting from exercise of employee stock options. After the capital increase, the paid-up capital amounted to NT$2,932,771 thousand |
| 2022 | Mass production of 12-inch 0.61µm color filters and 100 million pixel image sensors<br>Mass production of micro-OLED displays<br>Longtan Plant officially completed and put into operation<br>The Company was listed on the Taiwan Stock Exchange<br>New shares of NT$210,200 thousand were issued for cash capital increase before the initial listing, and the paid-in capital after the capital increase was NT$3,144,761 thousand |
| 2023 | Successfully developed Nano Light Pillars (NLP) with micro lens structure for CIS<br>Successfully verified the application of Metasurface in ToF 3D sensing products<br>Development of SRG wave guide structure for AR products |
| 2024 | Record-breaking revenue of NT$10 billion<br>Adoption of the CIS LnG structure in high-end smartphone image sensors<br>Successful sampling of Nano Light Pillars (NLP) structure to CIS<br>Adoption of Metasurface in VR eye-tracking sensors<br>An SRG waveguide structure for AR products in progress |

# Three. Corporate Governance Report

## I. Background information of directors, supervisors, the President, vice presidents, assistant vice presidents, and heads of various departments and branches

### (I) Background information of directors and supervisors

March 24, 2025; shares; %

| Position | Nationality or place of registration | Name | Gender/ Age | Date elected (appointed) (Note 1) | Tenure | Date first elected (Note 1) | Shareholding when elected | | Current shareholding | | Shareholding of spouse and underage children | | Shares held by proxy | | Main career (academic) achievements | Concurrent duties in the Company and in other companies | Spouse or second-degree relative or closer acting as manager, director or supervisor | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Position | Name | Relation | |
| **Chairman** | R.O.C. | TSMC (Note 2) | - | - | 3 years | - | 213,619,000 | 67.39 | 213,619,000 | 67.28 | - | - | - | - | - | - | - | - | - | - |
| | | Representative: Robert Kuan | Male 61-70 years old | May 22, 2024 | | May 16, 2011 | 214,500 | 0.07 | 264,500 | 0.08 | - | - | - | - | Master of Materials Science and Engineering, National Tsing Hua University<br>TSMC - Plant Manager<br>SSMC - VP of Operations | The Company CEO and President | - | - | - | Note 3 |
| **Director** | R.O.C. | TSMC | - | - | 3 years | - | 213,619,000 | 67.39 | 213,619,000 | 67.28 | - | - | - | - | - | - | - | - | - | - |
| | | Representative: Chien-Hsin Li | Male 51-60 years old | August 1, 2024 | | August 1, 2024 | - | - | - | - | - | - | - | - | Master's Degree, University of California<br>Rambus Inc. - Vice President | TSMC - Senior Head of Department | - | - | - | - |
| **Director** | R.O.C. | TSMC | - | - | 3 years | - | 213,619,000 | 67.39 | 213,619,000 | 67.28 | - | - | - | - | - | - | - | - | - | - |
| | | Representative: David Liu | Male 41-50 years old | May 22, 2024 | | May 22, 2024 | - | - | - | - | - | - | - | - | Master's Degree, Princeton University<br>Goldman Sachs (Asia) L.L.C., Taipei Branch - General Manager | TSMC - Head of Department | - | - | - | - |
| **Independent Director** | R.O.C. | Laura Huang | Female 61-70 years old | May 22, 2024 | 3 years | March 4, 2021 | - | - | - | - | - | - | - | - | MBA, University of Missouri<br>UBS - Managing Director/ Head of Taiwan Region, Ultra High Net Worth Department<br>Merrill Lynch - Managing Director | Note 4 | - | - | - | - |
| **Independent Director** | R.O.C. | Emma Chang | Female 61-70 years old | May 22, 2024 | 3 years | March 4, 2021 | - | - | - | - | - | - | - | - | Master of Law, University of Washington<br>MediaTek Inc. - Head of Department<br>Standard Chartered Bank - Vice President | - | - | - | - | - |
| **Independent Director** | R.O.C. | Peng-Heng Chang | Male 71-80 years old | May 22, 2024 | 3 years | March 4, 2021 | - | - | - | - | - | - | - | - | Ph.D. in Materials Science & Engineering, Purdue University<br>Motech Industries Inc. - Chairman<br>TSMC - Vice President<br>WSMC - Vice President | Note 5 | - | - | - | - |
| **Independent Director** | R.O.C. | Han-Fei Lin | Male 61-70 years old | May 22, 2024 | 3 years | May 24, 2023 | - | - | - | - | - | - | - | - | MBA, Wharton School of the University of Pennsylvania<br>CFO of MStar Semiconductor, Inc.<br>Vice President, M&A, Citigroup/Solomon Smith Barney<br>Investment Dept., Foxconn (US) - Director | Note 6 | - | - | - | - |

Note 1: Month/Day/Year

Note 2: Abbreviation of Taiwan Semiconductor Manufacturing Co., Ltd. ("TSMC" hereinafter).

Note 3: The Chairman concurrently serving as the CEO of the Company is solely responsible for 1) matters regarding operational judgment, operation management, and crisis management; 2) exercising professional knowledge of the international market, so as to demonstrate his/her leadership and decision-making competence constantly to adopt the Company's operations to market trends; 3) determining the Company's annual financial budget, final accounting plan, earnings distribution plan, and loss make-up plan; 4) implementing corporate governance, so as to strike an operational balance among all stakeholders; 5) ensuring operational planning that will achieve sound management; and 6) being accountable to the Board of Directors, organizing and implementing all resolutions and regulations resolved by the Board of Directors, fulfilling the criteria set forth by the Board of Directors, and reporting the implementation status to the Board of Directors. The Company has also set a post for President. Since the former president retired on August 31, 2022, the Chairman of the Board of Directors has also served concurrently as the CEO to be responsible for taking charge of operational management work (such as sales marketing, R&D, and production and manufacturing), organizing and implementing the Company's annual business plan, and implementing and super vising the investment plan. A majority of members of the Board of Directors do not concurrently serve as the Company's employee or manager. And the Company elected one additional independent director in the 2023 shareholders' meeting. The Board of Directors has four seats for independent directors, who compose each functional committee, which thoroughly discusses important issues before submitting suggestions to the Board of Directors. Such an organizational design is capable of implementing the spirit of corporate governance and exhibiting overall operating performance.

Note 4: Independent director of Sino Horizon Holdings Limited, Parade Technologies, Ltd., and Polytronics Technology Corp.

Note 5: MediaTek Inc. - Independent Director; Chi-Kuang Solar Energy Corp. - Chairman; Ruiri Optoelectronics Co., Ltd. - Representative of Corporate Director; Big Sun Energy Technology Inc. - Representative of Corporate Director; Love and Joy Co., Ltd. - Representative of Corporate Director; Ruihao Optoelectronics Co., Ltd. - Director.

Note 6: P-Two Industries Inc. - Independent Director; eCloudvalley Digital Technology Co., Ltd. - Independent Director; Huawei International Technology Consulting Co., Ltd. - Director; Tai-Ling Biotech Inc. - Director; Yuwei Asset Management Co., Ltd. - Supervisor; Synmax Biochemical Co., Ltd. - Representative of Corporate Director; Easywell Biomedicals Inc. - Chairman and CEO; Easywell Biomedicals (HK), Inc. - Representative of Corporate Director; Magnifica Inc. - Representative of Corporate Director; Saviah Technologies, Inc. - Director; Tulex Pharmaceuticals Inc. - Representative of Corporate Director; Jiangsu Huahan Pharmaceuticals Co., Ltd. - Representative of Corporate Director; Qianjinfang Health Biotechnology Co., Ltd. - Representative of Corporate Director; WS Fashion Group Co., Ltd. - Supervisor; Hyena Inc. - Representative of Corporate Director; Nan Shan Life Insurance Co., Ltd. - Representative of Corporate Director; and Hua Shun Management Consulting Co., Ltd. - Director.

Major shareholders of corporate shareholders

December 20, 2023

| Name of corporate shareholder | Major shareholders of corporate shareholders | Shares ratio (%) |
|---|---|---|
| **Taiwan Semiconductor Manufacturing Co., Ltd.** | Citibank in its capacity as Master Custodian for Depository Receipts of TSMC | 20.50 |
| | National Development Fund, Executive Yuan | 6.38 |
| | Citibank (Taiwan) in its capacity as Master Custodian for Investment Account of GIC Pte Ltd. (Singapore) | 3.15 |
| | Citibank (Taiwan) in its capacity as Master Custodian for Investment Account of Norges Bank | 1.70 |
| | New Labor Pension Fund | 1.31 |
| | JP Morgan Chase Bank in its Capacity as Master Custodian for PGIA Progress International Equity Index | 1.26 |
| | JP Morgan Chase Bank Taipei Branch in its capacity as Master Custodian for Investment Account of Vanguard FTSE Emerging Markets ETF | 1.11 |
| | CTBC Bank Yuanta/P-shares in custody for Taiwan Top 50 ETF Account | 0.94 |
| | Standard Chartered Bank in its Capacity as Master Custodian for iShares Emerging Markets ETF | 0.86 |
| | Fubon Life Insurance Co., Ltd. | 0.65 |

Where the major shareholders of a corporate shareholder are also a corporate shareholder

| Name of corporate entity | Corporate entity’s major shareholders | Shares ratio (%) |
|---|---|---|
| **None** | | |

Disclosure of information on professional qualifications of directors and supervisors and on the independence of independent directors:

Independence: There is no violation on independence among the directors of the Company under the Securities and Exchange Act.

| Criteria / Name | Professional qualifications and experience | Number of positions as independent director in other public companies |
|---|---|---|
| **TSMC Representative: Robert Kuan** | Main career (academic) achievements<br>▪ Master of Materials Science and Engineering, National Tsing Hua University<br>▪ TSMC - Plant Manager<br>▪ SSMC - VP of Operations<br>Incumbent<br>▪ The Company’s CEO, and President<br>(No occurrence of any of the circumstances stated in Article 30 of the Company Act) | 0 |
| **TSMC Representative: Chien-Hsin Li** | Main career (academic) achievements<br>▪ Master’s Degree, University of California<br>▪ Rambus Inc. - Vice President<br>Incumbent<br>▪ TSMC - Senior Head of Department<br>(No occurrence of any of the circumstances stated in Article 30 of the Company Act) | 0 |
| **TSMC Representative: David Liu** | Main career (academic) achievements<br>▪ Master’s Degree, Princeton University<br>▪ Goldman Sachs (Asia) L.L.C., Taipei Branch - General Manager<br>Incumbent<br>▪ TSMC - Head of Department<br>(No occurrence of any of the circumstances stated in Article 30 of the Company Act) | 0 |

**Independence**

The Company’s four independent directors qualify for the independence requirements set forth in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” .

| Criteria<br>Name | Professional qualifications and experience | Number of positions as independent director in other public companies |
|---|---|---|
| **Laura Huang** | Main career (academic) achievements<br>▪ MBA, University of Missouri<br>▪ UBS - Managing Director/ Head of Taiwan Region, Ultra High Net Worth Department<br>▪ Merrill Lynch - Managing Director<br>Incumbent<br>▪ Serving as the Company’s chairman of the Audit Committee, with accounting and professional financial background:<br>・Having more than 5 years of work experience in commerce, law, finance, or other professional areas that fits the business needs of the Company (refer to their major education and experience as stated above)<br>・A graduate in accounting, finance, and business related disciplines.<br>・Possess professional certificates such as Taiwan Senior Salesperson and various qualifications granted by Hong Kong Securities and Futures Commission (SFC).<br>▪ Sino Horizon Holdings Limited - Independent Director<br>▪ Parade Technologies, Ltd. - Independent Director<br>▪ Polytronics Technology Corp. - Independent Director<br>(No occurrence of any of the circumstances stated in Article 30 of the Company Act) | 3 |
| **Emma Chang** | Main career (academic) achievements<br>▪ Master of Law, University of Washington<br>▪ MediaTek Inc. - Head of Department<br>▪ Standard Chartered Bank - Vice President<br>(No occurrence of any of the circumstances stated in Article 30 of the Company Act) | 0 |
| **Peng-Heng Chang** | Main career (academic) achievements<br>▪ Ph.D. in Materials Science & Engineering, Purdue University<br>▪ Motech Industries Inc. - Chairman<br>▪ TSMC - Vice President<br>▪ WSMC - Vice President<br>Incumbent<br>▪ The Company’s Remuneration Committee - Chairman<br>▪ MediaTek Inc. - Independent Director<br>▪ Chi-Kuang Solar Energy - Chairman<br>▪ Ruiri Optoelectronics - Representative of Corporate Director<br>▪ Big Sun Energy Technology Inc. - Representative of Corporate Director<br>▪ Love and Joy Co., Ltd. - Representative of Corporate Director<br>▪ Ruihao Optoelectronics Co., Ltd. - Director<br>(No occurrence of any of the circumstances stated in Article 30 of the Company Act) | 1 |
| **Han-Fei Lin** | Main career (academic) achievements<br>▪ MBA, Wharton School of the University of Pennsylvania<br>▪ CFO of MStar Semiconductor, Inc.<br>▪ Vice President, M&A, Citigroup/Solomon Smith Barney<br>▪ Investment Dept., Foxconn (US) - Director<br>Incumbent<br>▪ P-Two Industries Inc. - Independent Director<br>▪ eCloudvalley Digital Technology Co., Ltd. - Independent Director<br>▪ The CID Group Ltd. - Director<br>▪ Tai-Ling Biotech Inc. - Director<br>▪ Yuwei Asset Management Co., Ltd. - Supervisor<br>▪ Synmax Biochemical Co., Ltd. - Representative of Corporate Director<br>▪ Easywell Biomedicals Inc. - Chairman and CEO<br>▪ Easywell Biomedicals (HK), Inc. - Representative of Corporate Director<br>▪ Magnifica Inc. - Representative of Corporate Director<br>▪ Saviah Technologies, Inc. - Director<br>▪ Tulex Pharmaceuticals Inc. - Representative of Corporate Director<br>▪ Jiangsu Huahan Pharmatech Co., Ltd. - Representative of Corporate Director<br>▪ Qianjinfang Health Biotechnology Co., Ltd. - Representative of Corporate Director<br>▪ WS Fashion Group Co., Ltd. - Supervisor<br>▪ Hyena Inc. - Representative of Corporate Director<br>▪ Nan Shan Life Insurance Co., Ltd. - Representative of Corporate Director<br>▪ Hua Shun Management Consulting Co., Ltd. - Director<br>(No occurrence of any of the circumstances stated in Article 30 of the Company Act) | 2 |

## 1. Diversification of Board of Directors:

The Company's directors are selected based on its business operations, operating dynamics, and development needs in accordance with "Corporate Governance Best Practice Principles" and "Regulation Governing the Election of Directors", which include, without being limited to, the following two general standards:

(1) Basic requirements and values: Gender, age, nationality, and culture.

(2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience. The Board of Directors as a whole shall possess the following capabilities: Ability to make judgments about operations; ability to perform accounting and financial analysis; business management ability; crisis management ability; industrial knowledge; Knowledge of international markets; leadership; and ability to make policy decisions, so as to achieve the ideal of corporate governance.

Implementation of the diversification policy with regard to Board of Directors members is stated as follows:

(1) Basic requirements and values: The Company's Board of Directors is assembled based on the Company's scale of operation and management, taking into account practical operation. Members are all Taiwanese nationals; only one director concurrently serves as an employee. The Company also pays attention to gender equality. There are two women directors in the seven seats of the board of directors, and the female directors account for 29%. Considering the specificity of the semiconductor industry, VisEra hopes to recruit more talents who had work experience in semiconductor industry, served as directors or have different professional abilities to achieve the goal of diversity of the directors. The composition of the Board of Directors members meets that objective. (As shown in the table below). Regarding the dispersion of the age range, 1 director is aged between 41 - 50 years old, 1 director is aged between 51 - 60 years old, 4 directors are aged 61-70 years old, and 1 director is aged 71 - 80 years old. The Board of Directors has an even dispersion of gender and age.

| Purpose | Percentage | Achieve situation |
|---|---|---|
| **At least half of the directors have been served or be the directors in the semiconductor industries.** | 86% | Achieve |
| **At least half of the independent directors have expertise in business, law, accounting or human resources.** | 100% | Achieve |

(2) Professional knowledge and skills:

| Diversification item<br>Name of director | Industrial knowledge and experience | | | | | Professional capability | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Semi-conductor industry | Optoelectronics industry | Biotechnology industry | Finance and management | Finance and securities | Operational judgment | Operational management | Crisis management | Industrial knowledge | Knowledge of the international markets | Leadership and decision-making | Finance and accounting | Law | Environmental Sustainability and Social Engagement |
| **TSMC Representative: Robert Kuan** | ■ | ■ | | | | ■ | ■ | ■ | As shown on the left | ■ | ■ | | | ■ |
| **TSMC Representative: Chien-Hsin Li** | ■ | | | | | ■ | ■ | ■ | As shown on the left | ■ | ■ | | | ■ |
| **TSMC Representative: David Liu** | ■ | | | ■ | ■ | ■ | ■ | ■ | As shown on the left | ■ | ■ | ■ | | ■ |
| **Independent Director Laura Huang** | | | | ■ | ■ | ■ | ■ | ■ | As shown on the left | ■ | ■ | ■ | | ■ |
| **Independent Director Emma Chang** | ■ | | | | ■ | ■ | ■ | ■ | As shown on the left | ■ | ■ | | ■ | ■ |
| **Independent Director Peng-Heng Chang** | ■ | ■ | | | | ■ | ■ | ■ | As shown on the left | ■ | ■ | | | ■ |
| **Independent Director Han-Fei Lin** | ■ | | ■ | ■ | ■ | ■ | ■ | ■ | As shown on the left | ■ | ■ | ■ | | ■ |

## 2. Independence of Board of Directors:

The Company has 7 directors, of which 4 are independent directors, accounting for no less than half of the director seats. Each independent director satisfies the independence requirements set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", and there is no relationship as a spouse or second-degree relative among directors, which is in compliance with the regulations specified in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act. The independence of the independent directors is reviewed annually by the Corporate Governance Officer.

## (II) Background information on the President, vice presidents, assistant vice presidents, and heads of various departments and branches

March 24, 2025; Unit: shares/%

| Position | Nationality | Name | Gender | Date elected (appointed) (Note 1) | No. of shares held | | Shareholding of spouse and underage children | | Shares held by proxy | | Main career (academic) achievements | Concurrent duties in other companies | Manager who is a spouse or a second-degree relative | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares | % | Shares | % | Shares | % | | | Position | Name | Relation | |
| **Chairman, CEO, and President** | R.O.C. | Robert Kuan | Male | May 16, 2011 | 264,500 | 0.08 | - | - | - | - | Master of Materials Science and Engineering, National Tsing Hua University<br>TSMC - Plant Manager<br>SSMC - VP of Operations | - | - | - | - | - |
| **Vice President** | R.O.C. | Jane Chen | Female | March 11, 2024 | - | - | | | | | National Chengchi University EMBA<br>General Manager of Finance Division, Mediatek | - | - | - | - | - |
| **Vice President** | R.O.C. | H.J. Tsai | Male | November 12, 2010 | 282,060 | 0.09 | 200,000 | 0.06 | - | - | Master of Materials Science, National Tsing Hua University<br>Zhongwei Semi - Department Manager<br>TSMC - Manager | - | - | - | - | - |
| **Vice President** | R.O.C. | K.P. Lin | Male | March 6, 2020 | 74,136 | 0.02 | - | - | - | - | Bachelor of Chemical Engineering, National Tsing Hua University<br>TSMC - Chief Engineer | - | - | - | - | - |
| **Vice President** | R.O.C. | W.R. Huang | Male | March 6, 2020 | 71,853 | 0.02 | - | - | - | - | Bachelor of Industrial Engineering, National Tsing Hua University<br>HOYA Microelectronics Taiwan Co., Ltd. - Vice President<br>TSMC - Deputy Head of Department | - | - | - | - | - |
| **Vice President** | R.O.C. | J.C. Hsieh | Male | February 23, 2022 | 111,381 | 0.04 | - | - | - | - | Master of Chemical Engineering, National Cheng Kung University<br>TSMC - Project Manager | - | - | - | - | - |
| **Vice President** | R.O.C. | C.C. Chen | Male | June 1, 2011 | 114,500 | 0.04 | 391 | 0.00 | - | - | Master of Materials Science, National Taiwan University<br>FUPO Electronics Corporation - Senior Manager<br>TSMC - Deputy Manager | - | - | - | - | - |
| **Head of Corporate Governance** | R.O.C. | Chia-hui Lin | Female | August 11, 2021 | 3,000 | 0.00 | - | - | - | - | Master of Laws, Boston University<br>FIH Co., Ltd. - Senior Manager | - | - | - | - | - |

Note 1: Month/Day/Year.

## II. Compensation paid to directors, supervisors, the President, and vice presidents in 2024

### (I) Compensation to directors

Unit: NT$ thousand; %

| Position | Name | Directors' compensation | | | | | | | | Sum of A, B, C, and D as a percentage of net income | | Compensation received as employee | | | | | | | | Sum of A, B, C, D, E, F, and G as a percentage of net income | | Compensation from parent company or business |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Compensation (A) | | Severance payment and pension (B) | | Director remuneration (C) (Note 1) | | Fees for services rendered (D) (Note 2) | | | | Salaries, bonuses, special allowances etc. (E) | | Severance payment and pension (F) | | Employee remuneration (G) | | | | | | |
| | | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | | All companies included in the financial report | | The Company | All companies included in the financial report | |
| | | | | | | | | | | | | | | | | Amount paid in cash | Amount paid in shares | Amount paid in cash | Amount paid in shares | | | |
| Chairman | Robert Kuan | 0 | 0 | 0 | 0 | 1,080 | 1,080 | 50 | 50 | 1,130 | 1,130 | 6,473 | 6,473 | 0 | 0 | 9,364 | 0 | 9,364 | 0 | 16,967 | 16,967 | None |
| | | | | | | | | | | 0.06% | 0.06% | | | | | | | | | 0.98% | 0.98% | |
| Director | George Liu, Chien-Hsin Li | 0 | 0 | 0 | 0 | 1,080 | 1,080 | 40 | 40 | 1,120 | 1,120 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,120 | 1,120 | |
| | | | | | | | | | | 0.06% | 0.06% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.06% | 0.06% | |
| Director | Diane Kao, David Liu | 0 | 0 | 0 | 0 | 1,080 | 1,080 | 40 | 40 | 1,120 | 1,120 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,120 | 1,120 | |
| | | | | | | | | | | 0.06% | 0.06% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.06% | 0.06% | |
| Independent Director | Laura Huang | 1,200 | 1,200 | 0 | 0 | 0 | 0 | 20 | 20 | 1,220 | 1,220 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,220 | 1,220 | |
| | | | | | | | | | | 0.07% | 0.07% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.07% | 0.07% | |
| Independent Director | Emma Chang | 1,200 | 1,200 | 0 | 0 | 0 | 0 | 40 | 40 | 1,240 | 1,240 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,240 | 1,240 | |
| | | | | | | | | | | 0.07% | 0.07% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.07% | 0.07% | |
| Independent Director | Peng-Heng Chang | 1,200 | 1,200 | 0 | 0 | 0 | 0 | 50 | 50 | 1,250 | 1,250 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,250 | 1,250 | |
| | | | | | | | | | | 0.07% | 0.07% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.07% | 0.07% | |
| Independent Director | Han-Fei Lin | 1,200 | 1,200 | 0 | 0 | 0 | 0 | 40 | 40 | 1,240 | 1,240 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,240 | 1,240 | |
| | | | | | | | | | | 0.07% | 0.07% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.07% | 0.07% | |

1. Remuneration to the Company's independent directors is governed by the Company's Articles of Incorporation and the Company's "Director Remuneration, Compensation, and Honoraria Payment Regulations". The Board of Directors determines remuneration to independent directors based on their level of participation in and contribution to the Company's operations, as well as domestic and international industry standards. The Company pays each independent director monthly compensation and honoraria.
2. Compensation received by director for providing service to any company included in the financial statements (e.g. consultancy service without the title of an employee) in the last year, except those disclosed in the above table: None

Note 1: Since Robert Kuan, George Liu, Chien-Hsin Li, Diane Kao, David Liu are representatives of TSMC, the director's remuneration they are entitled to was received by the juristic-person shareholders they represent.

Note 2: The fees for services rendered refer to honoraria.

### (II) Supervisors' compensation: None.

## (III) Compensation to the President and vice presidents

Unit: NT$ thousand; %

| Position Name | Salary (A) | | Severance payment and pension (B) (Note 1) | | Bonus and special allowances (C) | | Employee remuneration (D) | | | | Sum of A, B, C, and D as a percentage of net income (%) | | Compensation from parent company or business investments other than subsidiaries |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | All companies included in the financial report | The Company | | All companies included in the financial report | | The Company | All companies included in the financial report | |
| | | | | | | | Amount paid in cash | Amount paid in shares | Amount paid in cash | Amount paid in shares | | | |
| Chairman, CEO, and President Robert Kuan | 26,860 | 26,860 | 675 | 675 | 9,474 | 9,474 | 30,610 | 0 | 30,610 | 0 | 67,619<br>3.89% | 67,619<br>3.89% | None |
| Vice President Kevin Tsai (Note 2) | | | | | | | | | | | | | |
| Vice President H.J. Tsai | | | | | | | | | | | | | |
| Vice President K.P. Lin | | | | | | | | | | | | | |
| Vice President W.R. Huang | | | | | | | | | | | | | |
| Vice President J.C. Hsieh | | | | | | | | | | | | | |
| Vice President Ben Fun (Note 3) | | | | | | | | | | | | | |
| Vice President Jane Chen (Note 4) | | | | | | | | | | | | | |
| Vice President C.C. Chen (Note 5) | | | | | | | | | | | | | |

Note 1: Represents pension contributions made in accordance with laws.
Note 2: Vice President Kevin Tsai retired on March 11, 2024.
Note 3: Vice President Ben Fun resigned on November 1, 2024.
Note 4: Jane Chen was appointed as Vice President on March 11, 2024.
Note 5: C.C. Chen was approved for promotion to Vice President by the Board of Directors on November 1, 2024, and the appointment took effect on the same day.

### Compensation Bracket Table

| Range of compensation to the President and vice presidents | Names of President and vice presidents | Names of President and vice presidents |
|---|---|---|
| | The Company | All companies included in the financial report |
| **Below NT$1,000,000** | - | - |
| **NT$1,000,000 (inclusive) - NT$2,000,000 (non-inclusive)** | Kevin Tsai, C.C. Chen | Kevin Tsai, C.C. Chen |
| **NT$2,000,000 (inclusive) - NT$3,500,000 (non-inclusive)** | Ben Fun | Ben Fun |
| **NT$3,500,000 (inclusive) - NT$5,000,000 (non-inclusive)** | - | - |
| **NT$5,000,000 (inclusive) - NT$10,000,000 (non-inclusive)** | K.P. Lin, J.C. Hsieh, W.R. Huang, Jane Chen | K.P. Lin, J.C. Hsieh, W.R. Huang, Jane Chen |
| **NT$10,000,000 (inclusive) - NT$15,000,000 (non-inclusive)** | H.J. Tsai | H.J. Tsai |
| **NT$15,000,000 (inclusive) - NT$30,000,000 (non-inclusive)** | Robert Kuan | Robert Kuan |
| **NT$30,000,000 (inclusive) - NT$50,000,000 (non-inclusive)** | - | - |
| **NT$50,000,000 (inclusive) - NT$100,000,000 (non-inclusive)** | - | - |
| **NT$100,000,000 and above** | - | - |
| **Total** | A total of 9 persons | A total of 9 persons |

### (IV) Names of managers entitled to employee remuneration and amount entitled:

Unit: NT$ thousand; %

| Position | Name | Amount paid in shares | Amount paid in cash | Total | Total as a percentage of net income (%) |
|---|---|---|---|---|---|
| CEO and President | Robert Kuan | 0 | 35,170 | 35,170 | 2.02% |
| Vice President | H.J. Tsai | | | | |
| Vice President | K.P. Lin | | | | |
| Vice President | W.R. Huang | | | | |
| Vice President | J.C. Hsieh | | | | |
| Vice President | Jane Chen | | | | |
| Vice President | C.C. Chen | | | | |
| Head of Corporate Governance | Chia-hui Lin | | | | |

### (V) Amount of compensation paid in the two most recent years by the Company and all companies included in the consolidated financial statements to the Company’s directors, supervisors, President, and Vice Presidents, and their respective percentages to standalone or consolidated net income, as well as the policies, standards, and packages by which they were paid, the procedures through which remunerations were determined, and their association with business performance and future risks.

1. Directors’, supervisors’, President’s, and vice presidents’ compensations paid in the two most recent years as a percentage to net income

| Position | Total compensation as a percentage of net income in 2023 | | Total compensation as a percentage of net income in 2024 | |
|---|---|---|---|---|
| | Company | All companies included in the financial report | Company | All companies included in the financial report |
| Director | 2.12% | 2.12% | 0.48% | 0.48% |
| President and vice presidents | 11.75% | 11.75% | 3.89% | 3.89% |

2. Remuneration policies, standards, packages, and procedures, and association with business performance and future risks

(1) Director compensation policy

In accordance with Article 18 of the Company’s Articles of Incorporation, the Company shall provide current profits as remuneration for directors and employees; the remuneration for directors shall not exceed 2% of the profit, and that for employees shall not be less than 1%.

(2) Director remuneration system

The payment for director remuneration is in accordance with the Company’s Articles of Incorporation and is determined based on the annual operating results. We take into account the directors’ participation in and contribution to the Company’s operations and self-evaluation of whether they take continuing education courses. The score of the self-evaluation questionnaire for directors performance evaluation in 2024 was 4.97 (out of a total of five points), and reasonable compensation was provided based on their performance. The Remuneration Committee regularly reviews the director remuneration system and uses the “Director Remuneration, Compensation, and Honoraria Payment Regulations” as the evaluation criteria. After approval by the Board of Directors, it is reported to the shareholders’ meeting.

(3) Directors performance evaluation

The Remuneration Committee is responsible for discussing the board performance evaluation items and evaluation forms and conducting directors self-evaluations in the first quarter of the following year. In addition, the Company actively promotes environmental, social, and governance (ESG) measures, so the Board of Directors has discussed its participation in and implementation of ESG measures as appropriate and has included it in the board performance evaluation self-evaluations questionnaire. The 2024 self-evaluation score of 4.86 points (out of a total of five points) is higher than the 2023 self-evaluation score of 4.71 points, ensuring that the Board of Directors can effectively participate in and achieve sustainable development goals.

(4) Manager renomination policy

The Company’s manager renomination system is designed to maintain competitiveness in the market, attract and retain outstanding talents, and motivate managers to achieve the best long-term and short-term performance within a controllable risk range.

(5) Manager performance evaluation and salary and renomination structure

Manager salary and renomination consists of two parts: fixed salary and variable bonuses:

Fixed salary: It is determined based on individual manager’s duties and management scope.

Variable rewards: Reasonable and market-competitive compensation is given based on the Company’s overall operating performance (such as financial indicators, including operating revenue, net operating income, earnings per share, and ESG sustainable development indicators) for the year, which accounts for 60%, and personal performance achievement rate (covering strategic indicators, innovations or reforms, crisis management, etc.), which accounts for 40%.

Relevant performance evaluations and salary and compensation plans are reviewed by the Remuneration Committee and submitted to the Board of Directors for approval, and performance indicators are reviewed and adjusted regularly every year. Sustainable development aspects are incorporated into indicator design, linking the Company’s material issues with long-term goals.
In 2025, restricted stock awards will be launched, which will be applicable to the Company’s managers and specific key talents. The actual percentage and number of shares that can be vested each year will be measured based on the Company’s operating results indicators (including 45% of the performance indicators and 5% of the ESG results indicators) and personal performance indicators, accounting for 50%.

Strategic indicators: Employee development, ethical management, risk control, legal compliance, etc.

Sustainable development indicators: Energy management, green manufacturing, creation of a diverse and inclusive workplace, establishment of a responsible supply chain, etc.

(6) Association between business performance and future risks

According to Article 6 of the “Remuneration Committee Charter”, the Remuneration Committee is responsible for formulating and regularly reviewing directors and managers’ performance evaluation and remuneration policies, system standards, and structures, and submitting the review results to the Board of Directors for approval before implementation, to ensure that the remuneration mechanism is in line with the Company’s development needs and sustainable business goals.
The Remuneration Committee regularly reviews directors and managers’ performance evaluation and remuneration policies, system standards, and structures in the first quarter of each year. When paying remuneration to directors, the President, and vice presidents, the Company has comprehensively considered the Company’s future prospects and operating risks, and ensured that renomination is positively correlated with business performance to maintain a balance between sustainability and risk control. All remuneration payments should be reviewed by the Remuneration Committee and approved by the Board of Directors before being paid.

# III. Corporate governance

## (I) Board of Directors

1. Operations of the Board of Directors
For 2024 and up to the publication date of this annual report, seven regular Board meetings were held. The attendance of directors was as follows:

| Position | Name | No. of in-person attendance | Required attendance | Number of proxy attendance | Percentage of in-person attendance (%) | Remarks |
|---|---|---|---|---|---|---|
| **Chairman** | TSMC<br>Representative: Robert Kuan | 7 | 7 | 0 | 100% | None |
| **Director** | TSMC<br>Representative: George Liu | 4 | 4 | 0 | 100% | Note 1 |
| **Director** | TSMC<br>Representative: Diane Kao | 2 | 2 | 0 | 100% | Note 2 |
| **Director** | TSMC<br>Representative: David Liu | 5 | 5 | 0 | 100% | Note 3 |
| **Director** | TSMC<br>Representative: Chien-Hsin Li | 3 | 3 | 0 | 100% | Note 4 |
| **Independent Director** | Laura Huang | 7 | 7 | 0 | 100% | None |
| **Independent Director** | Emma Chang | 7 | 7 | 0 | 100% | None |
| **Independent Director** | Peng-Heng Chang | 7 | 7 | 0 | 100% | None |
| **Independent Director** | Han-Fei Lin | 6 | 7 | 1 | 86% | None |

Note 1: Resigned on July 31, 2024; TSMC appointed Chien-Hsin Li as its representative on August 1, 2024.
Note 2: Stepped down after an election of new directors at the shareholders' meeting on May 22, 2024.
Note 3: Appointed as a corporate director representative at the shareholders' meeting on May 22, 2024.
Note 4: George Liu resigned as a director on July 31, 2024; TSMC appointed Chien-Hsin Li as its representative on August 1, 2024.

Other mandatory disclosures:

I. For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed motions, independent directors' opinions and how the Company has responded to such opinions.

(I) The matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established the Audit Committee, which is not applicable under Article 14-3 of the Securities and Exchange Act. Please refer to the "Audit Committee Operations" of this annual report for relevant information.

(II) Any other documented objections or reservations raised by independent director against board resolution in relation to matters other than those described above: None.

II. Disclosure regarding avoidance of interest-conflicting motions, including the names of directors concerned, the motions, the nature of conflicting interests, and the voting process: Chairman Robert Kuan recused himself from the discussion of, and voting on, his remuneration.

| Date of Board meeting (Month/Day/Year) | Name of director | Motion | Nature of conflicting interest | Participation in voting |
|---|---|---|---|---|
| **February 21, 2024** | TSMC Representative: Robert Kuan | ▪ 2023 Bonus Plan for Managers<br>▪ Policy on managers performance evaluation and remuneration for 2023; salary adjustment and fixed amount of compensation for 2024 | Involving the personal interest of a manager concurrently serving as a director | Other directors present approved the motion as it was proposed |
| **May 9, 2024** | TSMC Representative: Robert Kuan | ▪ Employee remuneration in cash for managers of 2023<br>▪ Proposal for vehicle leasing for managers | Involving the personal interest of a manager concurrently serving as a director | Other directors present approved the motion as it was proposed |
| **February 20, 2025** | TSMC Representative: Robert Kuan | ▪ 2024 Bonus Plan for Managers<br>▪ Policy on managers performance evaluation and remuneration for 2024; salary adjustment and fixed amount of compensation for 2025<br>▪ Approved capital budget | ▪ Involving the personal interest of a manager concurrently serving as a director<br>▪ For matter involves the interests of the juridical person represented by a director, the director representing the juridical person should recuse themselves. | Other directors present approved the motion as it was proposed |

III. TWSE/TPEx listed companies are required to disclose the cycle, duration, scope, method, and details of board performance self (or peer) evaluations performed, and complete Table 2 section (2) Execution of Board Performance Evaluation: See table below.

IV. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g., establishment of Audit Committee, improvement of information transparency etc.), and progress of such enhancements: To effectively establish a Board governance system and sound monitoring function, the Company has formulated the "Regulations Governing Board Meetings". All important motions are disclosed on the Market Observation Post System to fully disclose information and protect shareholders' interest. In addition, the Company has established four posts of independent directors, who compose the Audit Committee and the Remuneration Committee, so as to fulfill the spirit of corporate governance.

2. Implementation status of review of Board of Directors’ performance

| | |
|---|---|
| **Evaluation frequency** | Annually |
| **Evaluation period** | January 1 through December 31, 2024 |
| **Evaluation scope** | Board of Directors; members of the Board of Directors; and functional committees |
| **Evaluation method** | Self-evaluation, both by the Board of Directors as a whole, and by each Board of Directors member |
| **Evaluation contents** | I. Items used to evaluate the Board of Directors’ performance includes the following five aspects:<br>(I) The extent of participation in the Company’s operations<br>(II) Improvement in the Board’s decision-making quality<br>(III) Composition and structure of the Board of Directors<br>(IV) Election of directors and their continuous education<br>(V) Internal control<br>II. Items used to evaluate the Board members’ performance include the following six aspects:<br>(I) Grasp the Company’s goals and tasks<br>(II) Understanding of a director’s duties<br>(III) The extent of participation in the Company’s operations<br>(IV) Internal relationship management and communication<br>(V) Directors’ profession and continuous education<br>(VI) Internal control<br>III. Items used to evaluate the functional committees’ performance include the following five aspects:<br>(I) The extent of participation in the Company’s operations<br>(II) Understanding of the functional committee’s duties<br>(III) Improvement in the functional committee’s decision-making quality<br>(IV) Composition of the functional committee and election of committee members<br>(V) Internal control |

On June 22, 2021, the Board of Directors approved the proposed “Regulations Governing Performance Evaluation of the Board of Directors” and disclosed it on the Company’s website. It stipulates that at each first quarter, an evaluation shall be conducted to assess the performance for the previous year of the Board of Directors, members of the Board of Directors, and the functional committees, and that the evaluation results shall be submitted to the Board of Directors as a reference for determining their remuneration, or for selection or nomination of directors.

As for the performance evaluation of the Board of Directors of 2024, the self-evaluation by each director was conducted in January 2025 in accordance with the “Regulations Governing Performance Evaluation of Board of Directors”, with 18 pieces of effective questionnaires collected. Self-evaluation of the performance of the Board of Directors as a whole averaged 4.92 points (with 5 points being the highest score); the self-evaluation of the performance of individual directors averaged 4.97 points (with 5 points being the highest score). In all aspects, the scores are improved from the previous year. Both indicate that the Board of Directors functioned well. The self-evaluation of the performance of the functional committees averaged 4.98 points (with 5 points being the highest score), indicating a high degree of independent directors’ recognition for the operation of the Audit Committee and the Remuneration Committee. Board of directors’ participation and implementation of ESG indicators, and the self evaluation score of directors is 4.86 points, which will continue to improve the board’s participation in issues related to the sustainable development of the Company.

## (II) Audit Committee

The Audit Committee was established to strengthen corporate governance and the functions of the Board of Directors, and is composed of four independent directors. Its main functions include the selection (and dismissal), independence, and performance of certified public accountants, the fair presentation of financial reports, management of existing or potential risks of the Company, supervision of the effective implementation of internal control systems of the Company, and compliance with relevant laws and regulations.

The Audit Committee meets on a quarterly basis. The Committee may invite management, internal auditors, the Company’s CPAs, or other persons to attend the meetings and provide pertinent information under the scope of its powers. The Audit Committee is responsible for reviewing the following major matters:

- Adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- Assessment of the effectiveness of the internal control system.
- Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- Matters in which a director is an interested party.
- Material asset or derivatives transactions.
- Material lending funds, endorsements, or guarantees.
- Offering or issuance of any equity-type securities.
- Hiring or dismissal of an attesting CPA, or the compensation given thereto.
- Appointment or discharge of financial, accounting, or internal auditing officers.
- Annual financial statements that are subject to the signatures or seals of the Chairman, manager, and chief accounting officer, and financial statements that are subject to review or audit by the CPA.
- Proposal of the business report, profit distribution, or loss appropriation.
- Other significant matters as stipulated by the Company, laws and regulations, or competent authorities.

The Audit Committee held 6 meetings (A) in 2024 and up to the publication date of this annual report; attendance by independent directors is shown as follows:

| Position | Name | Number of in-person attendance (B) | Number of proxy attendance | Percentage of in-person attendance (%) | Remarks |
|---|---|---|---|---|---|
| Independent Director | Laura Huang | 6 | 0 | 100 | Convener |
| Independent Director | Emma Chang | 6 | 0 | 100 | |
| Independent Director | Peng-Heng Chang | 6 | 0 | 100 | |
| Independent Director | Han-Fei Lin | 5 | 1 | 83 | |

Other mandatory disclosures:

1. In the event of any of the following in the audit committee, the dates of audit committee meetings, sessions, contents of motions, the dissenting opinion, qualified opinion, or significant suggestions of the independent director, resolutions of the audit committee meetings, and the Company's response to audit members' opinion should be specified.

(1) Matters described in Article 14-5 of the Securities and Exchange Act:

| Board of Directors meeting date (note) and session | Motion | Resolution of the Audit Committee | The Company's response to Audit Committee members' opinion |
|---|---|---|---|
| February 21, 2024<br>14th meeting of the 1st session | ▪ Business report, financial statements, earnings distribution proposal for 2023<br>▪ Capital budget expenditure<br>▪ Internal control system design and effectiveness assessment, along with the internal control statement for 2023 | Approved by all committee members as proposed | Approved by all directors present as proposed |
| May 9, 2024<br>15th meeting of the 1st session | ▪ Financial statements for the first quarter of 2024.<br>▪ Capital budget expenditure | Approved by all committee members as proposed | Approved by all directors present as proposed |
| June 20, 2024<br>1st meeting of the 2nd session | ▪ Capital budget expenditure | Approved by all committee members as proposed | Approved by all directors present as proposed |
| August 1, 2024<br>2nd meeting of the 2nd session | ▪ Financial statements for the second quarter of 2024. | Approved by all committee members as proposed | Approved by all directors present as proposed |
| November 1, 2024<br>3rd meeting of the 2nd session | ▪ Fees for CPAs providing attestation service<br>▪ Financial statements for the third quarter of 2024.<br>▪ Issuance of restricted employee stock awards<br>▪ Revision of the Internal Control System and the Implementation Rules for Internal Auditing.<br>▪ Audit plan for 2025<br>▪ Amendments to the Audit Committee Organizational Charter<br>▪ Lease of Zhongli Plant and office<br>▪ Capital budget expenditure | Approved by all committee members as proposed | Approved by all directors present as proposed |
| February 20, 2025<br>4th meeting of the 2nd session | ▪ Business report, financial statements, earnings distribution proposal for 2024<br>▪ Internal control system design and effectiveness assessment, along with the internal control statement for 2024<br>▪ Capital budget expenditure<br>▪ Amended "Procedures for Asset Acquisition and Disposal". | Approved by all committee members as proposed | Approved by all directors present as proposed |

Note: Month/Day/Year.

(2) Any other resolutions that were approved by two-thirds of Board members but not approved by the Audit Committee other than those described above: None.

2. If there is independent directors' avoidance of motions in conflict of interest, the independent directors' names, contents of motions, causes for avoidance and voting should be specified: None.

3. Communications between independent directors and the Company's chief internal auditor and CPA (e.g. the items, methods and results of the audits of corporate finance or operations, etc.)

(1) The Company's chief internal auditor regularly submits a report to the independent directors, communicates with them at any time by phone, mail, or text message whenever necessary, and be present at the Audit Committee meeting to provide suggestions and explanation when a committee member requires so.

(2) The Company's CPAs explain matters pertaining to review or audit of the financial statements to independent directors, either face to face or in writing; independent directors may respond in the same manner. If need be, full communication may be made by phone, mail, or text message at any time.

The 2024 communication between independent directors and internal audit officers and CPAs is as follows:

| Audit Committee Date | Session | Matters in communication with the internal audit officer | Communication with CPAs |
|---|---|---|---|
| February 21, 2024 | The 14th regular session of the 1st | ▪ Internal audit report (separate meeting)<br>▪ 2023 Internal control self assessment report (separate meeting)<br>▪ 2023 "Internal Control System Statement" (separate meeting) | ▪ Audit status of 2023 financial statements (separate meeting)<br>▪ Report of Regulatory Changes (separate meeting) |
| May 9, 2024 | The 15th regular session of the 1st | ▪ Internal audit report (separate meeting) | ▪ Review of the financial statements for the first quarter of 2024 (separate meeting)<br>▪ Report of Regulatory Changes (separate meeting) |
| June 20, 2024 | The 1st regular session of the 2nd | None | None |
| August 1, 2024 | The 2nd regular session of the 2nd | ▪ Internal audit report (separate meeting) | ▪ Review of the financial statements for the second quarter of 2024 (separate meeting)<br>▪ Report of Regulatory Changes (separate meeting) |
| November 1, 2024 | The 3rd regular session of the 2nd | ▪ Internal audit report (separate meeting) | ▪ Review of the financial statements for the third quarter of 2024 (separate meeting)<br>▪ Report of Regulatory Changes (separate meeting) |
| February 20, 2025 | The 4th regular session of the 2nd | ▪ Internal Auditor's report (Closed Door Session)<br>▪ Report on self-testing results for the year 2024 (Closed Door Session)<br>▪ 2024 Statement of Internal Control System (Closed Door Session) | ▪ The audit results of 2024 annual financial statements (Closed Door Session)<br>▪ Report of regulatory developments (Closed Door Session) |

(3) The Company's independent directors did not express any specific opinion on the matters communicated between them and the chief internal auditor or the CPAs.

## (III) Deviation and causes of deviation of the Company’s actual governance from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

| Assessment | Actual governance | | Actual governance | Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| I. Has the Company established and disclosed its corporate governance principles based on “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” ? | ■ | | The Company has established and disclosed its own “Corporate Governance Best Practice Principles” in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” , and always abides by regulations stipulated therein to disclose the various information. | No significant deviation |
| II. Shareholding structure and shareholders’ interests | | | | |
| (I) Has the Company implemented a set of internal procedures to handle shareholders’ suggestions, queries, disputes, and litigations? | ■ | | The Company has established its own “Rules of Procedure for Shareholders Meetings” . In addition, abiding by the “Corporate Governance Best Practice Principles” , the Company has established a spokesperson system to deal with relevant matters and set a post of stock affairs personnel to handle the submissions and concerns of, or disputes between, the shareholders. Yet, the Company maintains a harmonious relationship with shareholders and has so far not had any disputes with them. | No significant deviation |
| (II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller? | ■ | | The Company has a good grasp of the shareholding status of major shareholders, directors, and managers by referencing the shareholder register on the book closure date that is provided by the stock agent. In addition, the Company files the shareholding changes of insiders (directors, managers, and shareholders holding no less than 10 percent of the Company’s shares) with the competent authority through its designated Market Observation Post System on a monthly basis. | No significant deviation |
| (III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with? | ■ | | The Company has established the “Operating Procedures for Transactions with Related Party, Specified Company or Institution, and Group Entity” , “Endorsement and Guarantee Procedures” , “Lending Funds to Other Parties Procedures” , and “Procedures for the Acquisition or Disposal of Assets” - all aim to establish an appropriate risk control mechanism and firewall. | No significant deviation |
| (IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information? | ■ | | The Company has established the “Procedures for the Prevention of Insider Trading” , prohibiting Company insiders from trading securities using information not disclosed to the market. Measures include, without limitation, those prohibiting a director from trading its shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports. In addition, the Company has provided the directors with information on the prohibition of insider trading and the related Q&A materials from the competent authority every year, and issued a notification letter on the closed period before announcing the quarterly or annual financial statements to remind the directors and relevant employees to avoid violating the regulations related to insider trading. At the same time, the Company also conducts an annual insider trading prevention course for all employees in its annual compliance promotion program. The course covers behaviors prohibited under the Procedures for the Prevention of Insider Trading, important regulations, definition of material information, and handling of violations to remind all employees to comply with the Procedures for the Prevention of Insider Trading. | No significant deviation |
| III. Composition and responsibilities of the Board of Directors | | | | |
| (I) Has the board devised and implemented policies to ensure diversity of its members? | ■ | | The Company has taken into account the diversity among Board of Directors members in accordance with the “Corporate Governance Best Practice Principles” and the “Regulation Governing the Election of Directors” . Incumbent directors are all professionals in areas such as finance, law, accounting, industry, and technology, evidencing a diversified composition among Board members. The information on the diversity of the Board of Directors is also disclosed on the Company’s website. | No significant deviation |
| (II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion? | ■ | | The Company has established the Remuneration Committee and the Audit Committee on March 4, 2021, the Sustainable Development Committee on February 20, 2025 and will further plan the establishment of other similar functional committees according to business needs. | No significant deviation |
| (III) Has the Company established a set of policies and assessment tools for evaluating board performance, and conducted performance evaluation on a yearly basis? Are performance evaluation results reported to the Board of Directors and used as reference for remuneration and nomination decisions? | ■ | | To implement corporate governance and improve its Board’s functions, the Company has established various performance goals to enhance the Board’s operating efficiency. The Company already formulated its “Regulations Governing Performance Evaluation of Board of Directors” , by which it completed the performance evaluation of the Board of Directors of 2024 in January 2025 and submitted the evaluation results to the Board of Directors to serve as a reference, both for discussion and determination of the remuneration for the Board of Directors of 2024, and for renomination of directors in future Board elections. | No significant deviation |
| (IV) Are external auditors’ independence assessed on a regular basis? | ■ | | The Company’s second Audit Committee held its third meeting on November 1, 2024, and adopted the Audit Quality Indicator (AQI) submitted by the CPAs as the basis for the appointment of the CPAs regarding the independence, competency (including performance), and appointment of the CPA and the review of the 2025 compensation proposal. The AQI was compiled based on the AQI framework and disclosure template issued by the FSC.<br>The Company requires its CPAs to provide a “Statement of Independence” annually, and at the same time, the accounting department of the Company evaluates the CPAs’ financial interests, business relationships, and employment relationships through the “Assessment Form of Independent Auditor’s Independence and Suitability” to compile the results of the evaluation of the CPAs’ independence and assess the adequacy of the CPAs to serve as the Company’s CPAs. Please refer to Note 1.<br>The most recent assessment was submitted to the Audit Committee on November 1, 2024 for review and submitted to the Board of Directors for review on the same date. | No significant deviation |

| Assessment | Actual governance | | Actual governance | Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| IV. Has the TWSE/TPEx listed company allocated adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)? | ■ | | The Company has appointed the Senior Director of the Legal Affairs Department, Ms. Chia-hui Lin, as the Corporate Governance Officer, who is responsible for handling corporate governance related matters (including but not limited to providing information necessary for directors to perform their duties, assisting directors in complying with laws and regulations, conducting Board of Directors and shareholders’ meeting related matters in accordance with the law, and preparing meeting minutes of the Board meeting and shareholders’ meeting), and attending continuing education courses and obtaining certificates as required by law. For information on the status of the continuing education for 2024, please refer to (VI) 4. The Company’s managers’ participation in corporate governance-related continuing education for the most recent year up to the publication date of this annual report. | No significant deviation |
| V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)? | ■ | | The Company’s stakeholders include the parent company, shareholders, employees, customers and suppliers/contractors, communities, and the government. For their respective concerns, and the Company’s communication channels and response methods, please refer to the stakeholders in the Company’s corporate sustainability section. This helps the Company to understand stakeholders’ issues of concern and to respond appropriately. Feedback from all walks of life is considered as the basis for continuous improvement. The Company publishes the Sustainability Report every year as an important task to further disclose corporate social responsibility information. | No significant deviation |
| VI. Does the Company engage a share transfer agency to handle shareholder meeting affairs? | ■ | | The Company has commissioned the Agency Department of CTBC Bank as the stock transfer agent, which is responsible for handling shareholder service and shareholder meeting affairs. | No significant deviation |
| VII. Information disclosure | | | | |
| (I) Has the Company established a website to disclose financial, business, and corporate governance-related information? | ■ | | The Company has created own website (http://www.viseratech.com/) to disclose information on its business, finance, and corporate governance. | No significant deviation |
| (II) Has the Company adopted other means to disclose information (e.g. English website, assignment of dedicated personnel to collect and disclose corporate information, implementation of a spokesperson system, and broadcasting of investor conferences via the company website)? | ■ | | The Company has designated dedicated personnel to collect and disclose the Company’s information and implemented the spokesperson system and the acting spokesperson system as required. | No significant deviation |
| (III) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with the monthly business performance before the required due dates? | ■ | | The Company publishes and makes an official filing of annual financial report within two months after the end of fiscal year, and publishes/files Q1, Q2, and Q3 financial reports along with the monthly business performance before the required due dates. For the disclosures of the above information, please visit the Market Observation Post System. | No significant deviation |
| VIII. Does the Company have other information that enables a better understanding of the Company’s corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders’ interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and liability insurance for directors and supervisors)? | ■ | | 1. Employee rights: The Company ensures employees’ legal rights by adhering to the Labor Standards Act and its personnel regulations. It also regularly holds labor-management meetings to harmonize its labor relations.<br>2. Employee care: The Company upholds the philosophy of a friendly workplace in recruiting and retaining talents. It strives to provide a good work environment: Apart from the establishment of the Employee Benefits Committee, to which it regularly contributes employee benefit funds, it also contributes a certain amount of employee retirement funds as required by law, purchases group insurance for employees, and arranges health check-up for them, so as to maximize the employees’ benefits it can provide.<br>3. Investor relation: The Company has a spokesperson system and an acting spokesperson system, through which it communicates with outsiders. Aside from updating its operating results, the Company also assigns dedicated personnel to disclose its information on the Market Observation Post System as required by law.<br>4. Supplier relations: Through activities such as supplier audit/supplier evaluation/raw material supply and demand tracking/contractor meeting/quality improvement meeting and ongoing exchange of opinions with the management, the Company works closely with key suppliers and contractors, and maintains productive relationships that would ensure better performance in the future.<br>5. Stakeholders’ interests: The Company has maintained a smooth communication channel with employees, customers, suppliers, and contractors, and respects and upholds their legal rights. Stakeholders may communicate their opinions to the Company at any time. The Company values their opinions and will use them as reference for future work implementation.<br>6. Continuing education of directors and supervisors: The Company has established the Audit Committee to assume the duties of supervisors. All the Company’s directors are experts in certain area; they also regularly take part in continuing education courses as required by law and have obtained certificates. For information on the status of the continuing education for 2024, please refer to (VI) 3. Continuing education on corporate governance for the Company’s directors in the most recent year up to the publication date of this annual report.<br>7. Risk management policies, practices, and risk assessment standards: The Company has established internal policies in accordance with laws to manage and assess risks.<br>8. Execution of customer policy: The Company has assigned a dedicated unit to handle customers’ complaints and issues. The unit is responsible for appropriately addressing issues that concern customers, and in doing so, maintains a good relationship with customers, thereby creating profits for the Company.<br>9. Purchase of liability insurance for directors: The Company has purchased liability insurance for its directors in order to reduce and diversify the risk of causing significant losses to shareholders due to directors’ errors or negligence. | No significant deviation |
| IX. Please explain the improvements that have been made based on the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and propose priority enhancements and measures for those that have not yet been improved: VisEra participated in the Corporate Governance Evaluation in 2024. The evaluation results have not been officially announced before the annual report was published. The Company aims to prioritize the following improvements in 2025: | | | 1. Establishment of a Sustainability Development Committee<br>2. Disclosure of individual director compensation in the annual report<br>3. Disclosure of policies linking senior managers’ salary and remuneration with ESG-related performance evaluation | |

Note 1: List the e valuation criteria of CPAs’ independence

| Assessment | Evaluation results | Independence |
|---|---|---|
| The Company has no direct or indirect significant financial interest between members of the audit service team and their families, other co-practicing accountants and their families, and their firms and their affiliates. | Yes | Yes |
| There is no close business relationship between the CPA firm or members of the audit service team and the Company or its affiliates. | Yes | Yes |
| A member of the audit team, who has not served as a director or supervisor of the Company in the past two years, or has not held any position that has a significant impact on the audit case. | Yes | Yes |
| The members of the audit service team are not related to the Company’s directors, supervisors, managers or personnel who have significant influence on the audit. | Yes | Yes |

## (IV) Disclose the composition, responsibilities, and functioning of remuneration committee, if available:

1. In order to implement corporate governance and establish a sound remuneration system for directors and managers, on March 4, 2021, the Company established the Remuneration Committee in accordance with Article 14-6 of the Securities and Exchange Act and the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange. The committee comprises four members, who are appointed by the Board of Directors through a resolution. At least one of them is the Company’s independent director. The Remuneration Committee members shall select an independent director to serve as the convener and chairperson of their meetings, and as a representative of the Remuneration Committee when dealing with outsiders. The committee shall exercise the due care of a good administrator to loyally perform the following powers and duties, and shall submit its suggestions to the Board of Directors for discussion:

(1) Establishment the overall remuneration policies of the Company.
(2) Establishment and regular review of directors’ and managers’ performance, as well as remuneration policies, systems, standards, and structures.
(3) Regular assessment and determination of the remuneration for directors and managers.

2. Information on Remuneration Committee members

March 24, 2025

| Criteria<br>Title | Name | Professional qualifications and experience | Independence | Number of public companies for which the committee member concurrently serves in their remuneration committees |
|---|---|---|---|---|
| Independent Director | Laura Huang | Please see page 9~10 of the Annual Report for the disclosure of professional qualifications of directors and independence information of independent directors. | | 2 |
| Independent Director | Emma Chang | | | 0 |
| Independent Director | Peng-Heng Chang | | | 1 |
| Independent Director | Han-Fei Lin | | | 2 |

3. Status of operation of the Remuneration Committee

(1) The Company’s Remuneration Committee comprises four members.
(2) Service tenure of the current committee: Between May 22, 2024 and May 21, 2026. As of 2024 and up to the publication date of this annual report, the Remuneration Committee held a total of 3 meetings [A]; the attendance by committee members is stated as follows:

| Position | Name | Number of in-person attendance [B] | Number of proxy attendance | Percentage of in person attendance (%) [B/A] | Remarks |
|---|---|---|---|---|---|
| **Convener** | Peng-Heng Chang | 3 | 0 | 100 | |
| **Committee member** | Laura Huang | 3 | 0 | 100 | |
| **Committee member** | Emma Chang | 3 | 0 | 100 | |
| **Committee member** | Han-Fei Lin | 2 | 1 | 67 | |

Other mandatory disclosures:

I. If the Board of Directors declines to adopt or modify a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company’s response to the remuneration committee’s opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.

II. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions, and the response to members’ opinion should be specified: None.

## (V) Enforcement of business integrity, deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies:

| Assessment | Actual governance | | Actual governance | Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| I. Establishment of integrity policies and solutions | | | | |
| (I) Has the Company established a set of board-approved business integrity policy, and stated in its Memorandum or external correspondence about the policies and practices it implements to maintain business integrity? Are the Board of Directors and the senior management committed to fulfilling this commitment? | ■ | | Based on the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, the Company has formulated its own “Ethical Corporate Management Best Practice Principles”, which has been approved by the Board of Directors. The Board of Directors and management fully understand and implement those principles; they have incorporated those principles into their internal management and external business activities. | No significant deviation |
| (II) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”? | ■ | | The Company's formulating the “Ethical Corporate Management Best Practice Principles” and the “Code of Ethics” ensures its ethical corporate management. The Company also regularly holds education and training on corporate governance for directors, irregularly disseminates corporate ethics, specifies awards and disciplinary actions in its “Work Rules” to prevent employees' conducting unethical conduct, and implements ethical corporate management through internal approval process and the internal control system. | No significant deviation |
| (III) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties, and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis? | ■ | | As stated above. The Company also disseminates “ethical corporate management” internally; In addition, the Company's internal and external websites both provide a channel for whistleblowing/complaint/opinion submissions, which will be transmitted by their nature to the dedicated department and the Company's highest-level manager. | No significant deviation |
| II. Enforcement of business integrity | | | | |
| (I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners? | ■ | | All of the Company's transaction counterparties are subject to this supplier management mechanism. With suppliers and contractors already under partnership with the Company, the Company also regularly audits and assesses them, and includes provisions of business ethics in the contracts with them. | No significant deviation |
| (II) Does the Company have a unit that enforces business integrity directly under the Board of Directors? Does this unit report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the Board of Directors on a regular basis (at least once a year)? | ■ | | To fulfill the supervision responsibilities for ethical corporate management, it is implemented by the Legal and the HR units. The head of the Legal regularly reports the Company's legal compliance status at a management meeting. In addition, internal audit personnel make regular reports to the Board of Directors on the outcome of audit activities. Managers of the Company, particularly the CEO and CFO, perform duties under the supervision of the Board of Directors, and are responsible for ensuring that any financial and accounting information disclosed by VisEra Technologies to the authority and the public is complete, fair, accurate, timely, and easy-to-understand. In 2022, the Company created the Corporate Governance Task Force, the implementation unit, which regularly reports to the Board of Directors. Compliance training is one of the most important elements of VisEra's compliance plan. Through regular introduction of regulation awareness and training courses, employees of VisEra are informed on the latest laws and rules that are most relevant to them. This knowledge helps enforce employees' commitment to business integrity. Each year, every employee receives at least 0.5 hours of training courses (e-learning) on ethical conduct and legal compliance. In 2024, the course completion rate was 100% (with a total of 1,536 persons). Legal compliance training will still be provided in 2025. | No significant deviation |
| (III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests? | ■ | | For those having a personal interest when involving in certain business activities, they shall report to their supervisor and recuse themselves from such activities in order to prevent conflict of interest. When any motion where a director's interest in at odds with their obligations to the Company is considered, all directors concerned recuse themselves from consideration and voting in accordance with the principle for avoidance of conflict of interest. | No significant deviation |
| (IV) Has the Company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct? | ■ | | The Company's accounting system is established against actual business needs, as well as the Securities and Exchange Act, Company Act, Business Entity Accounting Act, Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the FSC-endorsed International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations, and SIC interpretations. The Company's internal control system is established against the “Regulations Governing Establishment of Internal Control Systems by Public Companies”. Both the accounting system and the internal control system are well implemented. The audit department under the Board of Directors also regularly audit the compliance with the accounting system and the internal control system, and reports the results to the Board of Directors. | No significant deviation |

| Assessment | Actual governance | | Actual governance | Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| (V) Does the Company organize internal or external training on a regular basis to maintain business integrity? | ■ | | By having employees attend the annual on-line “Business Integrity and Legal Compliance Annual Dissemination Seminar”, the Company makes them well aware of the Company’s determination to achieve ethical corporate management, business ethical policy, prevention programs, and the consequence of violating the policy. The Company also has an employee complaint channel in place to ensure communication between the Company and employees, so as to create a harmonious labor relation and build consensus. | No significant deviation |
| III. Whistleblowing system | | | | |
| (I) Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts? | ■ | | The Company has implemented the “Ethical Corporate Management Best Practice Principles”, “Code of Ethics”, and “Workplace Violation Prevention Policy” internally. Employees and outsiders are able to report misconduct relating to finance, laws, or ethics through the corporate website or directly to the CEO or President. Employees have the responsibility to report any suspicion of unethical practice to the line manager, the head of human resources, or through available whistleblowing channels.<br>The Company will definitely keep confidential the whistle-blower’s identity and the whistle-blown contents, and actively verify the contents and handle the case. Where a violation is deemed, the violator will be subject to disciplinary actions based on the extent of violation. | No significant deviation |
| (II) Has the Company implemented any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation? | ■ | | | No significant deviation |
| (III) Has the Company provided proper whistleblower protection? | ■ | | | No significant deviation |
| IV. Enhanced information disclosure | | | | |
| (I) Has the Company disclosed its integrity principles and progress onto its website and MOPS? | ■ | | The Company has disclosed on its website the “Ethical Corporate Management Best Practice Principles”, measures taken to realize ethical corporate management, and the status of corporate social responsibility implementation. | No significant deviation |
| V. If the Company has established business integrity policies in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies,” please describe its current practices and any deviations from the Best Practice Principles:<br>The Company has established the “Ethical Corporate Management Best Practice Principles” and the “Code of Ethics”. All employees, managers, and Board members must be obliged by such principles and code, as well as other relevant regulations. There was no deviation of implementation from the contents of such principles and code. | | | VI. Other information important to the understanding of ethical corporate management: Aside from the “Ethical Corporate Management Best Practice Principles”, the Company also creates other internal regulations, such as the Code of Ethics, Corporate Governance Best Practice Principles, Procedures for the Prevention of Insider Trading, and Operating Procedures for Transactions with Related Party, Specified Company or Institution, and Group Entity. | |

## (VI) Other information material to the understanding of corporate governance within the Company:

1. The Company has always been supportive of sound corporate governance since it was first founded. It adopts an operational strategy that not only conforms with the corporate governance spirit, but supports the Company’s business activities and maximizes shareholders’ interests as well. The Board of Directors consists of members with diverse expertise, including law professionals, industry veteran, and finance/investment professionals. The Board of Directors is considered to have functioned as intended.

2. The Company implements and executes a robust internal control system. It has self-inspection systems in place to check day-to-day operations, whereas the Board of Directors and the management conduct regular reviews on self-inspection reports submitted by individual departments and audit reports submitted by internal auditors. In doing so, the management ensures performance and efficiency of the Company’s operations, the accuracy of financial statements prepared, and compliance throughout the organization.

3. Continuing education on corporate governance for the Company’s directors in the most recent year and up to the publication date of this annual report

| Position | Name | Date of continuing education (Month/Day/Year) | Organizer | Course title | Hours |
|---|---|---|---|---|---|
| **Chairman** | Robert Kuan | May 22, 2024 | Taiwan Corporate Governance Association | Corporate Social Responsibility and Labor Law Practices | 3 |
| | | October 16, 2024 | | Response to Corporate Carbon Credits and Carbon Asset Management Under the Operations of the Global Carbon Trading Mechanism | 3 |
| **Director** | Chien-Hsin Li | October 16, 2024 | Taiwan Corporate Governance Association | Response to Corporate Carbon Credits and Carbon Asset Management Under the Operations of the Global Carbon Trading Mechanism | 3 |
| | | November 14, 2024 | Greater China Financial and Economic Development Association | U.S. Presidential Election and Its Global Economic and Political Implications | 3 |
| | | December 3, 2024 | Digital Governance Association | Corporate Governance and the Operations of Audit Committee and Remuneration Committee | 3 |
| | | December 16, 2024 | Taipei Foundation Of Finance | Analysis of Key Indicators and Trends for International Situation Observations in 2025 | 3 |
| **Director** | David Liu | May 22, 2024 | Taiwan Corporate Governance Association | Corporate Social Responsibility and Labor Law Practices | 3 |
| | | May 27, 2024 | Taipei Foundation Of Finance | Carbon Anxiety - Upcoming EU’s Carbon Border Adjustment Mechanism & Taiwan’s Carbon Fees: Corporate Strategies & Preparations | 3 |
| | | June 18, 2024 | The Allied Association for Science Park Industries | Case Study: Companies’ Material Information Disclosure and Directors’ Responsibilities | 3 |
| | | October 16, 2024 | Taiwan Corporate Governance Association | Response to Corporate Carbon Credits and Carbon Asset Management Under the Operations of the Global Carbon Trading Mechanism | 3 |
| **Independent Director** | Laura Huang | May 22, 2024 | Taiwan Corporate Governance Association | Corporate Social Responsibility and Labor Law Practices | 3 |
| | | June 19, 2024 | Taiwan Institute of Directors | Exploring the International Competitiveness of Taiwan’s Enterprises in Global Coopetition | 3 |
| | | October 16, 2024 | Taiwan Corporate Governance Association | Response to Corporate Carbon Credits and Carbon Asset Management Under the Operations of the Global Carbon Trading Mechanism | 3 |
| **Independent Director** | Emma Chang | May 22, 2024 | Taiwan Corporate Governance Association | Corporate Social Responsibility and Labor Law Practices | 3 |
| | | October 16, 2024 | | Response to Corporate Carbon Credits and Carbon Asset Management Under the Operations of the Global Carbon Trading Mechanism | 3 |
| **Independent Director** | Peng-Heng Chang | May 22, 2024 | Taiwan Corporate Governance Association | Corporate Social Responsibility and Labor Law Practices | 3 |
| | | May 27, 2024 | | Corporate Strategies for Achieving Net-Zero Emissions (Part 1) | 3 |
| | | May 27, 2024 | | Corporate Strategies for Achieving Net-Zero Emissions (Part 2) | 3 |
| | | October 16, 2024 | | Response to Corporate Carbon Credits and Carbon Asset Management Under the Operations of the Global Carbon Trading Mechanism | 3 |
| **Independent Director** | Han-Fei Lin | April 18, 2024 | Taiwan Institute for Sustainable Energy | The Evolution of Sustainable Development Concepts | 1 |
| | | May 9, 2024 | Taiwan Corporate Governance Association | Financial Consumer Protection, Fair Treatment, and Financial Inclusion: Addressing Financial Discrimination Against People with Disabilities | 1 |
| | | May 22, 2024 | Taiwan Corporate Governance Association | Corporate Social Responsibility and Labor Law Practices | 3 |
| | | May 30, 2024 | Taiwan Institute for Sustainable Energy | Sustainable Finance - GRI, TCFD, TNFD, IFRS S1 & S2, and Sustainable Insurance | 1 |
| | | August 12, 2024 | Securities & Futures Institute (SFI) | Enhancement of Corporate Sustainable Value and Improvement to Risk Management Systems | 3 |
| | | October 16, 2024 | Taiwan Corporate Governance Association | Response to Corporate Carbon Credits and Carbon Asset Management Under the Operations of the Global Carbon Trading Mechanism | 3 |

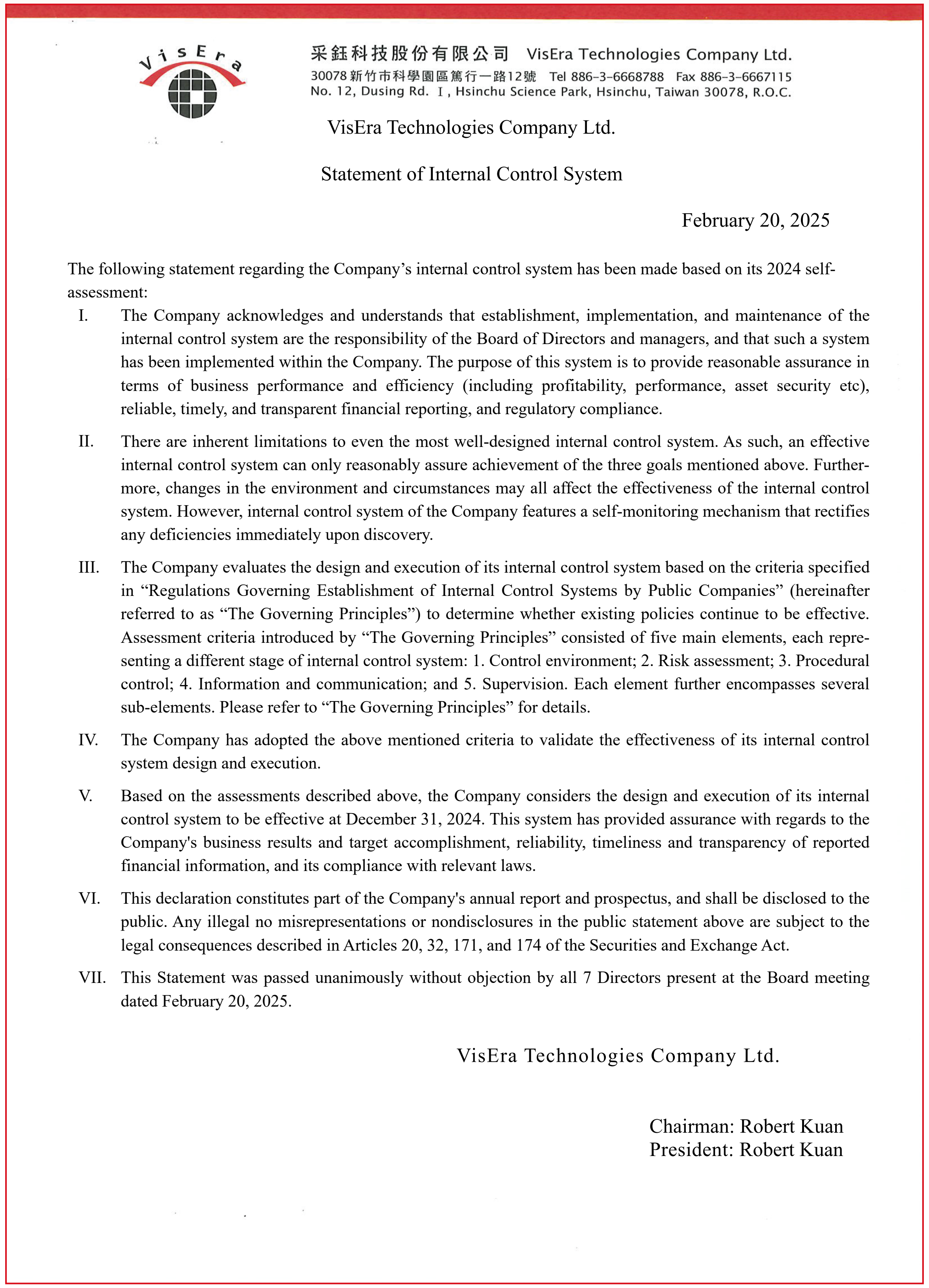
4. Continuing education on corporate governance for the Company's managers (President, Vice Presidents, and accounting, financial, and audit supervisors) in the most recent year up to the publication date of this annual report

| Position | Name | Date of continuing education (Month/Day/Year) | Organizer | Course title | Hours |
|---|---|---|---|---|---|
| Head of Corporate Governance | Chia-hui Lin | March 22, 2024 | Taiwan Stock Exchange (TWSE) | CDP Presentation in Taiwan: Leveraging Sustainability Knowledge to Create a New Carbon Era | 3 |
| | | May 22, 2024 | Taiwan Corporate Governance Association | Corporate Social Responsibility and Labor Law Practices | 3 |
| | | May 27, 2024 | Taipei Foundation Of Finance | Carbon Anxiety - Upcoming EU's Carbon Border Adjustment Mechanism & Taiwan's Carbon Fees: Corporate Strategies & Preparations | 3 |
| | | June 26, 2024 | Taiwan Corporate Governance Association | Practical Insights on Board Performance Evaluation Seminar | 3 |
| | | August 2, 2024 | Taiwan Corporate Governance Association | Corporate Governance Compliance Practices | 3 |
| | | September 3 - September 4, 2024 | Taiwan Corporate Governance Association | Climate Risk Identification Workshop and Net-Zero Carbon Emissions Advocacy Conference | 9 |
| | | October 16, 2024 | Taiwan Corporate Governance Association | Response to Corporate Carbon Reduction and Carbon Asset Management Under the Operations of the Global Carbon Trading Mechanism | 3 |

(VII) Where a company has established its own corporate governance principles and other regulations, the manner through which they are available for consultation shall be specified: They are accessible at http://www.viseratech.com, the Company's Investor Relations area.

## (VIII) Execution of internal control system

### 1. Statement of Internal Control System:



采鈺科技股份有限公司 VisEra Technologies Company Ltd.
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No. 12, Dusing Rd. Ⅰ, Hsinchu Science Park, Hsinchu, Taiwan 30078, R.O.C.

VisEra Technologies Company Ltd.

Statement of Internal Control System

February 20, 2025

The following statement regarding the Company's internal control system has been made based on its 2024 self-assessment:

I. The Company acknowledges and understands that establishment, implementation, and maintenance of the internal control system are the responsibility of the Board of Directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance and efficiency (including profitability, performance, asset security etc), reliable, timely, and transparent financial reporting, and regulatory compliance.

II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.

III. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether existing policies continue to be effective. Assessment criteria introduced by "The Governing Principles" consisted of five main elements, each representing a different stage of internal control system: 1. Control environment; 2. Risk assessment; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for details.

IV. The Company has adopted the above mentioned criteria to validate the effectiveness of its internal control system design and execution.

V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective at December 31, 2024. This system has provided assurance with regards to the Company's business results and target accomplishment, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.

VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal no misrepresentations or nondisclosures in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement was passed unanimously without objection by all 7 Directors present at the Board meeting dated February 20, 2025.

VisEra Technologies Company Ltd.

Chairman: Robert Kuan
President: Robert Kuan

2. If CPA Was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

### (IX) Major resolutions passed in shareholders’ meetings and Board of Directors meetings in the most recent year up to the publication date of this annual report:

1. Major resolutions of the annual shareholders’ meeting dated May 22, 2024.

| Major resolutions | Execution progress |
|---|---|
| Adoption of the 2023 Business Report and Financial Statements | Completed according to shareholders’ meeting resolution |
| Adoption of 2023 Earnings Distribution | Set the ex-dividend date to be at July 8, 2024; all dividends were paid out on July 29, 2024, as had resolved by the shareholders’ meeting. (a cash dividend of NT$0.99906630 was paid to each share.) |
| Fully re-elected 7 directors (including 4 independent directors) | Registration approved by the Hsinchu Science Park Bureau on June 11, 2024 |
| Termination of the non-competition restriction imposed on the new directors (including independent directors) | Completed according to shareholders’ meeting resolution |

2. Major Board of Directors resolutions made in 2024 and up to the publication date of this annual report

| Date (Month/Day/Year) | Major resolutions are summarized as follows: |
|---|---|
| **Regular Board of Directors meeting dated February 21, 2024.** | 1. Approved the “Internal Control System Statement” for 2023.<br>2. Approved the business report, financial statements, and earnings distribution for 2023.<br>3. Approval for the full re-election of directors and nominate director candidates.<br>4. Convened the 2024 annual shareholders’ meeting.<br>5. Approved capital budget for acquisition of equipment.<br>6. Approved the 2023 performance evaluation results of the Board of Directors and directors’ remuneration.<br>7. Approved the proposal of employee remuneration for 2023.<br>8. Approved the overall remuneration proposal for 2024.<br>9. Approve the managers’ 2023 bonus plan, performance evaluation results, and the 2024 salary adjustment and fixed compensation.<br>10. Approved the appointment of Jane Chen as Vice President (Chief Financial Officer-cum-Chief Accounting Officer-cum Spokesperson).<br>11. Set the capital increase record date for employee stock warrants. |
| **Regular Board of Directors meeting dated May 9, 2024** | 1. Approved the 2023 Sustainability Report.<br>2. Approved the financial statements for the first quarter of 2024.<br>3. Approved routine capital budget for the second half of 2024.<br>4. Approved a capital budget for reconstruction projects caused by earthquake disasters<br>5. Approved capital budget for acquisition of equipment.<br>6. Approved the 2023 employee remuneration in cash for managers.<br>7. Approved leasing of a passenger vehicle<br>8. Set the capital increase record date for employee stock warrants. |
| **Extraordinary Board of Directors meeting dated May 22, 2024** | 1. Elected one person from among themselves as the Chairman of the Company<br>2. Approved the appointment of members of the Remuneration Committee |
| **Extraordinary Board of Directors meeting dated June 20, 2024** | Approved capital budget for acquisition of equipment. |
| **Regular Board of Directors meeting dated August 1, 2024** | 1. Approved the financial statements for the second quarter of 2024.<br>2. Set the capital increase record date for employee stock warrants. |
| **Regular Board of Directors meeting dated November 1, 2024** | 1. Approved to amend the “Internal Control System” and the “Implementation Rules for Internal Auditing”.<br>2. Approved the audit plan for 2025.<br>3. Approved the financial statements for the third quarter of 2024.<br>4. Approved the business plan for 2025.<br>5. Approved the quota on short-term bank borrowings and derivatives.<br>6. Approved investments in green bonds<br>7. Approved the fee paid to CPAs for their attestation services in 2025.<br>8. Approved capital budget for acquisition of equipment.<br>9. Approved amendments to the Audit Committee Organizational Charter<br>10. Approved routine capital budget for the first half of 2025.<br>11. Approved a capital budget for establishment of relevant equipment and process capacity<br>12. Approved the renewal of leases of plants and offices.<br>13. Approved the issuance of restricted employee stock awards for 2025<br>14. Approved the managers’ performance evaluation items for 2025.<br>15. Approved the promotion of C.C. Chen to Vice President<br>16. Approval of the promotion of Chia-hui Lin to Senior Head of Legal Department<br>17. Set the capital increase record date for employee stock warrants. |
| **Regular Board of Directors meeting dated February 20, 2025** | 1. Approved the “Internal Control System Statement” for 2024.<br>2. Approved the business report, financial statements, and earnings distribution for 2024.<br>3. Approved the amendment to the “Articles of Incorporation” and the definition of “entry-level employees”.<br>4. Approved the amendment to the “Procedures for Asset Acquisition and Disposal”.<br>5. Convened the 2025 annual shareholders’ meeting.<br>6. Approved the establishment of the Sustainable Development Committee and formulation of the “Sustainable Development Committee Charter”.<br>7. Approved the appointment of members of the Sustainable Development Committee.<br>8. Approved capital budget for acquisition of equipment.<br>9. Approved the 2024 performance evaluation results of the Board of Directors and directors’ remuneration.<br>10. Approved the proposal of employee remuneration for 2024.<br>11. Approved the overall remuneration proposal for 2025.<br>12. Approve the managers’ 2024 bonus plan, performance evaluation results, and the 2025 salary adjustment and fixed compensation.<br>13. Set the capital increase record date for employee stock warrants. |

### (X) Documented opinions or declarations made by directors or supervisors against board resolutions in the most recent year up to the publication date of this annual report: None.

## IV. Disclosure of CPA

### (I) Disclosure of CPA fee

1. Fee information:

Unit: NT$ thousand

| | |
|---|---|
| **Accounting firm** | Deloitte Taiwan |
| **Name of CPA** | Shang-Chih Lin, Ming-Yuan Chung |
| **Audit period** | January 1 through December 31, 2024 |
| **Audit fee** | 3,572 |
| **Non-audit fee** | 1,334 |
| **Total** | 4,906 |
| **Remarks** | Non-audit fees are mainly related fees for CPA's attesting the Company's taxation documents. |

2. Any replacement of accounting firm that resulted in the reduction of audit remuneration paid, as compared to the previous year: None.

3. Any reduction in audit remuneration by more than 10% compared to the previous year: None.

### (II) Change of CPA: None.

## V. Any of the Company's Chairman, President, or any manager involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated enterprise within the most recent year: None.

## VI. Details of shares transferred or pledged by directors, supervisors, managers, and shareholders with more than 10% ownership interest:

### (I) Change of shareholding of directors, supervisors, managers, and major shareholders

Unit: shares

| Position | Name | 2024 | | In 2025 up to March 24, 2025 | |
|---|---|---|---|---|---|
| | | Increase (decrease) in shares held | Increase (decrease) in shares pledged | Increase (decrease) in shares held | Increase (decrease) in shares pledged |
| **Chairman/Major Shareholders** | TSMC | - | - | - | - |
| | Representative: Robert Kuan | 50,000 | - | - | - |
| **Director/Major Shareholders** | TSMC | - | - | - | - |
| | Representative: Chien-Hsin Li | - | - | - | - |
| **Director/Major Shareholders** | TSMC | - | - | - | - |
| | Representative: David Liu | - | - | - | - |
| **Independent Director** | Laura Huang | - | - | - | - |
| **Independent Director** | Emma Chang | - | - | - | - |
| **Independent Director** | Peng-Heng Chang | - | - | - | - |
| **Independent Director** | Han-Fei Lin | - | - | - | - |
| **Vice President** | Jane Chen | - | - | - | - |
| **Vice President** | H.J. Tsai | (130,000) | - | 70,000 | - |
| **Vice President** | K.P. Lin | 1,000 | - | 40,000 | - |
| **Vice President** | W.R. Huang | 44,000 | - | 253 | - |
| **Vice President** | J.C. Hsieh | 36,000 | - | 40,000 | - |
| **Vice President** | C.C. Chen | 68,000 | - | - | - |
| **Vice President (Note 1)** | Ben Fun | (50,000) | - | - | - |
| **Head of Corporate Governance** | Chia-hui Lin | 5,000 | - | (2,000) | - |

Note 1: Vice President Ben Fun resigned on November 1, 2024.

### (II) Pledge of shares where the counterparty is a related party: None.

## VII. Relationships characterized as spouse or second-degree relative or closer among top-ten shareholders: There was no relationship among the Company's top-ten shareholders that was characterized as spouse or second-degree relative or closer.

## VIII. Investments jointly held by the Company, the Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company, and shareholding in aggregate of the above parties: None.

# Four. Capital Overview

## I. Capital and shares

### (I) Source of capital:

1. Source of capital

Unit: shares; NT$

| Month/ Year | Issued price | Authorized capital | | Paid-in capital | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | Shares | Amount | Shares | Amount | Source of capital | Capital increased by assets other than cash | Others |
| December 2003 | 10 | 81,600,000 | 816,000,000 | 20,400,000 | 204,000,000 | Initial investment | Technology share 102,000 thousand | Note 1 |
| December 2005 | 10 | 81,600,000 | 816,000,000 | 70,000,000 | 700,000,000 | Cash issue: 49,600 thousand shares | None | Note 2 |
| July 2006 | 10 | 81,600,000 | 816,000,000 | 81,600,000 | 816,000,000 | Cash issue: 11,600 thousand shares | None | Note 3 |
| November 2006 | 10 | 300,000,000 | 3,000,000,000 | 146,600,000 | 1,466,000,000 | Increased authorized capital: 218,400 thousand shares<br>Cash issue: 65,000 thousand shares | None | Note 4 |
| June 2007 | 10 | 300,000,000 | 3,000,000,000 | 272,600,000 | 2,726,000,000 | Cash issue: 126,000 thousand shares | None | Note 5 |
| July 2007 | 10 | 300,000,000 | 3,000,000,000 | 282,409,715 | 2,824,097,150 | Capitalization of employee profit sharing: 9,810 thousand shares | None | Note 6 |
| August 2008 | 10 | 300,000,000 | 3,000,000,000 | 285,317,988 | 2,853,179,880 | Capitalization of employee profit sharing: 2,908 thousand shares | None | Note 7 |
| July 2009 | 10 | 300,000,000 | 3,000,000,000 | 285,897,696 | 2,858,976,960 | Capitalization of employee profit sharing: 580 thousand shares | None | Note 8 |
| July 2011 | 10 | 300,000,000 | 3,000,000,000 | 287,630,386 | 2,876,303,860 | Capitalization of employee profit sharing: 1,733 thousand shares | None | Note 9 |
| August 2012 | 10 | 300,000,000 | 3,000,000,000 | 291,153,119 | 2,911,531,190 | Capitalization of employee profit sharing: 3,523 thousand shares | None | Note 10 |
| June 2020 | 10 | 400,000,000 | 4,000,000,000 | 291,153,119 | 2,911,531,190 | Increased authorized capital: 100,000 thousand shares | None | Note 11 |
| Septem-ber 2021 | 20 | 400,000,000 | 4,000,000,000 | 293,071,119 | 2,930,711,190 | Issuance of 1,918 thousand new shares for the exercise of employee stock options | None | Note 12 |
| November 2021 | 20 | 400,000,000 | 4,000,000,000 | 293,125,119 | 2,931,251,190 | Issuance of 54 thousand new shares for the exercise of employee stock options | None | Note 13 |
| | 18 | | | 293,277,119 | 2,932,771,190 | Issuance of 152 thousand new shares for the exercise of employee stock options | | |
| March 2022 | 18 | 400,000,000 | 4,000,000,000 | 293,356,119 | 2,933,561,190 | Issuance of 79 thousand new shares for the exercise of employee stock options | None | Note 14 |
| May 2022 | 18 | 400,000,000 | 4,000,000,000 | 293,456,119 | 2,934,561,190 | Issuance of 100 thousand new shares for the exercise of employee stock options | None | Note 15 |
| July 2022 | 10 | 400,000,000 | 4,000,000,000 | 314,476,119 | 3,144,761,190 | Cash issue: 21,020 thousand shares | None | Note 16 |
| August 2022 | 18 | 400,000,000 | 4,000,000,000 | 314,658,119 | 3,146,581,190 | Issuance of 182 thousand new shares for the exercise of employee stock options | None | Note 17 |
| | 16.1 | | | 315,216,119 | 3,152,161,190 | Issuance of 558 thousand new shares for the exercise of employee stock options | | |
| November 2022 | 16.1 | 400,000,000 | 4,000,000,000 | 315,512,119 | 3,155,121,190 | Issuance of 296 thousand new shares for the exercise of employee stock options | None | Note 18 |
| March 2023 | 16.1 | 400,000,000 | 4,000,000,000 | 315,546,119 | 3,155,461,190 | Issuance of 34 thousand new shares for the exercise of employee stock options | None | Note 19 |
| May 2023 | 16.1 | 400,000,000 | 4,000,000,000 | 315,777,119 | 3,157,771,190 | Issuance of 231 thousand new shares for the exercise of employee stock options | None | Note 20 |
| August 2023 | 16.1<br>14.1 | 400,000,000 | 4,000,000,000 | 316,308,119 | 3,163,081,190 | Issuance of 531 thousand new shares for the exercise of employee stock options | None | Note 21 |
| November 2023 | 14.1 | 400,000,000 | 4,000,000,000 | 316,484,119 | 3,164,841,190 | Issuance of 176 thousand new shares for the exercise of employee stock options | None | Note 22 |
| March 2024 | 14.1 | 400,000,000 | 4,000,000,000 | 316,724,119 | 3,167,241,190 | Issuance of 240 thousand new shares for the exercise of employee stock options | None | Note 23 |
| May 2024 | 14.1 | 400,000,000 | 4,000,000,000 | 316,951,119 | 3,169,511,190 | Issuance of 227 thousand new shares for the exercise of employee stock options | None | Note 24 |

| Month/ Year | Issued price | Authorized capital | | Paid-in capital | | Remarks | | |
|---|---|---|---|---|---|---|---|---|
| | | Shares | Amount | Shares | Amount | Source of capital | Capital increased by assets other than cash | Others |
| August 2024 | 14.1 | 400,000,000 | 4,000,000,000 | 317,020,119 | 3,170,201,190 | Issuance of 69 thousand new shares for the exercise of employee stock options | None | Note 25 |
| November 2024 | 13.1 | 400,000,000 | 4,000,000,000 | 317,109,119 | 3,171,091,190 | Issuance of 89 thousand new shares for the exercise of employee stock options | None | Note 26 |
| March 2025 | 13.1 | 400,000,000 | 4,000,000,000 | 317,341,119 | 3,173,411,190 | Issuance of 232 thousand new shares for the exercise of employee stock options | None | Note 27 |

Note 1: Approved under Letter No. Shou-Zhong-09233022800.
Note 2: Approved under Letter No. Yuan-Shang-0940035746.
Note 3: Approved under Letter No. Yuan-Shang-0950019783.
Note 4: Approved under Letter No. Yuan-Shang-0950031023.
Note 5: Approved under Letter No. Yuan-Shang-0960014670.
Note 6: Approved under Letter No. Yuan-Shang-0960018082.
Note 7: Approved under Letter No. Yuan-Shang-0970021565.
Note 8: Approved under Letter No. Yuan-Shang-0980020771.
Note 9: Approved under Letter No. Yuan-Shang-1000021018.
Note 10: Approved under Letter No. Yuan-Shang-1010024106.
Note 11: Approved under Letter No. Zhu-Shang-1090017893.
Note 12: Approved under Letter No. Zhu-Shang-1100025817.
Note 13: Approved under Letter No. Zhu-Shang-1100034901.
Note 14: Approved under Letter No. Zhu-Shang-1110009257.
Note 15: Approved under Letter No. Zhu-Shang-1110016677.
Note 16: Approved under Letter No. Zhu-Shang-1110023296.
Note 17: Approved under Letter No. Zhu-Shang-1110027297.
Note 18: Approved under Letter No. Zhu-Shang-1110037999.
Note 19: Approved under Letter No. Zhu-Shang-1120007352.
Note 20: Approved under Letter No. Zhu-Shang-1120016970.
Note 21: Approved under Letter No. Zhu-Shang-1120028503.
Note 22: Approved under Letter No. Zhu-Shang-1120038041.
Note 23: Approved under Letter No. Zhu-Shang-1130007132.
Note 24: Approved under Letter No. Zhu-Shang-1130016207.
Note 25: Approved under Letter No. Zhu-Shang-1130026181.
Note 26: Approved under Letter No. Zhu-Shang-1130036204.
Note 27: Approved under Letter No. Zhu-Shang-1140006900.

### 2. Share category

March 24, 2025

| Share category | Authorized capital | | | Remarks |
|---|---|---|---|---|
| | Outstanding shares | Unissued shares | Total | |
| **Registered common shares** | 317,528,119 | 82,471,881 | 400,000,000 | Listed shares |

Note: As of March 24, 2025, the Company's total shares outstanding were 317,528,119 shares, among which 187,000 shares were issued for employees' exercising their employee stock options, which is the reason why such change in share numbers hasn't been filed with the competent authority.

### 3. Information relevant to the aggregate reporting policy: Not applicable.

## (II) List of major shareholders: shareholders with more than 5% ownership interest or are among the top 10

March 24, 2025

| Shares Name of major shareholderName of major shareholder | No. of shares held | Shares ratio |
|---|---|---|
| **Taiwan Semiconductor Manufacturing Company Limited** | 213,619,000 | 67.28% |
| **Investment account of SMALLCAP World Fund managed by Standard Chartered Bank Business Department** | 4,940,732 | 1.56% |
| **JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds** | 1,440,000 | 0.45% |
| **JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds** | 1,325,000 | 0.42% |
| **Chun-Chi Lin** | 1,281,548 | 0.40% |
| **Tai-ping Wu** | 783,000 | 0.25% |
| **Polymer Asia Fund LP-Goldman Sachs International** | 756,000 | 0.24% |
| **Chao-Pao Tsai** | 744,000 | 0.23% |
| **JPMorgan Chase Bank N.A. in custody for Vanguard Total Trust Stock Index II Investment Account** | 732,000 | 0.23% |
| **Cathay Venture Inc.** | 580,000 | 0.18% |

## (III) Dividend policy and execution:

1. Dividend policy stated in the Company's Articles of Incorporation

The Company shall not pay dividends or bonuses, if there is no surplus earnings. When allocating earnings, the Company shall first estimate and retain a portion of its earnings for taxation and reimbursement of previous losses. The residual balance plus non-net income items is then added to unappropriated earnings in the current year, and the sum of which is subject to a 10% provision for statutory reserves, unless the Company has already accumulated statutory reserves to an amount equal to paid-up capital. Next, provisions for special reserve are to be made according to laws or instructions of the authority.

When allocating earnings, the Company shall allocate no more than 2% of current period profit as director remuneration, and no less than 1% of current period profit as employee remuneration. However, profits must first be taken to offset cumulative losses if any.

Distribution of employee remuneration is subject to resolution in a board meeting with more than two-thirds of the board present, and voted in favor by more than half of all attending directors. This decision shall be reported in shareholders' meeting.

After making mandatory allocations according to the Articles of Incorporation, the residual earnings can be added to unappropriated earnings carried from previous years and distributed as shareholder dividends/profit sharing at Board of Director's proposal, subject to resolution in a shareholders' meeting.

The Company may choose to distribute all distributable earnings after taking into account financial, business, and operational factors. Dividends from earnings can be paid in cash or in shares. Cash distribution should take precedence, and while dividends can be paid in shares, stock dividends should not amount to more than 50% of total dividends. The Company may distribute all or part of its capital surplus, subject to compliance with laws and the authority's instructions, in situations where the Company has no earning to distribute, or if the amount of earnings is far less than the amount distributed in the previous year, or for whatever financial, business, and operational concerns the Company may have. Where distribution is made in cash, the Board of Directors may resolve and execute the decision according to Article 241 of the Company Act and report the decision in a subsequent shareholders’ meeting without seeking shareholders’ acknowledgment.

2. Dividends proposed (approved) for the current year
The Company had NT$5,979,794 thousand of earnings available for distribution in 2024; after proposing cash dividends at NT$3.0 per share, the Company was left with unappropriated earnings of NT$5,027,771 thousand at the end of the period. This appropriation proposal was passed during the Board of Directors meeting held on February 20, 2025, and will be raised for acknowledgment during the annual shareholders’ meeting to be held on May 22, 2025.

### (IV) Impacts of proposed stock dividends on the Company’s business performance and earnings per share: Not applicable.

### (V) Employee, directors’ and supervisors’ remuneration:

1. Percentage and range of employee, directors’ and supervisors’ remuneration stated in the Articles of Incorporation
When allocating earnings, the Company shall allocate no more than 2% of current period profit as director remuneration, and no less than 1% of current period profit as employee remuneration. However, profits must first be taken to offset cumulative losses if any.

2. Basis of calculation for employee, directors’ and supervisors’ remuneration and share-based compensations; and accounting treatments for any discrepancies between the amounts estimated and the amounts paid.
The Company estimates employee and directors’ remuneration by applying certain percentages to current period profit. If the amount estimated is different from the amount paid, the difference will be treated as a change in accounting estimates and recognized in the year the payment is made.

3. Remuneration passed by the Board of Directors
(1) Employee, directors’ and supervisors’ remuneration, in cash or in shares. Disclose the amount, causes and treatment of any differences between the amount paid and the amount estimated in the year the expense was recognized.
On February 20, 2025, the Board of Directors resolved to distribute cash remuneration to employees in the amount of NT$347,781 thousand for 2024, and cash remuneration to directors of NT$3,240 thousand, which was no different from the annual estimated amount.
(2) Amount and percentage of employee remuneration paid in shares, relative to current net income and total employee remuneration: None.

4. Actual payment of employee profit sharing and directors’ and supervisors’ remuneration in the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued), and any differences from the figures estimated (explain the amount, the cause, and treatment of such discrepancies). In 2023, employees’ remuneration was estimated at NT$71,216 thousand and directors’ remuneration was estimated at NT$3,240 thousand; the amounts were approved by the Board of Directors on February 21, 2024. There is no discrepancy between the estimated amounts and the recognized expenses for the year.

### (VI) Buyback of company shares: None.

## II. Disclosure relating to corporate bonds: None.

## III. Preferred shares: None.

## IV. Global depository receipts: None.

## V. Employee warrants:

### (I) Employee warrants unexpired and outstanding up to the publication date of this annual report, and impacts to shareholders’ equity

March 24, 2025

| Type of Employee Stock Option | 2019 First Employee Stock Option | 2019 Second Employee Stock Option | 2019 Third Employee Stock Option |
|---|---|---|---|
| Filing Effective Date and Total Units | July 22, 2020; total 5,956 units | | |
| Issuance date | July 1, 2019 | December 1, 2019 | April 1, 2020 |
| Duration | 6 years | 6 years | 6 years |
| No. of units issued | 5,424 units<br>(1,000 shares/unit) | 72 units<br>(1,000 shares/unit) | 460 units<br>(1,000 shares/unit) |
| No. of units left | 0 units | | |
| Subscribable shares as a percentage of total outstanding shares | 1.71% | 0.02% | 0.14% |
| Exercise period | July 1, 2019 to June 30, 2025 | December 1, 2019 to November 30, 2025 | April 1, 2020 to March 31, 2026 |
| Method of delivery | New issuance of common shares | | |
| Period and percentage (%) of exercise restriction | After two years: 50%, after three years: 75%, and after four years: 100% | | |
| No. of shares acquired through exercise | 4,977,000 shares | 72,000 shares | 306,000 shares |
| Amount of shares subscribed through exercise | NT$84,854,600 | NT$1,175,600 | NT$4,950,800 |
| Forfeited shares | 356,000 shares | 0 shares | 104,000 shares |
| Number of unexercised shares | 91,000 shares | 0 shares | 50,000 shares |
| Subscription price per unexercised share | NT$13.1 | | |
| Number of unexercised shares as a percentage of total outstanding shares (%) | 0.03% | 0.00% | 0.02% |
| Effect on shareholders’ interests | The Options were offered to attract and retain talents for the Company, and provide the incentives needed to unite employees toward the best interests of the Company and shareholders. Considering that unexercised shares account only for 0.03% of outstanding shares, there should be no material dilutive effect. | The Options were offered to attract and retain talent for the Company and provide the incentives needed to unite employees in the best interests of the Company and the Option has been fully executed and will no longer dilute the equity. | The Options were offered to attract and retain talents for the Company, and provide the incentives needed to unite employees toward the best interests of the Company and shareholders. Considering that unexercised shares account only for 0.02% of outstanding shares, there should be no material dilutive effect. |

### (II) Names of managers receiving employee stock option, names of employees ranking top ten in terms of exercisable shares, amount acquired, and amount exercised

March 24, 2025; Unit: thousand shares; NT$ thousand

| Position | | Name | Exercisable shares | Exercisable shares as a percentage of total outstanding shares | Exercised | | | | Not exercised | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Exercise quantity | Exercise price (NT$) | Exercise amount | Exercise quantity as a percentage of total outstanding shares | Exercise quantity | Exercise price (NT$) (Note 1) | Exercise amount | Exercise quantity as a percentage of total outstanding shares |
| Managers | CEO and President | Robert Kuan | 804 units | 0.25% | 782 | 13.1、14.1、16.1、18、20 | 11,238 | 0.25% | 58 | 13.1 | 760 | 0.02% |
| | Vice President | H.J. Tsai | | | | | | | | | | |
| | Vice President | K.P. Lin | | | | | | | | | | |
| | Vice President | W.R. Huang | | | | | | | | | | |
| | Vice President | J.C. Hsieh | | | | | | | | | | |
| | Vice President | C.C. Chen | | | | | | | | | | |
| | Head of Corporate Governance | Chia-hui Lin | | | | | | | | | | |
| Employee | Senior Head of Department | Tsun-Hui Chiang | 728 units | 0.23% | 728 | 14.1、16.1、20 | 12,776 | 0.23% | 0 | 14.1 | 0 | 0.00% |
| | Senior Head of Department | Chien-Pang Lin | | | | | | | | | | |
| | Senior Head of Department | Han-Lin Wu | | | | | | | | | | |
| | Senior Head of Department | Kai-Wen Chen | | | | | | | | | | |
| | Senior Head of Department | Ching-Chung Chen | | | | | | | | | | |
| | Senior Head of Department | Kuo-Hsing Teng | | | | | | | | | | |
| | Senior Head of Department | Shih-Liang Ku | | | | | | | | | | |
| | Head of Department | Chia-Chi Chou | | | | | | | | | | |
| | Head of Department | Hsin-Sung Lin | | | | | | | | | | |
| | Deputy Head of Department | San-Yuan Chung | | | | | | | | | | |

Note 1: The exercise price (NT$/Share) as at the publication date of this annual report.

## VI. Issuance of restricted employee stock awards: None.

## VII. New shares issued for merger or acquisition: None.

## VIII. Progress on planned use of capital: None.

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# Five. Operation Overview

## I. Business Content

### (I) Business Scope

1. The main business contents of the Company

**CC01080** Electronic parts and components manufacture.

**I501010** Product designing.

**F401010** International trade.

A. Research, design, development, manufacture and sale of the following products:
  a. Color Filter
  b. Image sensing components and modules
  c. Light-emitting diode (LED) components and modules
  d. Packaging and testing of the above products

B. Concurrently in the import and export trade business related to the Company's business.

2. Weight of each business

| Year<br>Item | 2023 | | 2024 | |
|---|---|---|---|---|
| | Revenue | Percentage | Revenue | Percentage |
| Micro-optical components | 4,084,759 | 56.44 | 3,036,810 | 30.36 |
| Image Sensor | 3,016,018 | 41.68 | 6,743,515 | 67.42 |
| Others | 136,151 | 1.88 | 221,749 | 2.22 |
| Total | 7,236,928 | 100.00 | 10,002,074 | 100.00 |

3. Current Products (Services) Items of the Company:

| Product type | Item | Main products (service) items |
|---|---|---|
| Image Sensor | Wafer-level color filter film and micro lens technology<br>Metaurface technology | Optical image sensors; mainly used in mobile phones, automotive, surveillance, medical, AR/VR, other consumer electronics, humanoid robots, drones, etc. |
| Micro-optical components | On-chip multi-film (OCMF) technology | 3D sensing components<br>Multi-channel ambient light sensors, proximity light sensors. |
| | Integrated wafer-level color filter (CF) and multi-film technology<br>Metaurface technology<br>Surface relief grating | 3D sensors (ToF sensors), light sensors, optical biometric components, and AR/VR products. |
| Others | Other services<br>Micro display<br>Silicon Photonics | Low temperature color filter and micro-lens, image sensor engineering and testing service, wafer-level quantum efficiency testing, wafer-level oblique incident light measurement system, optical simulation and design, photomask design service, process integration and spectral conversion efficiency analysis. Micro lens process technology and Process Design Kit (PDK) for silicon photonics structures such as lidar, optical communication, data center and high-speed computing. |

4. New Products (Services) Planned for Development

The Company plans to develop the next generation new of products and services

| Items to be developed | Technologies | Applications | Market |
|---|---|---|---|
| **Color filter (CF) and micro-lens (ML)** | Metasurface structure<br>Nano light pillars | Image sensors with advanced pixels | Mobile devices, car |
| **Color filter (CF) and micro-lens (ML)** | Multispectral color filter | Image Sensor | Mobile devices |
| **Wafer-level optics - Ambient light sensors** | Semiconductor optics integration technology | New generation multi-channel ambient light sensing components | Mobile devices, wireless Bluetooth headsets, smart TVs |
| **Wafer-level optics - Optical components** | Semiconductor optics integration technology | Metasurface | Mobile devices, wearable devices, AR/VR |
| **Wafer-level optics - Optical combiner** | SRG technology | 3D display technology | AR/VR |
| **Wafer-level optics - Silicon photonics components** | Silicon photonics platform technology | LiDAR, data center, and blood glucose monitoring devices | High-speed computing, automotive |
| **Wafer-level optics - Biosensing components** | Semiconductor optics integration technology, short-wave infrared light technology | Optical biosensing component, physiological signal sensing | Biomedical market, wearable devices, smart home appliances |

## (II) Industry Overview

### 1. Current Situation and Development of the Industry

(1) Current situation and development of the optical sensor industry

CIS (CMOS Image Sensor) industry

In 2024, the CMOS image sensor (CIS) market in the optical sensor industry continued to grow, with applications spanning the smartphones, automotives, industrial, and consumer electronics fields. According to a Sigmaintell report, the market is expected to reach US$21.5 billion in 2024, representing a 10% annual growth. The market is projected to continue growing at 8% per year, surpassing US$30 billion by 2028. Smartphones remain the primary market for CIS, driven by demand for high image quality, low power consumption, and high-performance computing, thus driving technology upgrades, especially in flagship models. The automotive sector is experiencing rapid growth due to the advanced driver-assistance system (ADAS) and autonomous driving, leading to increasing demand for high-resolution and high-sensitivity CIS. Future CIS technology will focus on integration of smaller pixel sizes, high dynamic range (HDR), and AI processing capabilities to enhance performance and expand applications. Automotive and industrial markets will become key growth drivers, particularly in night vision systems and ADAS. Mastery of advanced technologies will be the key to market success.

a. Smartphones market

According to DIGITIMES, global smartphone shipments were projected to reach 1.1814 billion units in 2024, marking a 4.9% increase from 2023. By 2025, the market is expected to continue its upward trend, with shipments reaching 1.22 billion units, representing an annual growth rate of 3.6%. In addition, 5G smartphones continue to become more common; 5G smartphone shipments in 2024 were projected to reach 711.5 million units, up 23.6% from 2023.Overall, the global smartphone market is expected to maintain an annual growth rate of 3% to 4% over the next five years, with a compound annual growth rate (CAGR) of 3.6%.

The growth in smartphone market demand for image sensors with 50 million pixels or more is mainly driven by the demand for high-resolution images and technological advances. High resolution (such as 100 million pixels and 200 million pixels) is used as a core selling point for flagship models, with their competitiveness improved by providing enhanced image details and post-production cropping functions. Also, pixel binning technology combined with AI image processing improves low-light image quality while retaining high-resolution advantages.

b. Automotive sensors market

According to a Sigmaintell report, global automotive image sensor shipments were expected to reach 370 million units in 2024, with a 6% annual growth rate. In 2025, this figure is projected to increase to 440 million units, with an annual growth rate of 17%. It mainly benefits from the increased penetration rate of electric vehicles (EV) and ADAS.

The specifications of automotive image sensors are gradually upgraded, and the demand for high resolution has increased significantly, transitioning from 1MP and 2MP to 8MP and 12MP. Especially in ADAS and autonomous driving applications, high resolution can capture environmental information more accurately. Meanwhile, multi-camera systems for panoramic monitoring or inside and outside vehicles are becoming a new trend, and the number of sensors required for a single vehicle is increasing. In addition, HDR technology can cope with extreme lighting scenarios, ensure image quality, making it gradually become the standard accessory in the automotive market.

Overall, the growth of automotive CIS in 2024-2025 will be driven by high resolution, multi-camera systems, HDR technology, and EV and ADAS applications, presenting promising market prospects.

(2) Correlations among up-, mid-, and downstream of the optical sensor industry

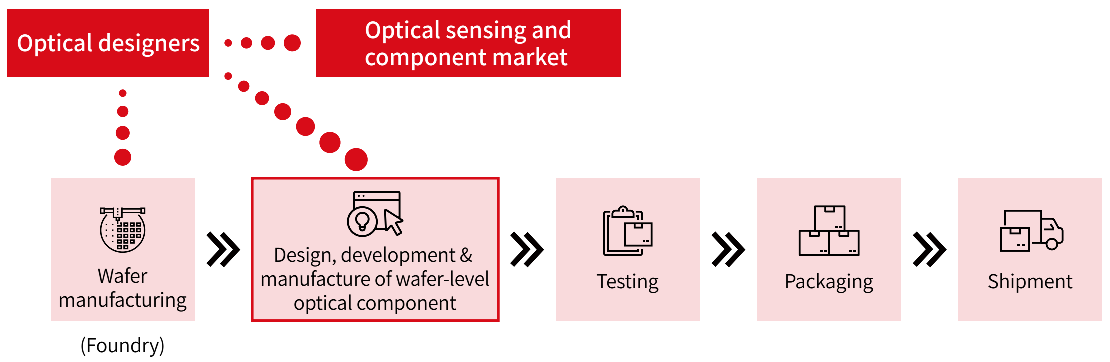
Using CIS image sensing modules as an example, the optical design manufacturer provides their engineering needs to and commissions the Company to conduct optical design and simulation, which will then be implemented in the circuit manufacturing process by a wafer fab. After that, the Company will complete the optical structures, e.g. color filters and micro-lenses, through corresponding processes. Then, the products will be packaged and tested in the later stage. For an IDM (such as Sony and Samsung), all the processes are completed in-house.

With the diversified applications of CIS chips, an IDM may not be able to have a comprehensive coverage in terms of application areas and corresponding commercial values. Taking the huge business potential into account, the amount of fabless IC design houses is therefore growing.

In addition, the manufacturing of CIS chips requires special processes. These can be divided into customized and standard product processes based on the different specifications or the final applications. Currently, more than half of the camera modules of high-end models are manufactured using customized process, integration of process and materials, and spectral conversion efficiency analysis. The customized process has more specific requirements for the products. In terms of the optical design of wafers, the defects during the process and the improvement of the process, close collaboration and cooperation is needed between the front end and the back end of the supply chain.

The Company has many years of experience collaborating with upstream professional wafer foundries and downstream packaging and testing plants, forming a tight supply chain relationship between the upstream and downstream of the industry. As a result, the Company's competitiveness in the optical field has increased as well.

VisEra's comprehensive optical foundry service



(3) End-use electronic products development trends

Regarding the optical component OEM services provided by the Company, they can be roughly divided into consumer electronics (Consumer), automotive electronic products (Automotive), security surveillance products (Security), as well as emerging market products, such as ARVR, drones, humanoid robots, or medical sensors (Medical), which require image sensors and optical sensors (such as ToF sensors, ambient light sensors, and 3D sensors).

The development of advanced image sensors, driven by smartphone trends, is focused on the combination of AI technology and advanced imaging performance, such as computational photography and the popularization of high-resolution sensors ranging from 50 million pixels to 200 million pixels. At the same time, the foldable smartphone market is expanding rapidly, with stringent size and weight constraints. CIS in foldable phones must adopt smaller pixel sizes (e.g., 0.6µm pixels), higher sensitivity, and stacked architectures to achieve high resolution while maintaining lightweight designs. VisEra's LnG and NLP technologies enable higher sensitivity in smaller pixel sensors, aligning with next-generation imaging needs.

With the rise of smart cities and security surveillance, the demand for high-resolution and low-light performance in surveillance cameras is increasing. Advancements in CIS technology, such as HDR and low-power designs, ensure effective performance in 24/7 surveillance scenarios. Meanwhile, optical sensors enhance automatic light adjustment and image quality optimization in security systems.

Demand for automotive image sensors is growing rapidly with the advancement of autonomous driving. L1-L2 ADAS systems typically require one to five image sensors. L3-L4 autonomous driving needs six to twelve sensors. L5 fully autonomous driving vehicles may require over fifteen sensors for precise environmental perception and driving assistance functions. Advanced image sensors with higher resolution and low-latency performance are crucial for all-weather and multi-scenario reliable operation, making them key to the practical operation of ADAS and autonomous driving technologies. LiDAR technology enhances spatial and distance data capture, further improving driving safety.

As vehicle interior space becomes more limited and the demand for integrated design increases, miniaturized design can effectively reduce interference with the driver's line of sight, improve in-car aesthetics, and integrate with other sensors to achieve more efficient operation. Driver monitoring system (DMS) is evolving toward miniaturization, to maintain high performance while reducing manufacturing costs. This aligns with the lightweight and intelligent vehicle trends of the future. VisEra's Metasurface technology helps customers achieve smaller and more efficient sensors.

In recent years, the rapid growth of AR/VR has accelerated upgrades in optical sensing and component technologies. Optical sensors in head-mounted devices enhance ambient light sensing and automatic brightness adjustment, improving user experience. Image sensors support inside-out tracking, enabling high-precision motion capture and scene interaction. ToF sensors and structured light technology are widely used in depth sensing, ensuring authenticity and accuracy of mixed reality. Additionally, miniature optical components, such as waveguides, lenses, and optical display modules, play a crucial role in lightweight and high-resolution AR/VR devices, as the key to technological upgrades.

The development of AR is highly dependent on optical waveguide technology. As the core display component, the optical waveguide is responsible for transmitting images generated from the micro projector to the user's eyes. Its advantages lie in its light weight, transparency, and high-resolution display, aligning with the requirements of AR devices for comfort and visual effects. VisEra's SRG optical waveguide technology supports wide field-of-view (FoV) and multi-layer stacking, enhancing realism in mixed reality. This is crucial for lightweight and advanced performance of AR devices.

AI advancements have significantly improved the intelligence and computing power of drones, humanoid robots, and biosensors. Drones and humanoid robots require AI-powered image recognition and obstacle avoidance systems, driving demand for high-resolution optical components, such as industrial-grade image sensors and LiDAR. AI enhances biosensor data processing and analysis, making health monitoring systems more precise and efficient. VisEra's optical components support environmental sensing, visual recognition, and biometric signal capture in these applications, thus advancing intelligent systems with AI technology.

(4) Competition in the optical sensor foundry industry

The business model of the Company is based on professionalism in the fields of the color filters, micro-lenses, and optical component OEM, including multi-film (8-inch and 12-inch) and Metasurface and optical waveguide technology under development, combined with the advanced integrated manufacturing of optical components and testing services at the wafer level, to develop foundry services that are different from other competitors. The competition of the industry can be divided into two categories based on the types of the main technologies.

a. Color Filters (CF) and Micro-Lenses (ML)

In the current optical image sensing market, most of the optical sensing suppliers are Fabless, except for Sony and Samsung which have an IDM production model. In recent years, due to the impact of Sino-US trade and the Chinese government's subsidy policy for the localization of chips, Chinese customers have no choice but to propose local semi-conductor production plans. However, the Company has a complete product line and continues to develop advanced process technology, focusing on fine pixel structure and performance improvement to meet the needs of high-end image sensors. The key to competition lies in technological innovation and stable, high-yield production efficiency.

b. Optical component technologies

The Company is the main supplier of multi-film integration technology (8-inch and 12-inch). The high-end optical film market with stricter requirements for film uniformity, transmittance, and durability remains dominated by technologically advanced businesses. VisEra's multi-film technology integrates interferometric multi-film with wafer-level photolithography. The use of interferometric multi-film can provide a customized spectral specification. Integrating the multi-film with organic types of color filters into the wafer structure via process integration will facilitate the development of a thinner product that meets the needs of the market.

Metasurface technology is a key innovation for consumer products to become thinner. With higher light-bending efficiency, it reduces the thickness and weight of traditional lenses while enhancing luminous efficacy accuracy, delivering better experiences to users. Additionally, NLP technology, developed by VisEra, serves as a replacement for traditional microlenses. It can reroute different wavelengths of light to effectively increase the area for receiving each color of light, hence increasing light sensitivity, particularly under low-light conditions. VisEra is one of the few manufacturers developing Metasurfacefor both visible and infrared light-related sensor applications, aiming to meet the demands of the smartphone and AR smart glasses markets.

SRG optical waveguides are currently the leading optical combiner technology for AR glasses. Two common manufacturing methods for optical SRG waveguides are Nano imprint and litho-etching. Two common manufacturing methods for optical waveguides are SRG and litho-etching. SRG technology is relatively easy and is suitable for large-scale mass production at a low cost, but its accuracy is greatly affected by molding. Litho-etching technology is relatively difficult and requires complex equipment and high-precision processes, and is suitable for high-end applications at a higher cost. Currently, most manufacturers adopt SRG because it is suitable for mass production of AR devices, while litho-etching technology is mostly used in the R&D of high-performance optical waveguides. The Company can provide two mainstream technologies at the same time to meet the needs of various target markets.

The Company has a greater competitive advantage in the world in terms of overall technologies and process capabilities. At the same time, regarding the investment in high-end machines and the establishment of production equipment, the Company can meet the needs of customers and maintain a good cooperative relationship with them.

## (III) Technology and R&D Overview

(1) Technical level, research and development

The Company focuses on the foundry production of image sensor and wafer-level optical components. We are one of the few foundries in the world that can concurrently provide color filters, micro-lenses and multi-film, and has the ability to integrate technologies for the professional foundries of product manufacturing.

A. The technologies and R&D for the image sensor product foundry business are described below

In terms of color filter film OEM process technology

In recent years, customers' products for automotive, image sensors and smart phone image sensors have all been developing into 12-inch products, and the Company continues to pursue the improvement of sensing performance. The Company has created a color filter structure with an exclusive optical structure design, which can effectively improve the QE of small pixel spectroscopy and is expected to be widely adopted by customers. In addition, we have developed Nano Light pillars, the nano structure for CIS. The verification on 0.8um has been completed, and the samples have also been well received by major customers. It is expected to improve QE (quantum efficiency) and sensitivity for mobile phones and automotive sensors.

B. The technologies and R&D for the wafer-level optical components foundry business are described below

a. As for multi-channel optical sensor coating technology, in terms of distance and 3D sensing technologies, VisEra provides micro-lens and narrowband filter multi-layer film process integration technology, while improving optical efficiency and achieving thinning of modules. The product has been verified by major companies around the world and adopted in various generations of products, while being shipped steadily.

b. Surface relief grating technology
AR/VR is regarded as the potential product of the next generation. The SRG surface relief grating technology developed by us is one of the keys to whether AR/VR can become a consumer product. It can fabricate light transmission structures in a limited substrate area and thickness. VisEra is actively developing SRG by both Nano imprint and litho-etching technology, which can meet the needs for different market segmented products.

c. Metasurface Technology
In the future, in addition to continuing to improve color filter and multi-film technologies, the R&D of new technologies will focus on metasurface technology and biosensing chips in preparation of the next stage of the market. As for metasurface technology, VisEra aims to cover visible and invisible light bands and apply them to 3D sensing, ARVR, and automotive and consumer electronics products. Currently, there are customers executing projects to adopt visible light and invisible light technologies in their products.
The Company will keep developing various optical process technologies to enhance the benefits of integration and provide customers with excellent optical component foundry services through wafer-level semiconductor processes.

d. Silicon photonics technology
In response to the advent of the AI era, light will be taken as the medium for high-speed and broadband transmission. VisEra has developed a microlens structure required for the receiving end of a pluggable optical transceiver to improve the light-collecting efficiency and the organic material layer and packaging layer of the PIC of the co-packaged optics (CPO) structure, aiming to increase the single-channel transmission speed. Furthermore, VisEra is evaluating application of wafer-level nanoscale process technology in optical components required for optical coupling, aiming to improve the efficiency of optical signal transmission.

(2) Annual R&D expenses invested within the last five years

Unit: NT$ thousand; %

| Year<br>Item | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| **R&D expense** | 366,794 | 542,020 | 671,886 | 726,535 | 933,673 |
| **Net operating revenues** | 6,946,349 | 9,029,178 | 9,077,148 | 7,236,928 | 10,002,074 |
| **Ratio to net operating revenues** | 5.28 | 6.00 | 7.40 | 10.0 | 9.33 |

Source: Based on audit ed financial statements.

(3) Technologies or products successfully developed within the last five years

| Year | Technologies or products successfully developed |
|---|---|
| 2018 | Mass production of ultra-thin in-display optical finger print sensors (OFP)<br>Mass production of distance sensing components to implement on-chip multi-film (OCMF) technology in smartphones<br>Mass production of 12-inch 0.9µm color filters and 24 million pixel image sensors |
| 2019 | Mass production of 12-inch 0.8µm color filters and 48 million pixel image sensors<br>Development of ambient optical sensing components to apply on-chip multi-film (OCMF) technology to smartphones<br>Completed the development of optical biochips and obtained the ISO 13485 medical supply chain certification |
| 2020 | Mass production of 12-inch 0.7µm colors filter and 64 million pixel image sensors<br>Mass production of ambient optical sensing components to apply on-chip multi-film (OCMF) technology to smartphones<br>Mass production of ToF (3D sensor) products |
| 2021 | Pioneered the launch of the 12-inch 0.61µm image sensors with a specially optical structured color filter |
| 2022 | Mass production of optical biosensors<br>Mass production of low-temperature color filters and micro-lenses for micro-display products |
| 2023 | Successfully developed Nano Light Pillars (NLP) with micro lens structure for CIS<br>Successfully verified the application of Metasurface in ToF 3D sensing products<br>Development of SRG wave guide structure for AR products |
| 2024 | Adoption of the CIS LnG structure in high-end smartphone image sensors<br>Successful sampling of Nano Light Pillars (NLP) with micro lens structure to CIS<br>Adoption of Metasurface in VR eye-tracking sensors<br>An SRG waveguide structure for AR products in progress |

## (IV) Long-term and Short-term Business Development Plans:

(1) Short-term business development plans

Image sensors business

The Company, in terms of high-end smartphones and automotive sensor technology platforms, continues to invest in advanced equipment and promotes the new color filter array structure and NLP to improve optical quality, and expands solutions to help customers control their front-end processes and improve performance. In addition, VisEra continues to improve manufacturing efficiency to increase product profitability.

On-chip multi-film (OCMF) business

Integrated on-chip multi-film technology meets the requirements of micro-optical components for the cell phone market. We are already working with customers to develop new generation ambient light sensors and next generation ToF sensors.

The ARVR image and sensing components to be used in the future must be miniaturized, which is in line with the benefits brought by VisEra's integrated technology. Meta-lens technology has attracted many customers to develop projects with. We look forward to seeing more market adoption.

(2) Long-term business development plans

A. Continue to develop new products, conduct R&D and innovate niche market technologies, and diversify market risks.

B. Develop customized processes together with customers, to secure the production capacity required by customers in the future.

C. Sign cooperation and production capacity guarantee contracts with customers, to ensure the production capacity required by customers in the future.

D. Develop diversified markets and customer sources so as not to be impacted by a single market, seasonality, or geopolitical factors.

## II. Market and Production-Marketing Overview

### (I) Market Analysis

(1) Areas where the main products (services) are sold (provided)

Unit: NT$ thousand; %

| Item | Year | 2023 | | 2024 | |
|---|---|---|---|---|---|
| | | Sales | % | Sales | % |
| **Domestic** | | 980,607 | 13.55 | 1,093,594 | 10.93 |
| **Export** | **Asia** | 6,187,301 | 85.50 | 8,839,327 | 88.38 |
| | **America** | 52,161 | 0.72 | 49,859 | 0.50 |
| | **Europe** | 16,859 | 0.23 | 19,294 | 0.19 |
| | **Subtotal** | 6,256,321 | 86.45 | 8,908,480 | 89.07 |
| **Total** | | 7,236,928 | 100.00 | 10,002,074 | 100.00 |

(2) Market share

Wafer-level color filter and micro-lens market

Image sensors are the main product of the wafer-level color filter and micro-lens market, which are used in the smartphone, automobile, and surveillance camera. In 2024, after the destocking has been completed, the demand for color filter array production capacity has recovered. As a result, the Company experienced high growth momentum with demand exceeding supply. In 2024, Longtan Plant's production capacity was successfully put into operation, the annual capacity utilization rate rebounded significantly.

According to the market survey data of image sensors, it is estimated that VisEra's wafer-level shipments would increase, making VisEra maintain its leading position as an OEM. The Company still takes the leading position in the high pixel and small pixel (<1.0 micron) technology of OEM in the industry. In the future, we will continue to work with customers, and deploy in the market of mobile phones with 50 million pixels or more and the automotive market.

Integrated on-chip multi-film market

The Company's integrated on-chip multifilm technology products mainly include 3D optical sensing components, ToF Sensor technology and ambient light sensor. Regarding ambient light sensors, due to the active development of standard products in the ambient light sensor market and the continuous development of the ambient light sensor market in recent years, it is estimated to gain a market share of more than 50%.

(3) Future supply and demand and growth of the market

It is expected that the number of optical components equipped in end-products will increase, which products include smartphones, automotive products, and the AR/VR products with growth potentials, all are equipped with multiple CIS image sensors and optical sensing components (e.g. ambient light sensors, ToF sensors, and biometric sensors). The market for such products is the one the Company mainly engages in.

The three main markets for CIS image sensors are the mobile phone market, the automotive market and the video surveillance market. In terms of 12-inch wafer demand, the main driving force comes from (1) the upgrade of smart phone image sensors and the trend of optical size to large area; (2) the penetration rate of ADAS has also facilitated the increase in automotive image pixels and the rapid increase in image sensors, showing a rapidly increasing trend.

The critical high-end product lines for color filters (CF) and micro-lenses (ML) cannot be replicated and developed within a short period of time. With its leading 12-inch on chip micro-optics process technology, and its product lines for sub-micron micro-lens and high-end color filter film, the Company has become the preferred cooperative foundry for major international customers.

The Company has also actively invested in the development of Metasurface technology for the application of thinning the height of lens modules and increasing the visible range of micro-optics. It is an innovative niche market technology for existing products and a number of projects are currently underway.

Miniaturized optical sensors, optical components, and optical display systems are all core hardware components for the AR/VR market that has high growth potential. The objective to increase the degree of customers' immersion experience with VR must boost the demand for sensors that can perform eyeball tracking, face tracking, gesture tracking, and facial expression transmission. The optical system of a pair of AR glasses mainly comprise two accessories: The image source component and the display. Optical waveguide, which is so far the best solution for AR glasses, has the advantages of large field of view and large eye movement range. The market for AR glasses is the next potential market that the Company's technology development aims at.

In respect of silicon photonics, the rapid growth of AI applications will lead to integration of data center optical communication-related modules and components at a higher speed and in higher density. VisEra's past experience in organic materials for wafer-level processes and micro-optical components will also help boost the development of higher-speed silicon photonic chips and highly integrated optical coupling components.

(4) Competitive niche

A. Optical one-stop service

Different from the foundries focusing solely on production, the Company is an optical foundry, providing the design, simulation, development, manufacturing, and measurement of professional wafer-level optical components. The Company provides a complete optical one-stop service for customers.

B. Tight and strong upstream and downstream supply chain

The Company has more than twenty years of experience specializing in the field of optical sensing. We also have many years of experience cooperating with upstream professional wafer foundries and downstream packaging and testing plants, forming a tight supply chain relationship between the upstream and downstream of the industry. In terms of new optical technology, it can also assist customers to find suitable supply chains and accelerate the possibility of new technology products being implemented.

C. Close customer relationship and staying on top of industry trends

The Company's partners and target customers are all major manufacturers with a leading position in the optical field, covering the United States, China, Japan, Europe and other places. Therefore, through technical cooperation, we can stay ahead of the market, deploy new technologies in advance and gain insights into the future trends of the market.

D. Provide customized technology and production capacity
Considering the technical features and market requirements of the special specifications of high-end sensing products, the Company has the ability to provide customers with project-based, customized production models, and collaborative development of special optical materials, spectral characteristics, and the integration of special processes.

E. Investment in talents and advanced equipment
The Company continues to invest in R&D technical talents and advanced optical equipment, follows up the market's requirements for high-end optical products, and has the ability to obtain potential future market opportunities in advance, to secure leading technology and manufacturing capabilities.

(5) Positive and negative factors for future development and the countermeasures
A. Positive factors
a. Huge demand in the end market
AI is accelerating the development of optical imaging and sensors and silicon photonics technologies. With machine learning algorithms, AI can optimize the image processing and data analysis capabilities of optical sensors, enabling more efficient real-time perception and accurate recognition. In the field of silicon photonics, AI has enabled innovations in fiber-optic communications and integrated optical systems, thus significantly improving data transmission speeds while reducing energy consumption. AI-driven intelligent optimization will enable such technologies more widely used in areas of autonomous driving, medical imaging, and data centers, thus providing a strong momentum for future technological progress. This aligns with the direction of the Company's R&D of miniaturized optical products.

b. Support from long-term partnership with customers and the customers leading the technology market.

c. A strong management team, combined with advanced process R&D and an outstanding business team, demonstrating excellent operation performance.

B. Negative factors and countermeasures
a. The Chinese government's support of the semiconductor industry causes the pressure of competition
In recent years, the Chinese government has committed to supporting the semiconductor industry, with the objective of building an end-to-end industry chain, actively investing in equipment, and recruiting talents. Within the context of an increase of production capacity from global foundries, the geographic location relative to the supply chain may face pressure from horizontal competition.

Countermeasures:

- The Company will keep developing highend optical products and niche technology applications in different markets, establish long-term collaborative relationship with customers, and make good use of the advantages of the supply chain, disperse demand fluctuations caused by a single customer and single market, avoiding the pressure of competition caused by the supply chain and Chinese policies.

b. Huge capital expenditure
The financial pressure at the initial stage of investment in a new plant and equipment.

Countermeasures:

- Paid with own capital derived from stable operational growth.
- Considering the long-term development, the Company maintains a good long-term relationship with the bank group to provide funds to support future growth in business.

c. Lack of control of critical materials
Some of the critical optical materials are in the hands of a few major manufacturers.

Countermeasures:

- The Company will collaborate with suppliers to develop the optical material market, create a collaborative relationship for a longterm supply and develop second or third suppliers to prevent plagiarism by other competitors. In addition, we work with experts and related units to develop key materials independently.

d. The market of consumer electronics is easily affected by economic volatility
Miniaturized optical components are mostly used in consumer electronics, and tend to be affected by the international situation, trade strategies and market volatility.

Countermeasures:

- A business model of diversified products has been adopted, obtaining ISO certification for automobiles and medical care. A market with a stable supply has been established, reducing the impact on consumer products by market volatility. The Company continues to develop niche markets (such as silicon photonics optical computing) to reduce the uncertainty of the business cycle.

## (II) Important uses and production processes of main products

(1) Important uses of products produced through foundry services
A. For image sensor related foundry services, the important uses of the main products are described below
Color filter array (CFA) is a key component in image sensor manufacturing. Its main function is to filter different wavelengths of light (red, green, and blue) to corresponding pixels to capture color images. Its important function in image sensor OEM is to improve color reproduction and image quality of sensors. A high-precision CFA process can ensure the color-separation effect of CFA and the accuracy of pixel correspondence, avoid color overlapping or mixing, and provide high-quality image output. CFA has a wide range of applications, including smartphone cameras, professional photography devices, automotive imaging systems, and industrial testing. CFA technology can also be adopted with the front-end wafer process to further enhance sensitivity and color performance under low-light conditions; this is an important factor in improving image sensor performance.

B. For the wafer-level optical components related foundry services, the important uses of the main products are described below
OCMF OEM technology is widely used in mobile devices and medical, industrial, and autonomous driving solutions. For example, optical sensors are widely used in mobile devices, blood oxygen and blood sugar level testing in medical applications, optical quality monitoring in the industrial field, and environmental sensing and LiDAR in autonomous driving. Metasurface technology is used in thinning the height of lens modules and increasing the visible range of micro-optics. It is an innovative niche market technology for existing products. SRG wafer-level optical component OEM technology is mainly used in the fields of precision optics and optoelectronics, including AR/VR display, optical communications, optical sensing, and semiconductor process equipment. Wafer-level manufacturing technology enables component miniaturization, high precision, and low power consumption, reduces costs, allows for applications on a large scale, and improves optical system performance and market competitiveness.

(2) Production processes of the main products
In terms of production processes within the supply chain, an image sensor first goes to a fab at the up-stream to have its electronic circuits completed; it then goes to the Company to undergo various processes, such as on-chip micro-lens, color filter, or multifilm; and finally it goes to the downstream fab for packaging and testing and is deemed as a product. The Company's clean rooms and each process (e.g. photoresists coating, exposure, development, etching, and coating ) satisfy the international requirements for a wafer-level optical fab.

### (III) Supply situation of main materials

The Company's main raw materials are photoresist, target, developer, photoresist remover, chemicals, and gases. Main suppliers of the Company are vendors with long-term cooperation, and both parties maintain good and stable collaborative relationships. To address the issue of single supply, the Company maintains sources of supplies from two or more production bases. Key materials of the future are also developed independently in cooperation with experts or related units to ensure stable supply and technological advantages.

### (IV) Customers accounting for 10% or more of the total purchases (sales) in either of the two most recent years, and their purchase (sale) amount and percentage:

1. Suppliers accounting for 10% or more of the total purchases in either of the two most recent years

Unit: NT$ thousand

| Item | Supplier name | 2023 | | | 2024 | | |
|---|---|---|---|---|---|---|---|
| | | Amount | Percentage of the total net purchases of the year (%) | Relation to the issuer | Amount | Percentage of the total net purchases of the year (%) | Relation to the issuer |
| 1 | **Company A** | 224,292 | 24.09 | None | 461,496 | 31.68 | None |
| 2 | **Company B** | 200,155 | 21.49 | None | 113,605 | 7.80 | None |
| 3 | **Company C** | 174,307 | 18.72 | None | 100,572 | 6.90 | None |
| | **Others** | 332,372 | 35.70 | | 781,082 | 53.62 | |
| | **Purchase Net amount** | 931,126 | 100.00 | | 1,456,755 | 100.00 | |

2. Customers accounting for 10% or more of the total sales in either of the two most recent years

Unit: NT$ thousand

| Item | Name | 2023 | | | 2024 | | |
|---|---|---|---|---|---|---|---|
| | | Amount | Percentage of the total net sales of the year (%) | Relation to the issuer | Amount | Percentage of the total net sales of the year (%) | Relation to the issuer |
| 1 | **Customer B** | 1,583,456 | 21.88 | None | 3,045,385 | 30.45 | None |
| 2 | **Customer A** | 3,273,114 | 45.23 | None | 2,177,606 | 21.77 | None |
| 3 | **Customer C** | 886,781 | 12.25 | None | 1,922,673 | 19.22 | None |
| 4 | **Customer D** | 286,760 | 3.96 | None | 1,537,221 | 15.37 | None |
| | **Others** | 1,206,817 | 16.68 | - | 1,319,189 | 13.19 | - |
| | **Total** | 7,236,928 | 100.00 | - | 10,002,074 | 100.00 | - |

## III. The number of employees employed:

The data of employees employed for the two most recent years and up to the date of publication of this annual report

| Year »<br>Item ⌄ | | 2023 | 2024 | March 24, 2025 |
|---|---|---|---|---|
| **Number of employees** | **Direct labor** | 532 | 610 | 602 |
| | **Indirect labor** | 855 | 926 | 946 |
| | **Total** | 1,387 | 1,536 | 1,548 |
| **Average age (year)** | | 36.6 | 36.5 | 36.6 |
| **Average years of service (years)** | | 6.3 | 6.3 | 6.4 |
| **Education level ratio (%)** | **Ph.D** | 2 | 2 | 2 |
| | **Master's** | 43 | 43 | 44 |
| | **Bachelor's** | 42 | 42 | 42 |
| | **Senior high school** | 13 | 13 | 12 |
| | **Senior high school and below** | 0 | 0 | 0 |

## IV. Disbursements for environmental protection:

Any losses suffered by the company in the most recent year and up to this annual report printed date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclose an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Company has strictly complied with environmental laws and regulations and aimed to continuously reduce pollution emissions from its plants. In the most recent year and up to the date of publication of this annual report, the Company has not suffered any losses from penalties imposed by relevant authorities due to environmental pollution, nor has it had any pollution disputes.

## V. Labor relations

### (I) The Company's employee welfare plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor agreements and measures for preserving employees' rights and interests:

1. List any employee welfare plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor agreements and measures for preserving employees' rights and interests

(1) Employee welfare plans

The Company is committed to maintaining a high standard of corporate social responsibility. It believes that the maintenance of good labor relations is the cornerstone of the Company's sustainable development and promotes the following employee welfare measures

A. Labor Insurance and National Health Insurance: All employees of the Company participate in Labor Insurance and National Health Insurance.
B. Group Insurance: In addition to the employees themselves, their spouses, children and parents are also covered, so that colleagues and their families can be protected.
C. Employee welfare: The Company makes welfare fund contributions as per the "Employee Welfare Fund Act," and organizes an employee welfare committee to handle employee welfare matters. In addition to providing employees with various welfare measures and cash gifts for annual festivals, company trips, family days, year end parties and other activities will be organized as well to maintain the friendship among employees, enhance the internal cohesion within the organization, and improve the morale at work.
D. Employee health promotion: Various employee physical examinations and annual health check-ups are provided which are better than the statutory requirements, and appropriate health promotion programs are planned as needed. A health center and breastfeeding rooms have been set up, dedicated nursing personnel are hired, and physicians are regularly arranged for to visit the plant to provide health consultations. Professional psychological counselors are engaged to take care of the mental health of employees. Health promotion courses are organized irregularly, such as the body-mind courses, e.g. stress relief courses or weight maintenance courses or activities. Blood donation activities are arranged, both to accelerate metabolism and to do charity.
E. Group meals: The Company has a restaurant and a coffee bar for employees, where buffet, fast food, and wheat food are offered. Lunch, dinner, and late-night supper are subsidized. Taiwanese food available on the island, as well as exotic cuisines, are provided, both to create a diversified diet, and to meet the diet needs of employees, both of Taiwanese nationals and of foreign nationals.
F. Bonus system: The Company pays bonuses depending on performance results.
G. Club activities: In order to encourage employees to engage in proper leisure activities, various clubs are organized by employees, and the Employee Welfare Committee provides budget subsidies.

(2) Continuing education and training

The Company pays attention to the self-cultivation of the employees and plans diversified training programs to meet the needs of organizational development. Through a systematic training roadmap, it is expected that each employee can realize their potential and improve their work performance in an environment that is appropriate to their talents, so as to achieve the win-win objective of business development and personal growth. An eLearning platform has been introduced so that the employees can carry out learning activities effectively. Training categories include:

A. The content includes the company profile, environmental safety and health regulations, quality policies, personal data protection, regulatory compliance, and other general education.
B. On-the-job training: Buddies are assigned to each new employee to shorten the adaptation period. Through the planning of OJT courses, engineering skills and experiences of various segments are passed on. Technical talent is developed through learning at work to ensure product quality.
C. IDP individual training roadmap planning: Differentiated courses are planned according to ranks to improve the working skills and expertise of individuals.
D. Professional certificate/license training: Specific training for personnel qualifications is conducted according to laws and regulations and work requirements, and regularly assessed and certified to improve the quality of products.
E. Direct labor training: The knowledge, technologies, and methods required for their work are taught to the production and technical personnel so that they can obtain the certification to operate equipment.
F. Management functions training: Management development training activities are planned in accordance with management skill and function requirements of supervisors at all levels.

(3) Retirement system and the status of its implementation

The Company has established the "Supervisory Committee of Labor Retirement Reserve" in accordance with labor laws and regulations. For the employees to whom the old labor retirement system applies, the "Labor Retirement Reserve" will be appropriated regularly and deposited in a special account at the Bank of Taiwan in the name of the committee. The committee is responsible for managing, supervising, and reviewing matters related to the retirement reserve.
For employees to whom the new labor retirement system applies, six percent of the employee's monthly salary shall be appropriated to their Individual Labor Pension Account of the Bureau of Labor Insurance as per the "Labor Pension Act"

(4) The status of labor-capital agreements and measures for preserving employees' rights and interests

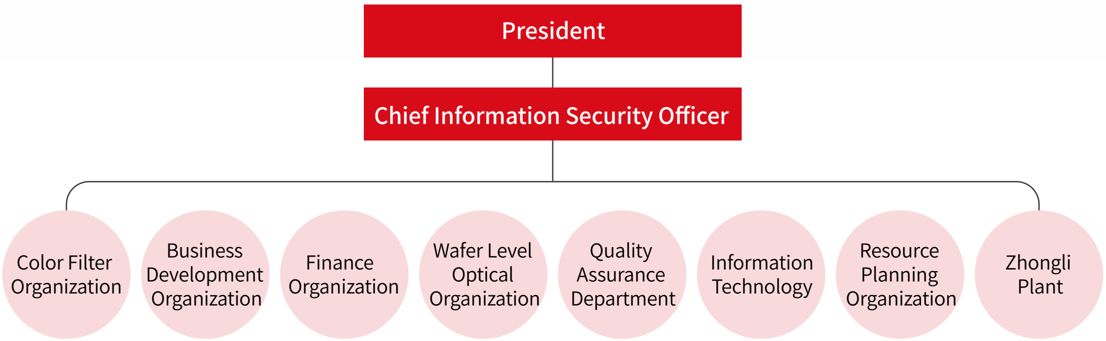
The Company values the opinions of its employees and provides a variety of channels to promote communication and coordination between labor and capital. A quarterly labor-capital meeting is held to explain the Company's operation profile to labor representatives and participate in discussions on labor conditions and welfare matters. Employee communication meetings are held quarterly for direct and two-way interaction and communication. Important information and recent events are announced through the internal website (My VisEra). A channel for employee grievances has been established and the responsible segment and the Company's top management will be informed based on the nature of the grievances. There is also provide a channel for whistleblowing/complaint/opinion submissions to allow employees to give their comments about work and environmental issues and suggestions. Multiple channels for employee feedback are maintained, voices of employees are listened to, and responses and communication are made in a timely manner to promote labor-management harmony and achieve win-win for both the enterprise and employees.

### (II) List any losses suffered by the company in the most recent years and up to this annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclose an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

## VI. Information and communication security management

### (I) Describe the management framework, policy, concrete management projects, and invested resources in relation to information and communication security management.

(1) In order to maintain its competitiveness, mitigate the risk of operation interruption, ensure that the information system is confidential, comprehensive, and accessible, and enhance employees' awareness of information security, the Company has established the "Information Security Management Committee" to implement works related to information security management. Organizational chart:



(2) Information security policy:

- Establish and implement an information security management system
- Comply with the information security requirements stipulated in regulations or contracts
- Assess risks; set goals and control measures to continuously improve information security
- Disseminate information security requirements to employees and related groups

(3) Information security risk management:

- The Company assigns a dedicated information and communication security management and a dedicated information security personnel to promote, coordinate, monitor, and review all matters involving information security, to establish an organization responsible for information security incidence reporting and emergency response, to identify information security risks, and to implement improvement measures to mitigate information security risks.
- In 2011, the Company established internal regulations for information security management pursuant to ISO/IEC 27001 – Information technology — Security techniques — Information security management systems — Requirements, against which the Company was audited and qualified by the third party and will be re-audited every year.
- Information security protection measures are implemented at the demilitarized zone (DMZ) server (i.e. the server open to outsiders), office, data center, product lines, and cloud service center, and improved. KPIs for relevant control measures and a daily monitoring mechanism are established.
- The Company participates in information security sharing organization to obtain information security alert, threat, and vulnerability.
- In accordance with Enterprise Risk Management (ERM) regulations, we establish a script of possible information security incidents and corresponding contingency, prevention, and exercise plans.
- Perform regular penetration tests and vulnerability scans to fix relevant vulnerabilities to reduce security risks.
- The Company regularly holds information security training and promotion, as well as social engineering drills to improve information security awareness.
- Enhance endpoint protection and introduce managed threat detection and response (MDR) service.
- Construct a source code scanning platform to eliminate information security vulnerabilities at the source and reduce the risks caused by information system source code vulnerabilities.

### (II) List any losses suffered by the company in the most recent year and up to this annual report publication date due to significant cybersecurity incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

## VII. Important contracts:

| Nature of the contract | Contracting parties | Commencement dates and expiration dates of the contract (Month/Day/Year) | Major content | Restrictive clauses |
|---|---|---|---|---|
| Membership terms | Taiwan Carbon Solution Exchange (TCX) | January 29, 2024 until withdrawal | The Company has become a member of a carbon trading platform to purchase carbon credits. | The amounts of credits should be released and purchase orders should be placed on the carbon exchange trading platform in accordance with Taiwan Carbon Solution Exchange's regulations. |
| Lease contract | Hsinchu Science Park Bureau, Ministry of Science and Technology | June 5, 2006 to December 31, 2025 | Lease of land for the Hsinchu Duxing Plant | The sublease, subtenancy, or assignment of the land or its buildings shall obtain prior consent from the Science Park Bureau. |
| Lease contract | Hsinchu Science Park Bureau, Ministry of Science and Technology | April 15, 2020 to December 31, 2039 | Lease of land for the Longtan Plant | The sublease, subtenancy, or assignment of the land or its buildings shall obtain prior consent from the Science Park Bureau. |
| Lease contract | Xintec Inc. | November 16, 2016 to December 31, 2026 | Lease of Xintec's Zhongli Plant and the relevant plant facilities and services | No subleasing, subletting, lending, transferring, possessing or other means of providing use to other people is allowed. |
| Construction contract | Li Jin Engineering Co. Ltd. | September 30, 2020 - until the warranty expires | Construction of Longtan Plant | None |
| Commissioned for processing | Xintec Inc. | October 1, 2019 to September 30, 2025 | Provide customers with wafer processing services, and draw up a contract as per the Regulations Governing Customs Bonded Factories | None |
| Long-term supply | United Industrial Gases Co., Ltd. | November 1, 2020 to October 31, 2030 | Purchase nitrogen, subsidize liquid nitrogen and ultra-high purity liquid oxygen; lease equipment | The equipment must not store gas not supplied by United Industrial Gases. |
| Bank credit | Mega International Commercial Bank Co., Ltd. | The signing date of the contract is June 8, 2020. According to the contract, it must be repaid within five years after the first draw down. Up to the publication date of this annual report, NT$2.04 billion has been drawn. | Mid-term and long-term loans | The directions of the project loan should be followed, and the loan should not be used for other purposes. |
| Bank credit | Far Eastern International Bank Co., Ltd. | The signing date of the contract is June 17, 2020. According to the contract, it must be repaid within five years after the first drawdown. Up to the publication date of this annual report, NT$1.75 billion has been drawn. | Mid-term and long-term loans | The directions of the project loan should be followed, and the loan should not be used for other purposes. |
| Bank credit | E.SUN Commercial Bank, Ltd. | The signing date of the contract is July 1, 2020. According to the contract, it must be repaid within five years after the first drawdown. Up to the publication date of this annual report, NT$2 billion has been drawn. | Mid-term and long-term loans | The directions of the project loan should be followed, and the loan should not be used for other purposes. |
| Bank credit | Taipei Fubon Commercial Bank Co., Ltd. | The signing date of the loan drawdown notice is July 27, 2020. According to the approval conditions, it must be repaid within five years after the first drawdown. Up to the publication date of this annual report, NT$2.84 billion has been drawn. | Mid-term and long-term loans | The directions of the project loan should be followed, and the loan should not be used for other purposes. |

# Six. Review of Financial Status, Financial Performance, and Risk Management

## I. Financial report for the most recent year:

Please refer to Page.“93~143”

## II. Audit Committee’s Review Report

### Audit Committee’s Review Report

The Board of Directors prepared the 2024 Business Report, Financial Statements, and earning distribution proposal of the Company. The Financial Statements have been audited by the CPA of Deloitte & Touche, who presented the independent auditors’ report. After audit, the Audit Committee believes the aforementioned Business Report, Financial Statements and earnings distribution proposal are prepared in good faith. Therefore, the Audit Committee’s Review Report is so generated pursuant to the Securities and Exchange Act and the Company Act.

VisEra Technologies Company Ltd.

Convener of the Meeting of the Audit Committee: Laura Huang

February 20, 2025

## III. Financial status:

Comparative analysis of financial status

Unit: NT$ thousand

| Year »<br>Item ⌄ | 2023 | 2024 | Difference | |
|---|---|---|---|---|
| | | | Amount | % |
| **Current asset** | 14,078,469 | 15,559,523 | 1,481,054 | 10.52% |
| **Property, Plant and Equipment** | 10,742,099 | 8,771,902 | (1,970,197) | (18.34%) |
| **Right-of-use assets** | 245,977 | 305,845 | 59,868 | 24.34% |
| **Intangible asset** | 52,306 | 31,008 | (21,298) | (40.72%) |
| **Other assets** | 59,671 | 71,258 | 11,587 | 19.42% |
| **Total assets** | 25,178,522 | 24,739,536 | (438,986) | (1.74%) |
| **Current liabilities** | 3,928,017 | 4,700,970 | 772,953 | 19.68% |
| **Non-current liabilities** | 4,619,338 | 1,974,820 | (2,644,518) | (57.25%) |
| **Total liabilities** | 8,547,355 | 6,675,790 | (1,871,565) | (21.90%) |
| **Share capital** | 3,165,671 | 3,173,081 | 7,410 | 0.23% |
| **Capital surplus** | 7,310,640 | 7,313,629 | 2,989 | 0.04% |
| **Retained earnings** | 6,154,856 | 7,577,036 | 1,422,180 | 23.11% |
| **Total Equity** | 16,631,167 | 18,063,746 | 1,432,579 | 8.61% |

1. Explanation to changes: (only for variations exceeding 20% and amounting to more than NT$10 million)
   (1) The increase in right-of-use assets is mainly due to the renewal of the lease of the leased plant(s).
   (2) The decrease in intangible assets is mainly due to the annual amortization of intangible assets.
   (3) The decrease in non-current liabilities and liabilities is mainly due to repayment of long-term borrowings.
   (4) The increase in retained earnings is mainly due to the continuous improvement to the product mix and increased shipments, in turn leading to an increase in operating income.
2. Possible impacts on future financial and business performance: No material impact is expected.
3. Future response measures: Not applicable.

Source: Based on audit ed financial statements.

# IV. Financial performance:

## (I) Comparative analysis of operating performance

Unit: NT$ thousand

| Year / Item | 2023 | 2024 | Difference | |
|---|---|---|---|---|
| | | | Amount | % |
| **Revenue** | 7,236,928 | 10,002,074 | 2,765,146 | 38.21% |
| **Gross profit** | 1,214,346 | 3,049,081 | 1,834,735 | 151.09% |
| **Operating profit/loss** | 278,136 | 2,007,339 | 1,729,203 | 621.71% |
| **Non-operating income and expense** | 37,216 | 66,226 | 29,010 | 77.95% |
| **Profit before tax** | 315,352 | 2,073,565 | 1,758,213 | 557.54% |
| **Current period net profit** | 356,080 | 1,738,904 | 1,382,824 | 388.35% |
| **Total comprehensive income in the current period** | 356,080 | 1,738,904 | 1,382,824 | 388.35% |

1. Explanation to changes: (only for variations exceeding 20% and amounting to more than NT$10 million)
   (1) The increase in operating revenue is mainly due to the continuous improvement to the product mix and increased sales, leading to an increase in revenue.
   (2) The increase in non-operating income and expenses is mainly due to interest income and foreign exchange gains.
   (3) The increase in gross profit, operating income, net income before tax, net income for the period, and total comprehensive income/loss for the period is mainly due to the continuous improvement to the product mix and better gross profit performance and increased sales, in turn leading to an increase in operating income, net income before tax, net income for the period and total comprehensive income/loss for the period.
2. Possible impacts on future financial and business performance: No material impact is expected.
3. Future response measures: Not applicable.

## (II) Sales forecast and basis:

Sales volume is estimated based on the Company’s sales targets, market demands, growth trends, customers’ performance, and existing sales orders after taking production capacity into consideration. The Company expects sales to be affected by the overall economic environment and the market inventory adjustment in the short-term, but will grow at a consistent rate, which will affect financial and business performance in a positive way.

# V. Cash flows:

## (I) Analysis of cash flow changes for the year:

Unit: NT$ thousand

| Year / Item | 2023 | 2024 | Variation |
|---|---|---|---|
| **Operating activities** | 2,659,943 | 4,716,681 | 77.32% |
| **Investing activities** | (2,036,024) | (992,919) | (51.23%) |
| **Financing activities** | (105,921) | (2,769,003) | 2514.22% |
| **Net cash inflow** | 517,998 | 954,759 | 84.32% |

Analysis of cash flow changes:
(1) Operating activities: The business continued to grow, leading to an increase in the cash inflow from operating activities.
(2) Investing activities: The purchase of less property, plant and equipment, leading to a decrease in the cash outflow from investing activities.
(3) Financing activities: Cash outflows are due to repayment of long-term borrowings.

Note: Based on IFR S-compliant consolidated financial information.

## (II) Response measures and liquidity analysis for cash flow deficit: Not applicable.

## (III) Liquidity analysis for the next year:

| Opening cash balance | Projected net cash flow from operating activities for the year | Projected net cash flow from investing activities for the year | Projected net cash flow from financing activities for the year | Expected cash surplus (deficit) | Response measures for cash flow deficit | |
|---|---|---|---|---|---|---|
| | | | | | Investment plans | Financing plans |
| 13,422,209 | 4,466,451 | (729,953) | (3,713,153) | 13,445,554 | - | - |

1. Analysis of cash flow variation for the next year:
   (1) Operating activities: Net cash inflows generated from normal production plans, after considering market demand.
   (2) Net cash outflow from investing activities is mainly attributed to additional capital expenditures for purchasing equipment to expand production capacity and develop new processes.
   (3) Net cash outflow from financing activities: mainly represents cash outflow due to repayment of long-term borrowings.
2. Response measures and liquidity analysis for cash flow deficit: None.

# VI. Material capital expenditures in the last year and impacts on financial position and business performance:

Construction of the new Longtan Plant represents a material capital expenditure. The Company expects to finance this project with its own capital or through bank borrowing, and expects no material impact on financial or business performance.

## VII. Investment policy in the last year, main causes for profits or losses, improvement plan, and investment plan for the coming year:

### (I) Investment policy

The Company has formulated its investment policy in line with long-term strategies, which focus primarily on color filters and optical coating. Apart from the above, the Company does not invest in other industries. The Company has also established a set of "Asset Acquisition and Disposal Procedures" in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" stipulated by the authority to serve as guidance over investment practices, and to monitor business and financial status of business investments.

### (II) Main causes of profit or loss, improvement plan: Not applicable as the Company has no business investment.

### (III) Investment plans for the coming year: None.

## VIII. Evaluation of risk management issues in the most recent year up to the publication date of this annual report:

### (I) Effects of changes in interest rates, foreign exchange rates and inflation on corporate finance, and future response measures:

1. Interest rate changes

Unit: NT$ thousand; %

| Year<br>Item | 2023 | 2024 |
|---|---|---|
| **Interest expense** | 90,104 | 83,454 |
| **Net operating revenues** | 7,236,928 | 10,002,074 |
| **Interest expense as a percentage of net operating revenues** | 1.25 | 0.83 |

Source: Based on audit ed financial statements

Interest expense as a percentage of net operating income for the years ended December 31, 2023 and 2024 were both 1.25% and 0.83% respectively. 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 relationship with banks and performs timely assessments on possible interest rate risks for all interest-bearing debts, while taking actions to reduce impact of interest rate changes on profitability.

2. Foreign exchange rates changes

Unit: NT$ thousand; %

| Year<br>Item | 2023 | 2024 |
|---|---|---|
| **Net foreign exchange gain (loss)** | 6,212 | 71,904 |
| **Net operating revenues** | 7,236,928 | 10,002,074 |
| **Net gains/losses on foreign currency exchange as a percentage of net operating revenues** | 0.09 | 0.72 |

Source: Based on audit ed financial statements.

Net gains (losses) on foreign currency exchange accounted for 0.09% and 0.72% of the Company's operating revenues in 2023 and 2024, respectively. Since most capital expenditures and manufacturing overheads are paid in non-NTD currencies such as USD and JPY and most revenues are collected in USD, excessive volatility in exchange rate may have adverse impacts on the Company. Depending on changes in market exchange rate, current positions, and capital availability, the Company adopts a combination of natural hedge and foreign exchange contract to eliminate exchange rate risks.

3. Inflation
Inflation has not had significant impact on the Company. Furthermore, the Company pays constant attention to changes in market price, and maintains productive relationship with suppliers and customers to eliminate adverse impacts of inflation on profitability.

### (II) Policies on high-risk and highly leveraged investments, lending funds to other parties, endorsements / guarantees, and trading of derivatives; describe the main causes of profit or loss incurred and future response measures:

1. The Company has established "Procedures for Lending Funds to Others," "Procedures for Endorsement and Guarantee", "Procedures for the Acquisition or Disposal of Assets," and "Procedures for Derivative Transactions," to serve as guidance within the Company. The Company had not engaged in any high-risk or highly leveraged investment or transactions such as lending funds to other parties, endorsement, or guarantee as of the publication date of this annual report.

2. USD to NTD forward is the main form of financial derivative traded by the Company. Use of this instrument is solely for hedging exchange rate volatility arising from foreign currency-denominated assets and liabilities, and strictly complies with "Procedures for the Acquisition or Disposal of Assets" and "Procedures for Derivative Transactions." For the above reasons, trading of derivative posed no significant risk to the Company.

### (III) Future research and development plans and projected expenses:

Unit: NT$ thousand

| Item | R&D project | Expected time of completion/ mass production | Estimated cost of research and development |
|---|---|---|---|
| 1 | Process technology for 0.56 micron pixels and more than 200 million pixels | 2025 - | 2,690,612 |
| 2 | CIS Nano-light-pillar microstructure | | |
| 3 | CIS LnG microstructure | | |
| 4 | Metasurface | | |
| 5 | Waveguide | | |

### (IV) Financial impacts and response measures in the event of changes in local and foreign regulations:

The Company complies with local and foreign regulations for all daily operations. It pays constant attention to political and regulatory developments local and abroad, and gathers relevant information that the management may use to make informed decisions. The Company also consults experts from various fields to keep up-to-date on market changes, and adjusts operational strategies at times deemed appropriate. The Company encountered no change in local or foreign policy/regulation that affected its financial or business performance in the last year up to the publication date of this annual report.

### (V) Business and financial impacts and response measures in the event of technological (such as information and communication security risk) or industrial change:

The Company operates in the semiconductors industry, where products and technologies evolve at such a fast rate that participants are constantly in need to adopt advanced technologies and expand production capacity. Competition among peers is extremely intense. In response, the Company continues to monitor changes in market demand and technology, and strives to capitalize on new market opportunities and enhance long-term competitiveness by exploring new products as well as new customers.

VisEra Technologies is committed to technological innovation. In order to enhance its industrial leadership, maintain the hard-earned advanced technological achievements, protect the R&D achievements, and strengthen competitivity, the Company launches an incentive mechanism that encourages R&D and innovation in conjunction with its patent application deployment, one of its business objectives. Doing so not only creates a benign circle and a corporate culture characteristic of R&D and innovation, but also lays a solid foundation for corporate sustainability management.

The Company actively promotes intellectual property right (IPR) management plans, has established regulations governing the application, maintenance, and management of IPR that relates to patents and trade secrets, and prevents the leakage of R&D achievements and critical technologies through a stringent confidential information protection system, so as to comprehensively protect the Company's intellectual properties. The Company's patent portfolio covers numerous countries such as the United States, Taiwan, China, and Japan; total number of patents has reached nearly 800 pieces, and is continuously growing. At each year-end, the management team will consider future business planning along with the R&D status of each R&D department within each organization to set appropriate IPR KPIs for the following year, so as to motivate the Company's R&D momentum. Also, R&D supervisors report R&D status and future R&D plans to the Board of Directors at least annually, so that the directors are well informed of the Company's IPR portfolio.

With regard to cybersecurity risks, the Company has established a dedicated information security team to set up and implement a cybersecurity management system along with relevant policies and documents to regulate cybersecurity practices. In addition, cybersecurity risk assessments and internal and external audit cycles are conducted on a yearly basis to ensure effectiveness and compliance with the management system. This thereby reduces the impact of cybersecurity risks on the Company's operations.

### (VI) Crisis management, impacts, and response measures in the event of a change in corporate image:

The Company has been dedicated to maintaining corporate image and complying with regulations since it was founded. Up to the publication date of this annual report, there had been no change in corporate image that would put the Company in crisis.

### (VII) Expected benefits, risks, and response measures in relation to mergers and acquisitions: None.

### (VIII) Expected benefits, risks, and response measures associated with plant expansions:

A resolution was passed during the Board of Directors meeting held in January 2020 to construct Longtan Plant for the expansion of production capacity. This project will be funded using the Company's capital and long-term bank borrowings. The project exhibited no concern for delay or up to the publication date of this annual report.

### (IX) Risks and response measures associated with concentrated sales or purchases:

(1) Risks and response measures associated with concentrated purchases
Main suppliers of the Company are vendors with long-term cooperation, and both parties maintain good and stable collaborative relationships. To address the issue of single supply, the Company maintains sources of supplies from two or more production bases to ensure the stability of supplies.

(2) Risks and response measures associated with concentrated sales
The Company specializes in foundry service for image sensors. Some image sensor suppliers do have a higher share of the market, which causes the Company's top-10 buyers to account for a relatively high percentage of total revenues. This concentration is an inherent nature of the industry. The Company will continue developing new products as a means to diversify sales concentration risk.

### (X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

### (XI) Effect upon and risk to the company associated with any changes in governance personnel or top management, and mitigation measures being or to be taken: None.

### (XII) Major litigations, non-contentious cases, or administrative litigations occurred during the year that involved the Company or any director, supervisor, President, person-in-charge, or major shareholder with more than 10% ownership interest, whether concluded or pending judgment, that are likely to pose significant impact to shareholders or security prices of the Company. Disclose the nature of dispute, the amount involved, the date the litigation first started, the key parties involved, and progress up to the publication date of this annual report:

As is the case with many companies in the semiconductor industry, the Company has received from time to time communications from third parties asserting that its technologies, its manufacturing processes, or the design of the semiconductors made by TSMC or the use of those semiconductors by its customers may infringe upon their patents or other intellectual property rights. These assertions have at times resulted in litigation by or against the Company and settlement payments by the Company. Irrespective of the validity of these claims, the Company could incur significant costs in the defense thereof or could suffer adverse effects on its operations. The Company is also subject to antitrust compliance requirements and scrutiny by governmental regulators in multiple jurisdictions. Any adverse results of such proceeding or other similar proceedings that may arise in those jurisdictions could harm TSMC's business and distract its management, and thereby have a material adverse effect on its results of operations or prospects, and subject the Company to potential significant legal liability.

Currently, TSMC's material legal proceeding is as follows:

In February 2025, Longitude Licensing Ltd. and Marlin Semiconductor Limited (collectively, “Marlin”) filed complaints with the U.S. International Trade Commission (“ITC”) and the U.S. District Court for the Eastern District of Texas alleging that TSMC and its customers infringe five U.S. patents. The ITC instituted an investigation on March 21, 2025. The outcome cannot be determined, and we cannot make a reliable estimate of the contingent liability at this time.

Other than the matter described above, as of the date of this Annual Report, TSMC is not currently a party to any other material legal proceedings.

### (XIII) Other significant risks: None.

## IX. Other material issues: None.

# Seven. ESG

## I. Fulfillment of Sustainable Development; Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies; and Causes for Such Deviations

| Promoted items | Execution progress | | Execution progress | Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the causes therefor |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| I. Does the company establish a governance structure and set up an exclusively (or concurrently) dedicated unit to promote sustainable development? Is such unit being dealt with by high level management as authorized by the Board of Directors? How is it supervised by the Board of Directors?<br>(TWSE/TPEx Listed Companies should fill in their implementation status, not the compliance or explanation) | ■ | | In 2021, the Company established the “ESG Sustainable Development Promotion Committee”, which is officially renamed the "ESG Committee" in September 2024, the highest decision-making body within the Company with respect to sustainable development. The committee is chaired by the Chief Financial Officer who reviews the Company’s core operating capabilities and sets up the medium- and long-term sustainable development plan, together with senior managers from different fields.<br>Through quarterly meetings and workshops established to cover different issues, the “ESG Committee” identifies the sustainability issues that are relevant to the Company’s operations and concern stakeholders. The Committee also formulates a response strategy and working policy, and further tracks the implementation performance to ensure that the sustainable development strategy is incorporated into the Company’s daily operations. The management representative regularly reports to the Board of Directors on the sustainable development implementation performance and future work plan, and the Board of Directors shall consider the future business strategies and make recommendations on how to implement these strategies.<br>In May 2024, the Committee reported to the Board of Directors on the results of the Company’s ESG operations for the previous year, the work plan for 2024, and the identification of potential significant ESG issues; the results of 2024 and the work plan for 2025 have also been agreed upon by the Committee, and plans are being prepared and implemented.<br>To establish sound management for sustainable development, effectively integrate and implement sustainability policies, VisEra established a Sustainability Development Committee in February 2025 to assist in promoting and supervising sustainability goals, management policies, and specific plans, thereby deepening corporate sustainability governance. | No significant deviation |
| II. Has the Company conducted risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on principles of materiality?<br>(TWSE/TPEx Listed Companies should fill in their implementation status, not the compliance or explanation) | ■ | | In 2021, the Company’s Board of Directors approved the formulation of the “Risk Management Policy and Procedures”, the highest level guidelines on risk management within the Company. The Company has established a “Risk Management Steering Committee”, chaired by the President, and the top executive of the resource planning organization is the Executive Secretary. The Committee is responsible for formulating corporate strategy for sustainable management and planning blueprints. It performs risk and risk situation identification, assesses risk levels, formulates preventive and contingency measures, and achieves compliance management through specific actions and training drills by means of the Business Continuity Management System.<br>The Company’s scope of risk management includes “intellectual property rights”, “information technology security”, “talent recruitment”, “technology development and competitive advantage”, and “climate change”.<br>In order to implement the risk management mechanism, the Company holds regular risk management team meetings. Each unit will review, at least once a quarter, the ongoing risks of its operation, including the evolution of risks and new risks or emerging risks that occur in response to overall external fluctuations, and review the management policies and specific actions accordingly. The Committee will review the risk management status and estimate the risk trend for the next quarter, and report the risk management operation to the Board of Directors once a year.<br>In 2024, there were 16 risk items in total, and 135 risk scenarios were derived from the risk items to respond to them. The frequency of risk events and the severity of their impact on the Company’s operations were evaluated using the Risk Map, and the priority and risk level of the risks were defined to adopt corresponding risk management strategies.<br>The 2024 operation of risk management was reported to the Board of Directors in the third quarter of 2024. | No significant deviation |
| III. Environmental issues | | | | |
| (I) Has the Company developed an appropriate environmental management system, given its distinctive characteristics? | ■ | | The Company views pollution prevention as one of its top priorities, and is dedicated to promoting environmental sustainability, green production, and building its reputation as the role model in environmental protection. The Company adopted the ISO 14001 environmental management system and the ISO 50001 energy management system in 2014 at the very beginning of the plant’s construction. In terms of environmental considerations, energy management, and regulatory requirements, the Company continues to identify, check, comply, and make continuous improvements every year. According to the articles and spirit of the management system, the Company implements their execution and management work. The Company also requests third-party verification agencies to conduct verification on a regular basis to maintain the effectiveness of the management system. | No significant deviation |
| (II) Is the company committed to improving energy efficiency and using recycled materials with low impact on the environment? | ■ | | 1. Low carbon manufacturing: The Company continues to adopt the best technologies to reduce greenhouse gas emission, and strives to become the industry’s role model in low carbon manufacturing.<br>2. Use of renewable energy: The Company adopts the use of solar power system and is constantly searching for opportunities to make use of renewable energy.<br>3. Improving energy efficiency: The Company introduces new energy conservation measures each year and takes proactive energy actions to raise energy efficiency.<br>4. Resilience to climate change: The Company has response and preventive measures in place to mitigate climate change risks. | No significant deviation |

<table>
<tr><th rowspan="2">Promoted items</th><th colspan="2">Execution progress</th><th>Execution progress</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the causes therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>(III) Does the Company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?</td><td>■</td><td></td><td>As we face a worsening and extreme climate, having the resilience to cope with climate-related disasters is an important element for running a business. The Company has established an Enterprise Risk Management (ERM) system by referring to the ISO 22301 business continuity management standard. The Company uses the Risk Map to evaluate the frequency of risk events and the severity of impact on the Company's operations to define the risk control priority and risk levels, and to adopt a risk management policy corresponding to the risk levels defined. The assessment results show that the risks associated with climate change include droughts, severe typhoons, heavy rainfall, earthquakes, power and water shortages, as well as increasingly stringent regulatory requirements. As a result, training and drills on mitigation measures are conducted using scenario simulations, and risk changes and countermeasures are regularly reviewed on a quarterly basis.</td><td>No significant deviation</td></tr>
<tr><td>(IV) Does the Company maintain statistics on greenhouse gas emission, water usage, and total waste volume in the last two years, and implement policies aimed at reducing energy, carbon, greenhouse gas, water and waste?</td><td>■</td><td></td><td>
<p>The Company completed the ISO 14064-1 Scope 1, 2, and 3 inventory and third-party verification in March 2025, and the ISO 50001 inventory and third-party verification annually. The Company makes pro-active attempt at minimizing environmental footprint of its product, and continues to enforce green actions including greenhouse gas reduction, energy conservation, water conservation, waste reduction, resource recycling/reuse, and pollution prevention throughout the Company.</p>
<p>1. Greenhouse gas reduction and energy management<br>In 2013, the Company established a greenhouse gas inventory system based on ISO 14064 and the WBCSD/WRI Greenhouse Gas Protocol. The Company conducts an annual GHG emission inventory in order to understand the status of GHG use and emissions, verify the effectiveness of the reduction actions, and pass third party verification. The main sources of greenhouse gas emissions in Scope 1 are from process gases (nitrogen trifluoride, perfluoride, carbon dioxide, etc.), VOC pollution control equipment, emergency generators, and kitchen fuel such as natural gas, gasoline, and diesel, as well as fugitive emission sources such as septic tanks and firefighting equipment; Scope 2 greenhouse gas emissions are mainly from indirect emissions generated by energy use. Through the ISO 50001 Energy Management System, we will continue to focus on low carbon transformation and energy efficiency management.</p>
<p>▪ Greenhouse gas emission statistics for the two most recent years: Unit : MTCO$_2$e</p>
<table>
<tr><th>Year</th><th>Scope 1</th><th>Scope 2</th></tr>
<tr><td>2024</td><td>5,235</td><td>30,753</td></tr>
<tr><td>2023</td><td>4,399</td><td>37,135</td></tr>
</table>
<p>Note: Includes the Hsinchu Plant and Longtan Plant, but excludes the Zhongli Plant (where the emission accounts for less than 5% of the total emission)</p>
<p>In addition, in response to climate change and to promote the Company's sustainable operation, the Company will continue to negotiate the purchase of renewable energy and invest in the development of energy-saving products in the future, aiming to achieve 40% of power consumption by the end of 2030. The Company strives for its long-term goal of net-zero carbon emissions and the use of 100% renewable energy by 2050.</p>
<p>2. Water resource management:<br>The Company adopted the water risk assessment tool from the World Resources Institute (WRI) to identify the water risk in the area where the plant is located, using water availability, environmental discharge quality, and regulatory and reputational risk as key indicators; the results of the assessment for the Company's plant sites are all medium to low risk. By implementing the three main strategies of "implementing water use plans, seeking opportunities to conserve water, and controlling pollution sources", and by installing mechanical or electronic flow meters at water inlets and key water lines, staff on duty take daily meter readings, and the engineer in charge of the water system compiles statistics and establishes water use plans based on the meter readings.</p>
<p>(1) Resource risk management: The Company executes climate risk mitigation solutions and takes progressive steps to conserve water and adjust to water shortage.<br>(2) Diversified water resources: The Company continues to cut down production water usage and recycle water through integration of internal and external resources.<br>(3) Development of treatment technology: Advanced water treatment technologies are being adopted to ensure effective removal of TMAH and other pollutants in wastewater.</p>
<p>▪ Water consumption statistics for the two most recent years:</p>
<table>
<tr><th>Year</th><th>Total city water consumption (m$^3$)</th><th>Water consumption per production unit (liters/8-inch wafer eq. - number of photomasks)</th></tr>
<tr><td>2024</td><td>357,281</td><td>19.35</td></tr>
<tr><td>2023</td><td>297,872</td><td>33.13</td></tr>
</table>
<p>Note: The water resource related statistics only include the Hsinchu Plant and Longtan Plant. The Zhongli Plant is leased and the city/waste water taken and discharged are included in the landlord's water treatment system; therefore, no specific breakdown can be made.</p>
</td><td>No significant deviation</td></tr>
</table>

| Promoted items | Execution progress | | Execution progress | Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the causes therefor |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| | | | 3. Waste management:<br>The Company implements green manufacturing and follows its principle of "minimizing waste generation and maximizing resource recycling" in waste management. We prioritize the implementation of "material recycling" and "energy recycling" instead of incineration and landfilling to maximize the use of resources. In 2021, the Company started to search for waste treatment suppliers other than incineration/landfilling to treat waste in ways other than incineration. Also, we cooperated with the Foundation of Taiwan Industry Service. In December of the same year, the Company cooperated with recycling companies to accomplish the process of replacing traditional heavy polluting fuels such as coal and natural gas by diverting and improving the purity of waste materials that originally had no reuse value. The recycling rate (including energy recovery) will reach over 90% by 2022. In 2024, 2,479 tons of waste have been recycled and reused (including alternative energy) a year, and the landfill rate is 0.53%. Since the establishment of the plant, the landfill rate has been less than 1% for 19 consecutive years.<br>(1) Reduction at the source: Suppliers are being requested to supply chemical machinery of low consumption, which helps reduce waste at the source.<br>(2) Circular economy: The Company is constantly in search of new waste recycling technology to increase the volume of waste recycled and reused.<br>(3) Audit and counseling: The Company performs audit and joint evaluation/counseling according to Waste Management Service Provider Evaluation Standards for High-tech Industry.<br>▪ Total waste volume and outsourced waste volume per wafer for the two most recent years: | |

| Year | Outsourced general waste (tons) | Outsourced hazardous waste (tons) | Total volume of outsourced business waste |
|---|---|---|---|
| 2024 | 826 | 1,818 | 2,644 |
| 2023 | 741 | 1,254 | 1,995 |

Note: Including our Hsinchu, Longtan and Zhongli plants.

| | | | | |
|---|---|---|---|---|
| IV. Enforcement of public interest | | | | |
| (I) Has the Company developed its policies and procedures in accordance with laws and International Bill of Human Rights? | ■ | | The Company strictly abides by labor laws and regulations, with which all of its internal regulations and systems comply. "VisEra Corporate Social Responsibility Policy" and "VisEra Supplier Code of Conduct" have been created based on "Responsible Business Alliance (RBA, formerly known as EICC) Code of Conduct" and "United Nations Guiding Principles on Business and Human Rights." Since 2021, suppliers have been required to sign the "VisEra Technologies Supplier Code of Conduct": Workers' human rights, terms of employment, workers' health, occupational safety and health, and environmental protection. The Company audited key suppliers in 2024 using RBA criteria to conduct on-site visits to request and assist them in improving their RBA systems. | No significant deviation |
| (II) Has the Company developed and implemented reasonable employee welfare measures (including remuneration, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees' compensations? | ■ | | The Company is committed to maintaining a high standard of corporate social responsibility. It believes that the maintenance of good labor relations is the cornerstone of the Company's sustainable development and promotes the following employee welfare measures:<br>1. Labor Insurance and National Health Insurance: All employees of the Company participate in Labor Insurance and National Health Insurance.<br>2. Group Insurance: In addition to the employees themselves, their spouses, children and parents are also covered, so that colleagues and their families can be protected.<br>3. Employee welfare: The Company makes welfare fund contributions as per the "Employee Welfare Fund Act," and organizes an employee welfare committee to handle employee welfare matters. In addition to providing employees with various welfare measures and cash gifts for annual festivals, company trips, family days, year end parties and other activities will be organized as well to maintain the friendship among employees, enhance the internal cohesion within the organization, and improve the morale at work.<br>4. Employee health promotion: Various employee physical examinations and annual health check-ups are provided which are better than the statutory requirements, and appropriate health promotion programs are planned as needed. A health center and breastfeeding rooms have been set up, dedicated nursing personnel are hired, and physicians are regularly arranged for to visit the plant to provide health consultations. Professional psychological counselors are engaged to take care of the mental health of employees. Health promotion courses are organized irregularly. Blood donation activities are arranged, both to accelerate metabolism and to do charity.<br>5. Group Meals: The Company has a canteen and coffee bar which provides various meals such as buffet, fast food, and wheat dishes. Lunch, dinner, and supper are all subsidized by the Company. The Company has introduced a floating meal price tag and healthy meal so that we can offer a wide selection of meals. The Company continues to offer exotic cuisine meals, which mainly comprise native cuisine of those foreign-national migrant workers, in order to comfort their homesickness.<br>6. Bonus system: The Company pays bonuses depending on performance results.<br>7. Club activities: In order to encourage employees to engage in proper leisure activities, various clubs are organized by employees, and the Employee Welfare Committee provides budget subsidies.<br>Employee compensation is determined by the provisions of the Company's Articles of Incorporation, which fixes it at no less than 1% of annual earnings. | No significant deviation |

| Promoted items | Execution progress | | Execution progress | Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the causes therefor |
|---|---|---|---|---|
| | Yes | No | Summary description | |
| (III) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues? | ■ | | 1. Fully featured work environment:<br>*The plant completed in 2017 received Award of Excellence for Green Plant Initiative within the science park.<br>*In 2022, the new Longtan factory area was newly constructed, and in 2023, it was awarded the Golden level Green Building Award by the Ministry of the Interior.<br>*Safe and constant-temperature clean room environment.<br>*Well-lit, comfortable, and accessible office environment where employees may communicate easily with each other.<br>*Five-star fitness center featuring commercial-grade fitness equipment, aerobics rooms, pool table, and table tennis equipment.<br>*Employees are entitled to car/scooter/bicycle parking lots.<br>2. Professional services: The Company has a health center, equipped with nursing professionals to provide professional health consultation and nursing services; a breastfeeding room has also been created to cater for the needs of working mothers.<br>3. Health events: The Company organizes regular health checkups and screenings that are more comprehensive than what the laws require, thereby allowing early identification of health problems. Complimentary health seminars, physique management courses, weight maintenance activities, hiking events, and massage services are organized for employees’ benefit.<br>4. The Company complies with laws and makes ongoing efforts to promote employees’ safety and health awareness. New recruits are subjected to safety and health training upon commencement of duty, and all employees are trained regularly on evacuation and use of fire extinguishers and fire hydrants. Practical CPR/AED training are also arranged for employees’ safety. There was no fire incident to the Company in 2024. | No significant deviation |
| (IV) Does the Company have means to communicate with employees on a regular basis, and inform them of operational changes that may be of significant impact? Has the Company established an effective career development training program for its employees? | ■ | | 1. The Company values the opinions of its employees and provides a variety of channels to promote communication and coordination between labor and capital. The Company holds quarterly labor management meetings to explain the Company’s operations to labor representatives and to participate in discussions on labor conditions and benefits; it also holds quarterly employee communication meetings in order to provide direct two-way interaction and communication with employees. VisEra holds communication meetings with supervisors every six months to communicate with supervisors or inform the Company’s latest information. The Company also irregularly announces important information and updates on upcoming events through its intranet site (My VisEra) and quarterly e-newsletters; it has set up a channel for whistleblowing for employees so that employees can report work and environmental problems and suggestions, or workplace violations/sexual harassment and other human rights complaints. The complaints are conveyed to the dedicated department and the Company’s top management according to the nature of the issue. Multiple channels for employee feedback are maintained, voices of employees are listened to, and responses and communication are made in a timely manner to promote labor-management harmony and achieve win-win for both the enterprise and employees.<br>2. The Company has established the Education and Training Committee to establish a blueprint for the career ability development and training of employees. The annual training plan is implemented by the training and development unit according to the needs of the organization. From the orientation training course for new recruits, Buddy’s counseling on new recruits’ adaptability, and IDP personal development learning plan, executive management training courses, legal compliance training, and so on. The Education and Training Committee reviews the implementation of training quarterly, and enhances the training content in a timely manner to cultivate and develop talents to achieve sustainable development of the Company. | No significant deviation |
| (V) Has the Company complied with laws and international standards with respect to issues such as customers’ health, safety and privacy, marketing, and labeling that involve its products and services, and implemented consumer and customer protection policies and complaint procedures? | ■ | | Not applicable as VisEra does not produce the final products. | Not applicable. |
| (VI) Has the Company implemented a supplier management policy that regulates suppliers’ conducts with respect to environmental protection, occupational safety and health or work rights/human rights issues, and tracked suppliers’ performance on a regular basis? | ■ | | Plant affairs, quality management, and sales teams continue to work with suppliers on resolving various issues:<br>1. Restriction of Hazardous Substances: VisEra promotes “green purchase,” an initiative that requires all raw material suppliers to issue statements assuring that their products contain no substances that are considered harmful to the environment or are banned internationally. In doing so, the Company ensures that its products comply with RoHS requirements of its customers, such as those in the EU.<br>2. “VisEra Supplier Code of Conduct” has been created based on “Responsible Business Alliance (RBA, formerly known as EICC) Code of Conduct” and “United Nations Guiding Principles on Business and Human Rights.” It requires suppliers to conform with various requirements concerning: workers’ human rights, terms of employment, workers’ health, occupational safety and health, and environmental protection.<br>3. Management of conflict minerals: With regards to the management of conflict minerals, VisEra Technologies requires suppliers to prohibit against using “minerals sourced from conflict regions,” and to sign commitment to non-conflict minerals as per request of VisEra. | No significant deviation |
| V. Does the Company prepare its sustainability report or any report of non-financial information based on international reporting standards or guidelines? Are the above-mentioned reports supported by assurance or the opinion of a third-party certifier? | ■ | | The Company has compiled the VisEra Sustainability Report in accordance with the GRI Standards, the framework of TCFD Recommendations, the Sustainability Accounting Standards Board (SASB), and the AA1000 Accountability Principles. This Sustainability Report has been verified by the third-party independent organization, British Standards Institution (BSI) Taiwan. | No significant deviation |
| VI. If the company has established sustainable development principles in accordance with “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”, please describe its current practices and any deviations from those principles: The Company has established a “Responsible Business Alliance Management Handbook” based on its current practices, and takes progressive steps toward fulfilling its corporate social responsibilities. | | | VII. Other important information that is helpful to understand the implementation of sustainable development: Please refer to the Company’s corporate sustainability section for other information on the Company’s corporate sustainable development operation. | |

## II. Climate-related information implementation of VisEra Technologies:

### Climate-related financial disclosures

Since 2022, VisEra has identified climate risks and opportunities in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework and consulted research reports from international institutions to evaluate climate change risks and countermeasures and identify potential risks and opportunities.; then, VisEra established measurement indicators based on the identification results for target management, to effectively keep abreast of the progress and results of response actions, thus reducing the financial impact of climate risks on business operations. With respect to the top four risks of “greenhouse gas cap control and carbon fee collection/net-zero emissions, extreme weather events, such as typhoons and floods, droughts, and average temperature rise” and two major opportunities of “material conservation design and reduction of water use and consumption”, we conducted quantitative assessments of the financial impacts of the top four risks and the two major opportunities, taking into account internal and external environmental changes, referring to the methodologies disclosed by domestic and foreign companies, and used “Governance”, “Strategy,” “Risk Management,” and “Indicators and Targets” to formulate strategies and actions in response to climate change, to reduce the impact of climate risks and improve organizational climate resilience.

### Risks and opportunities posed by climate change to and relevant countermeasures taken by the Company

<table>
<tr><th>Item</th><th colspan="2">Responses by the Company</th></tr>
<tr><td>1. Describe the Board of Directors and management’s oversight and governance of climate-related risks and opportunities</td><td colspan="2">▪ The Board of Directors regularly reviews the risks and opportunities related to climate change.<br>▪ ESG Committee: It is chaired by the Chief Financial Officer and regularly reviews the Company’s climate change strategies and goals, and reports to the board of directors.<br>▪ Risk Management Steering Committee: It is chaired by the President and accompanied by a management representative, the Committee is responsible for the focus of corporate risk management and risk assessment and mitigation, while reporting annually to the Board of Directors on annual corporate risk management, including climate change issues.</td></tr>
<tr><td rowspan="3">2. Describe how the climate risks and opportunities identified will affect the Company’s (short-term, medium-term and long-term) business, strategy, and finance</td><td><b>Risks and opportunities</b></td><td><b>Potential financial impact</b></td></tr>
<tr><td>Greenhouse gas cap control and carbon fee collection/net-zero emissions</td><td>▪ According to the Climate Change Response Act, carbon fees will be collected starting in 2025 and are expected to affect the Company’s operating costs by less than 1%.<br>▪ The increasing Installation of carbon reduction equipment and the increasing of operation cost.<br>▪ The increasing cost of purchasing renewable energy and carbon credits is expected to affect the Company’s operating costs by less than 1%.</td></tr>
<tr><td>Extreme weather events, such as typhoons and floods</td><td>Sudden-onset climate disasters may cause damage to assets, such as plants and equipment. The Company may face operational disruptions or reconstruction or repair costs, which are expected to affect the Company’s operating revenue by roughly 1% to 3% and increase repair costs.</td></tr>
<tr><td rowspan="4">3. Describe the impacts of extreme climate events and transition actions on finance</td><td>Drought</td><td>It is estimated that water shortage may cause disruption to the Company’s operations, which may affect the Company’s operating revenue by roughly 1% to 3%.</td></tr>
<tr><td>Average temperature rise</td><td>The annual average temperature rise leads to an increase in the equipment energy utilization rate and energy costs, affecting operating costs by less than 1%.</td></tr>
<tr><td>Material efficiency design</td><td>Recycling and reuse of packaging and packaging materials will reduce the cost of purchasing packaging materials. It is expected to affect operating costs by less than 1%.</td></tr>
<tr><td>Reduction of water use and consumption</td><td>Taking water-saving measures and raising the use of recycled water will reduce the cost of purchasing backup water sources. It is expected to affect operating costs by less than 1%.</td></tr>
<tr><td>4. Describe how the climate risk identification, assessment. and management process is integrated into the overall risk management system</td><td colspan="2">Implementation of the following in accordance with the risk management policy:<br>▪ The ESG Committee, every two years, identifies climate risks and opportunities, assesses the qualitative and quantitative financial impacts of significant climate risks and opportunities discussed by relevant units, and sets strategic targets for implementation under the TCFD framework.<br>▪ The results of climate risk identification and assessment are included in the enterprise risk management (ERM) project, and are regularly confirmed by the senior management.<br>▪ The implementation of measures for ESG risks and climate risks is reported to the Board of Directors every year. The last report was in May 2024.</td></tr>
</table>

<table>
<tr><th>Item</th><th colspan="3">Responses by the Company</th></tr>
<tr><td rowspan="3">5. If scenario analysis is conducted to assess resilience to climate change risks, describe the scenarios, parameters, assumptions, and analysis factors used, and main financial impacts.</td><td><b>Risks and opportunities</b></td><td><b>Scenario assumptions and main financial impacts</b></td><td><b>Response measures</b></td></tr>
<tr><td>Greenhouse gas cap control and carbon fee collection/net-zero emissions</td><td>Regarding transition risks, the Company referred to the World Energy Outlook (WEO-2024) released by the IEA and selected the 2050 Net Zero Emission (NZE) Scenario and the very low emissions scenarios in the Shared Socioeconomic Pathways (SSP) 1-1.9 in the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR6) in the scenario analysis to achieve the goal of global temperature rise of no more than 1.5°C . As per the analysis result, the impact on carbon costs is tremendous, and the annual increase in carbon costs will account for less than 1% of the operating costs.</td><td>▪ Set aggressive carbon reduction targets and use 100% renewable energy company-wide by 2050.<br>▪ Raise resource utilization and reduce the Company’s mid- and long-term operating costs, which can also achieve the goal of energy conservation and carbon reduction.<br>▪ Continue to conduct greenhouse gas inventory, analyze the status quo of emissions, and set reduction targets.</td></tr>
<tr><td>Extreme weather events, such as typhoons and floods</td><td>As for physical risks, the SSP1-2.6 and SSP5-8.5 in the Sixth Assessment Report of the IPCC AR6 were taken as the basic database for climate issue analysis: Under the low emissions scenarios of SSP1-2.6, the average annual total precipitation in Taiwan in the medium and long term will increase by around 12% and 16%, respectively, and the average annual maximum daily precipitation intensity will increase by around 15.7% and 15.3%, respectively. Under the very high emissions scenarios of SSP5-8.5, the average annual total precipitation in Taiwan in the medium and long term will increase by around 15% and 31%, respectively, and the average annual maximum daily precipitation intensity will increase by around 20% and 41.3%, respectively. Sudden-onset climate disasters may cause damage to assets, such as plants and equipment. The Company may face operational disruptions or reconstruction or repair costs, which are expected to affect the Company’s operating revenue by roughly 1% to 3% and increase repair costs.</td><td>▪ Establish and improve emergency response procedures, such as purchasing sandbags to block water flows, turning on the stormwater discharge valves in the side ditches to stop collecting stormwater, and conducting regular exercises to respond in advance and mitigate the impact.<br>▪ Sign a property damage business interruption (PDBI, including business interruption insurance and property insurance) insurance contract with an insurance company every year to reduce business interruption losses and repair costs caused by extreme weather events.</td></tr>
<tr><td rowspan="2">6. If there is a transition plan to manage climate-related risks, describe the content of the plan and the indicators and targets used to identify and manage physical and transition risks.</td><td>Drought</td><td>It is estimated that water resource interruption may halt production lines, resulting in a prolonged operational shutdown. It is assumed that water shortage may cause disruption to the Company’s operations for seven days, which may affect the Company’s operating revenue by roughly 1% to 3%.</td><td>▪ Regularly conduct water shortage exercises.<br>▪ Establish water filling procedures and install filling equipment, and regularly offer training on operating procedures.<br>▪ Improve water resource efficiency, continue to implement water-saving measures, use recycled water, and reduce water use and consumption.</td></tr>
<tr><td>Average temperature rise</td><td>Under the mitigation scenarios of SSP1-2.6, the annual average temperature in the middle and late 21st century may rise by 1.3 °C and 1.4 °C , and the number of days with maximum temperature above 36°C in various places will increase by about 6.8 days and 6.6 days, respectively. Under the worst scenarios of SSP5-8.5, the annual average temperature in the middle and late 21st century may rise by more than 1.8°C and 3.4°C , respectively, and the number of days with maximum temperature above 36 °C in various places will increase by about 8.5 days and 48.1 days, respectively. According to information from the Bureau of Energy in Taiwan, electricity consumption will increase by 6% for every 1 °C decrease in air-conditioner temperature. Assuming that electricity rates are not adjusted, under the SSP1-2.6 scenarios, electricity rates are estimated to increase by 7.8%-8.4%, respectively, affecting operating costs by less than 1%. Under the SSP5-8.5 scenarios, electricity rates are estimated to increase by 10.8%-20.4%, respectively, affecting operating costs by less than 1%.</td><td>▪ Establish an energy management organization to formulate energy conservation and carbon reduction development targets and plans, coordinate and integrate various departments’ energy conservation and carbon reduction strategies and projects, and continue to adopt and evaluate various energy-saving technologies to implement energy improvement plans for relevant equipment.<br>▪ Adopt intelligent control equipment to improve energy efficiency.</td></tr>
</table>

| Item | Responses by the Company |
|---|---|
| 7. If internal carbon pricing is adopted as a planning tool, describe the basis for setting prices. | The Company has not yet implemented an internal carbon pricing mechanism. |
| 8. If climate-related targets are set, describe the activities covered, the scope of greenhouse gas emissions, the period planned, and the annual progress achieved, if carbon offsets or renewable energy certificates (RECs) are adopted to achieve relevant targets, describe the source and quantity of the carbon credits offset or the number of RECs purchased. | Please refer to the following table for details of climate-related targets: “1-2 Greenhouse gas reduction targets, strategies, and specific action plans”. |
| 9. Greenhouse gas inventory and assurance status and reduction targets, strategies, and specific action plans (fill in 1-1 and 1-2 additionally). | For details, please see the tables “1-1 Greenhouse gas inventory information” and “1-2 Greenhouse gas reduction targets, strategies, and specific action plans”. |

## 1-1 Greenhouse gas inventory information

Describe the greenhouse gas emissions (metric tons of $CO_2$e), intensity (metric tons of $CO_2$e/millions of NTD), scope of data covered, and assurance in the most recent two years.

| Category | 2023 | | 2024 | | Assurance institutions | Description of assurance |
|---|---|---|---|---|---|---|
| **Scope 1** | Total emissions (metric tons of $CO_2$e) | Density (metric tons of $Co_2$e/millions of NTD) | Total emissions (metric tons of $CO_2$e) | Density (metric tons of $Co_2$e/millions of NTD) | DNV Business Assurance Co., Ltd. (DNV) | Standards on Assurance Engagements: ISO 14064 Assurance opinion: Scopes 1 and 2 are at the reasonable assurance level, and Scope 3 is at the limited assurance level. |
| **VisEra** | 4,399 | 0.6078 | 5,235 | 0.5234 | | |
| **Scope 2** | Total emissions (metric tons of $CO_2$e) | Density (metric tons of $Co_2$e/millions of NTD) | Total emissions (metric tons of $CO_2$e) | Density (metric tons of $Co_2$e/millions of NTD) | | |
| **VisEra** | 37,135 | 5.1313 | 30,753 | 3.0747 | | |
| **Scope 3** | Total emissions (metric tons of $CO_2$e) | Density (metric tons of $Co_2$e/millions of NTD) | Total emissions (metric tons of $CO_2$e) | Density (metric tons of $Co_2$e/millions of NTD) | | |
| **VisEra** | 23,412 | 3.2350 | 32,350 | 3.2344 | | |

Note: In 2023, the Company’s revenue was NT$7.237 billion, and in 2024, the Company’s revenue was NT$10.002 billion.

## 1-2 Greenhouse gas reduction targets, strategies, and specific action plans

Describe the greenhouse gas reduction baseline year and the data thereof, reduction targets, strategies, specific action plans, and the achievement of the reduction targets.

| Reduction Target | Strategic Action Plan | Achievement of Target |
|---|---|---|
| As a benchmark in maximizing exhaust gas reduction efforts, we have achieved 100% installation of Local Scrubber systems (LSCs) in both newly constructed and existing plants. Existing plants are also continuously upgrading inefficient LSCs, demonstrating concrete actions to effectively reduce greenhouse gas emissions. Local Scrubber (LSC) Exhaust Gas Reduction Efficiency:<br>▪ 2025 Target: LSC exhaust gas reduction efficiency >90%.<br>▪ 2027 Target: LSC exhaust gas reduction efficiency >95%.<br>▪ 2030 Target: LSC exhaust gas reduction efficiency >98%. | Maximize exhaust gas reduction to minimize Scope 1 greenhouse gas emissions. | This target is newly established starting from 2025, achievement data is not yet available. |
| Renewable Energy Procurement Target, ongoing commitment to the use and purchase of renewable energy to achieve net-zero emissions:<br>▪ 2025 Target: Renewable energy usage rate 26%.<br>▪ 2030 Target: Renewable energy usage rate 40%.<br>▪ 2050 Target: Renewable energy usage rate 100%. | Closely monitor and actively participate in climate actions such as the RE100 global renewable energy initiative, and continue efforts in renewable energy use and procurement. | The renewable energy usage rate in 2024 was 37.1%, achieving the target (>24%). |

# Eight. Special Disclosure

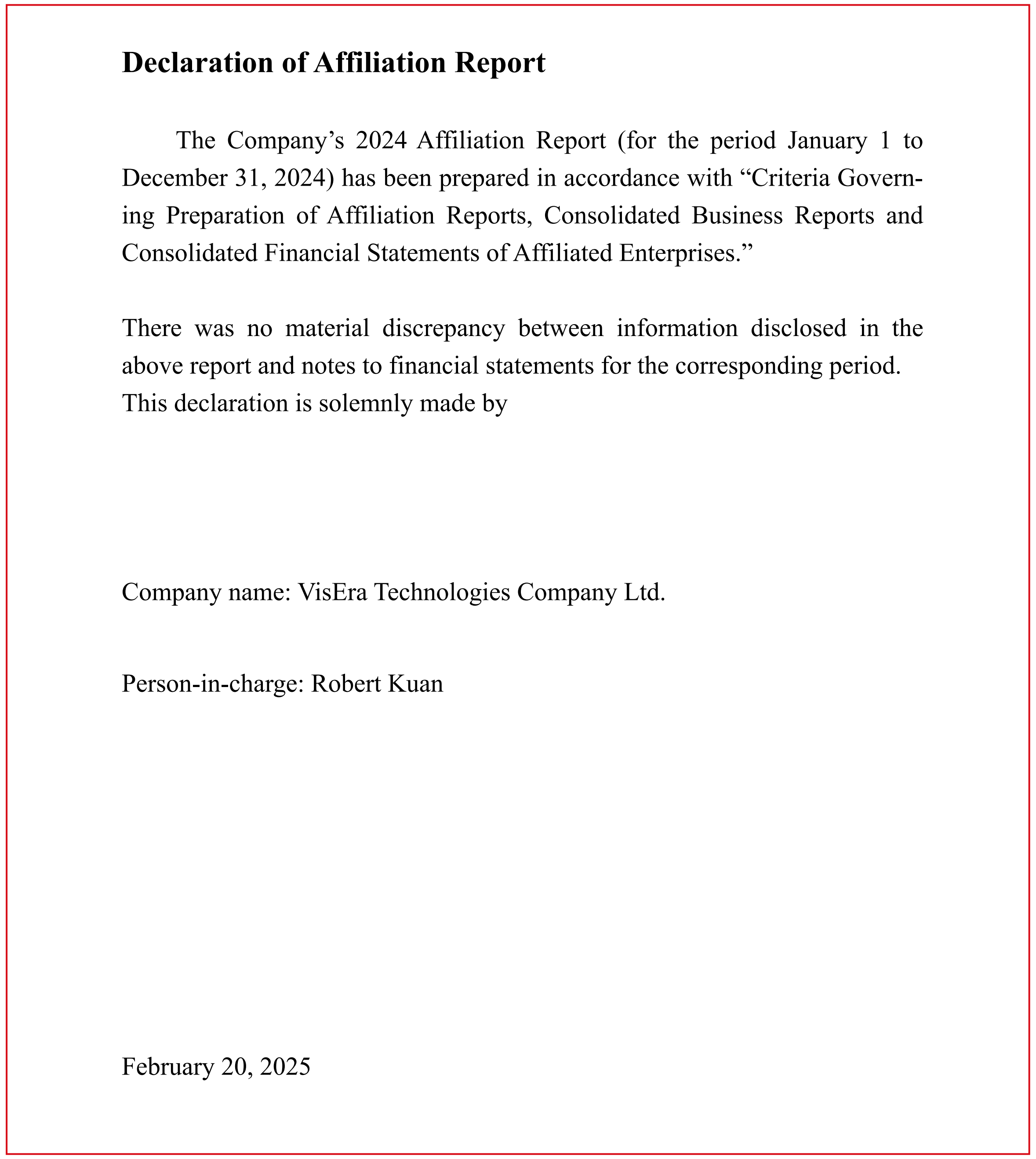
## I. Affiliated enterprises

(I) Consolidated business report of affiliated enterprises: Not applicable.

(II) Consolidated financial statements of affiliated enterprises: Not applicable.

(III) Affiliation report：

1. Declaration of Affiliation Report



**Declaration of Affiliation Report**

The Company's 2024 Affiliation Report (for the period January 1 to December 31, 2024) has been prepared in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises."

There was no material discrepancy between information disclosed in the above report and notes to financial statements for the corresponding period.
This declaration is solemnly made by

Company name: VisEra Technologies Company Ltd.

Person-in-charge: Robert Kuan

February 20, 2025

2. Relationships between controlling and controlled entities:
The Company is a subsidiary of Taiwan Semiconductor Manufacturing Company Limited (TSMC); information of the controlling entity is presented below:

December 31, 2024 Unit: shares; %

| Name of controlling entity | Means of control | Shares held and pledged by the controlling entity | | | Directors, supervisors or managers appointed by the controlling entity | |
|---|---|---|---|---|---|---|
| | | No. of shares held | Shares Ratio | Shares pledged | Position | Name |
| TSMC | Parent company that holds controlling interest in the Company | 213,619,000 | 67.32% | - | Chairman<br>Director<br>Director | Robert Kuan<br>Chien-Hsin Lee<br>David Liu |

3. Transactions with the above parties:

(1) Trading of inventory:

Unit: NTD thousand; %

| Transactions with the controlling entity | | | | Terms with the controlling entity | | Ordinary trade terms | | Cause of difference | Accounts and notes receivable (payable) | | Overdue accounts receivable | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Purchase/ Sale | Amount | As a percentage of total purchase (sale) | Gross margin | Unit price (NT$) | Payment Terms | Unit price (NT$) | Payment Terms | | Balance | As a percentage of total accounts and notes receivable (payable) | Amount | Actions Taken | Amount of doubtful debt provisions | |
| **Sales** | $1,694 | 0.02% | 33.67% | Note 1 | 30 days after month-end | Note 1 | 30-90 days after month-end | Note 1 | $114 | 0.01% | $0 | - | $0 | - |
| **Purchase** | 463 | 0.03% | - | Note 2 | 30 days after month-end | Note 2 | 30-90 days after month-end | Note 2 | - | - | 0 | - | 0 | - |

Note 1: Products and services were sold to related parties at general commercial terms and conditions.
Note 2: Products and services were purchased from related parties at general commercial terms and conditions.

(2) Trading of property: No material transaction had taken place.

(3) Financing: No financing had taken place.

(4) Leasing:

Unit: NTD thousand; %

| Transaction type (as lessor or lessee) | Underlying asset | | Lease term (Month/ Day/Year) | Nature of lease (Note 1) | Basis of rental rate | Collection (payment) terms | Comparison with normal rental rates | Sum of rent in the current period | Amount collected/ paid in the current period | Other terms and conditions (Note 2) |
|---|---|---|---|---|---|---|---|---|---|---|
| | Name | Location | | | | | | | | |
| **Leasing** | Buildings and structures - parking space rent | (Longtan Science Park) No. 89, Longyuan 1st Rd.,Longtan Dist., Taoyuan City | 112/10/16~ 113/10/15 | Operating lease | Determined via bilateral negotiation | Paid monthly | Normal | $840 | Paid according to the lease agreement. | None |

Note 1: Specify the nature as capital lease or operating lease.
Note 2: Other encumbrances such as lien over superficies, dian and servitude must be specified.

(5) Other significant transactions: No material transaction had taken place.

4. Guarantees and endorsements: None.

5. Other events of significant financial or business impacts: None.

## II. Private placement of securities in the most recent year up to the publication date of this annual report: None.

## III. Other supplementary information: None.

## IV. Occurrences significant to shareholders’ interests or securities price, as defined in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act, in the most recent year up to the publication date of this annual report: None.

Deloitte.

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## 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.*

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# VISERA TECHNOLOGIES COMPANY LTD.

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

| | 2024 | | 2023 | |
|---|---|---|---|---|
| **ASSETS** | **Amount** | **%** | **Amount** | **%** |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Note 6) | $ 13,422,209 | 54 | $ 12,467,450 | 50 |
| Financial assets at fair value through profit or loss - current (Notes 7 and 24) | - | - | 19,851 | - |
| Contract assets - current (Notes 5, 17 and 25) | 486,264 | 2 | 366,731 | 2 |
| Accounts receivable, net (Notes 5 and 8) | 1,078,870 | 4 | 793,091 | 3 |
| Accounts receivable from related parties (Notes 5, 8 and 25) | 104,879 | - | 109,679 | 1 |
| Other receivables | 124,648 | 1 | 81,236 | - |
| Other receivables from related parties (Note 25) | - | - | 84 | - |
| Current tax assets (Note 19) | 48,410 | - | 44,238 | - |
| Inventories (Note 9) | 181,572 | 1 | 106,599 | - |
| Prepayments and other current assets (Note 25) | 112,671 | 1 | 89,510 | - |
| Total current assets | 15,559,523 | 63 | 14,078,469 | 56 |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment (Notes 5 and 10) | 8,771,902 | 36 | 10,742,099 | 43 |
| Right-of-use assets (Notes 11 and 25) | 305,845 | 1 | 245,977 | 1 |
| Intangible assets (Note 12) | 31,008 | - | 52,306 | - |
| Deferred tax assets (Note 19) | 44,998 | - | 33,052 | - |
| Other non-current assets (Note 26) | 26,260 | - | 26,619 | - |
| Total non-current assets | 9,180,013 | 37 | 11,100,053 | 44 |
| TOTAL | $ 24,739,536 | 100 | $ 25,178,522 | 100 |

| | 2024 | | 2023 | |
|---|---|---|---|---|
| **LIABILITIES AND EQUITY** | **Amount** | **%** | **Amount** | **%** |
| CURRENT LIABILITIES | | | | |
| Financial liabilities at fair value through profit or loss - current (Notes 7 and 24) | $ 19,150 | - | $ 6 | - |
| Contract liabilities - current (Note 17) | 29,561 | - | 20,659 | - |
| Accounts payable | 279,496 | 1 | 271,104 | 1 |
| Accounts payable to related party (Note 25) | - | - | 440 | - |
| Lease liabilities - current (Notes 11, 22 and 25) | 88,104 | - | 77,880 | 1 |
| Accrued profit sharing bonus to employees and remuneration of directors (Note 18) | 351,021 | 2 | 74,456 | - |
| Payables to equipment suppliers | 203,332 | 1 | 510,147 | 2 |
| Current tax liabilities (Note 19) | 316,014 | 1 | - | - |
| 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) | 704,292 | 3 | 677,769 | 3 |
| Total current liabilities | 4,700,970 | 19 | 3,928,017 | 16 |
| NON-CURRENT LIABILITIES | | | | |
| Long-term borrowings (Notes 13 and 22) | 1,699,586 | 7 | 4,382,965 | 17 |
| Deferred tax liabilities (Note 19) | 43,844 | - | 28,107 | - |
| Lease liabilities - non-current (Notes 11, 22 and 25) | 225,562 | 1 | 175,866 | 1 |
| Deferred revenue - non-current (Note 13) | 1,247 | - | 27,868 | - |
| Guarantee deposits (Notes 22 and 25) | 4,581 | - | 4,532 | - |
| Total non-current liabilities | 1,974,820 | 8 | 4,619,338 | 18 |
| Total liabilities | 6,675,790 | 27 | 8,547,355 | 34 |
| EQUITY (Note 16) | | | | |
| Capital stock | 3,173,081 | 13 | 3,165,671 | 13 |
| Capital surplus | 7,313,629 | 29 | 7,310,640 | 29 |
| Retained earnings | | | | |
| Appropriated as legal reserve | 1,423,351 | 6 | 1,387,743 | 5 |
| Unappropriated earnings | 6,153,685 | 25 | 4,767,113 | 19 |
| | 7,577,036 | 31 | 6,154,856 | 24 |
| Total equity | 18,063,746 | 73 | 16,631,167 | 66 |
| TOTAL | $ 24,739,536 | 100 | $ 25,178,522 | 100 |

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

# VISERA TECHNOLOGIES COMPANY LTD.

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

| | 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) | 6,952,993 | 70 | 6,022,582 | 83 |
| GROSS PROFIT | 3,049,081 | 30 | 1,214,346 | 17 |
| 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 | 933,673 | 9 | 726,535 | 10 |
| Total operating expenses | 1,197,413 | 12 | 1,007,618 | 14 |
| OTHER OPERATING INCOME AND EXPENSES, NET (Notes 10, 18 and 25) | 155,671 | 2 | 71,408 | 1 |
| PROFIT FROM OPERATIONS | 2,007,339 | 20 | 278,136 | 4 |
| 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 | (83,454) | (1) | (90,104) | (1) |
| Total non-operating income and expenses | 66,226 | 1 | 37,216 | - |
| PROFIT BEFORE INCOME TAX | 2,073,565 | 21 | 315,352 | 4 |
| INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 19) | 334,661 | 4 | (40,728) | (1) |
| NET INCOME | 1,738,904 | 17 | 356,080 | 5 |
| TOTAL COMPREHENSIVE INCOME | $ 1,738,904 | 17 | $ 356,080 | 5 |
| EARNINGS PER SHARE (Note 20) | | | | |
| Basic earnings per share | $ 5.49 | | $ 1.13 | |
| Diluted earnings per share | $ 5.45 | | $ 1.12 | |

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 (In Thousands) | Amount | Capital Surplus | Legal Reserve | Unappropriated Earnings | Total | Total Equity |
| 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 | - | - | - | - | 356,080 | 356,080 | 356,080 |
| 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 | - | - | - | - | 1,738,904 | 1,738,904 | 1,738,904 |
| BALANCE, DECEMBER 31, 2024 | 317,308 | $ 3,173,081 | $ 7,313,629 | $ 1,423,351 | $ 6,153,685 | $ 7,577,036 | $ 18,063,746 |

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 | 195 | 108 |
| Net cash used in financing activities | (2,769,003) | (105,921) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 954,759 | 517,998 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 12,467,450 | 11,949,452 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ 13,422,209 | $ 12,467,450 |

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 |
| 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 |

(Continued)

(Concluded)

<ins>IFRS 18 “Presentation and Disclosure in Financial Statements”</ins>

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 | 10 | 10 |
| | $ 13,422,209 | $ 12,467,450 |

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** |
| Financial assets | | |
| Mandatorily measured at FVTPL | | |
| Derivative financial assets (not under hedge accounting) | | |
| Forward exchange contracts | $ - | $ 19,851 |
| Financial liabilities | | |
| Held for trading | | |
| Derivative financial liabilities (not under hedge accounting) | | |
| Forward exchange contracts | $ 19,150 | $ 6 |

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)** |
|---|---|---|
| December 31, 2024 | | |
| Sell US$/Buy NT$ | January 2025 to March 2025 | US$48,500/NT$1,566,697 |
| December 31, 2023 | | |
| Sell US$/Buy NT$ | January 2024 to March 2024 | US$34,000/NT$1,063,081 |

## 8. ACCOUNTS RECEIVABLE

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

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 | 54,904 | 16,410 |
| Total | $ 1,183,749 | $ 902,770 |

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 | $ 54,904 | $ 16,410 |

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 | 17 | 69 |
| Balance, end of year | $ 363 | $ 346 |

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 | $ 181,572 | $ 106,599 |

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) | $ 853 | $ (854) |

## 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 | 201,669 | 40,134 |
| | $ 8,771,902 | $ 10,742,099 |

a. Assets used by the Company

| | Buildings | Machinery and Equipment | Office Equipment | Transportation Equipment | Other Equipment | Equipment under Installation and Construction in Progress | Total |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| 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 | $ 8,174,628 | $ 18,426,819 | $ 329,041 | $ 3,562 | $ 185,251 | $ 283,125 | $ 27,402,426 |
| Accumulated depreciation and impairment | | | | | | | |
| 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 | $ 3,677,129 | $ 14,753,470 | $ 248,781 | $ 1,729 | $ 151,084 | $ - | $ 18,832,193 |
| Carrying amount at December 31, 2024 | $ 4,497,499 | $ 3,673,349 | $ 80,260 | $ 1,833 | $ 34,167 | $ 283,125 | $ 8,570,233 |
| Cost | | | | | | | |
| 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 | $ 8,136,490 | $ 17,916,811 | $ 339,334 | $ 3,562 | $ 170,690 | $ 205,787 | $ 26,772,674 |
| Accumulated depreciation and impairment | | | | | | | |
| 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 | $ 3,017,914 | $ 12,701,631 | $ 224,621 | $ 1,169 | $ 125,374 | $ - | $ 16,070,709 |
| Carrying amount at December 31, 2023 | $ 5,118,576 | $ 5,215,180 | $ 114,713 | $ 2,393 | $ 45,316 | $ 205,787 | $ 10,701,965 |

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

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:

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Year 1 | $ 115,474 | $ 116,234 |
| Year 2 | 95,650 | 115,474 |
| Year 3 | 23,912 | 95,650 |
| Year 4 | - | 23,912 |
| | $ 235,036 | $ 351,270 |

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 |

## 11. LEASE ARRANGEMENTS

a. Right-of-use assets

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Carrying amount | | |
| Land | $ 146,875 | $ 182,215 |
| Buildings | 156,998 | 63,408 |
| Transportation equipment | 1,972 | 354 |
| | $ 305,845 | $ 245,977 |

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Additions to right-of-use assets | $ 172,220 | $ 30,983 |
| Depreciation charge for right-of-use assets | | |
| Land | $ 13,017 | $ 14,158 |
| Buildings | 69,688 | 69,576 |
| Transportation equipment | 749 | 708 |
| | $ 83,454 | $ 84,442 |

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 |
| Carrying amount | | |
| Current | $ 88,104 | $ 77,880 |
| Non-current | 225,562 | 175,866 |
| | $ 313,666 | $ 253,746 |

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 | $ 4 | $ 4 |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | $ 11,674 | $ 11,100 |
| Total cash outflow for leases | $ 97,979 | $ 99,121 |

## 12. INTANGIBLE ASSETS

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Computer software | $ 31,008 | $ 52,306 |
| Technology license fees | - | - |
| Technical expertise | - | - |
| | $ 31,008 | $ 52,306 |

| | Technology License Fee | Technical Expertise | Computer Software | Total |
|---|---|---|---|---|
| Cost | | | | |
| Balance at January 1, 2024 | $ 114,930 | $ 102,000 | $ 240,223 | $ 457,153 |
| Additions | - | - | 5,494 | 5,494 |
| Disposals | (32,460) | (102,000) | (18,342) | (152,802) |
| Balance at December 31, 2024 | $ 82,470 | $ - | $ 227,375 | $ 309,845 |
| | | | | (Continued) |
| Accumulated amortization | | | | |
| Balance at January 1, 2024 | $ 114,930 | $ 102,000 | $ 187,917 | $ 404,847 |
| Additions | - | - | 26,792 | 26,792 |
| Disposals | (32,460) | (102,000) | (18,342) | (152,802) |
| Balance at December 31, 2024 | $ 82,470 | $ - | $ 196,367 | $ 278,837 |
| Carrying amount at December 31, 2024 | $ - | $ - | $ 31,008 | $ 31,008 |
| Cost | | | | |
| Balance at January 1, 2023 | $ 114,930 | $ 102,000 | $ 211,068 | $ 427,998 |
| Additions | - | - | 29,155 | 29,155 |
| Balance at December 31, 2023 | $ 114,930 | $ 102,000 | $ 240,223 | $ 457,153 |
| Accumulated amortization | | | | |
| Balance at January 1, 2023 | $ 114,930 | $ 102,000 | $ 161,146 | $ 378,076 |
| Additions | - | - | 26,771 | 26,771 |
| Balance at December 31, 2023 | $ 114,930 | $ 102,000 | $ 187,917 | $ 404,847 |
| Carrying amount at December 31, 2023 | $ - | $ - | $ 52,306 | $ 52,306 |
| | | | | (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 |
| Unsecured borrowings | | |
| Bank loans | $ 4,410,833 | $ 6,706,389 |
| Less: Discounts on government grants | (1,247) | (27,868) |
| Less: Current portion | (2,710,000) | (2,295,556) |
| | $ 1,699,586 | $ 4,382,965 |

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

## 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 | $ 4,000,000 | $ 4,000,000 |
| Issued and paid stock (in thousands) | 317,308 | 316,567 |
| Issued capital | $ 3,173,081 | $ 3,165,671 |

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 |
| May only be used to offset a deficit | | |
| Donations - unclaimed dividends | 1,127 | 932 |
| May not be used for any purpose | | |
| Compensation cost of employee share options | 1,512 | 4,391 |
| | $ 7,313,629 | $ 7,310,640 |

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 resovled 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

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

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

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

c. Contract balances

| | December 31, 2024 | December 31, 2023 | January 1, 2023 |
|---|---|---|---|
| Contract assets | $ 486,264 | $ 366,731 | $ 314,099 |
| Contract liabilities | $ 29,561 | $ 20,659 | $ 9,085 |

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 | (52,470) | (2,214) |
| | $ 155,671 | $ 71,408 |

b. Interest income

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Bank deposits | $ 200,822 | $ 169,008 |

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 | (905) | (1,013) |
| | $ (124,563) | $ (48,496) |

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 | 21,850 | 2,214 |
| | $ 2,867,500 | $ 3,077,390 |
| An analysis of amortization by function | | |
| Operating costs | $ 22,990 | $ 21,097 |
| Operating expenses | 3,802 | 5,674 |
| | $ 26,792 | $ 26,771 |

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 | 55 | 52 |
| | 83,454 | 100,134 |
| Less: Amounts included in the cost of qualifying assets | - | (10,030) |
| | $ 83,454 | $ 90,104 |

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 | 2,322,434 | 1,725,250 |
| Total employee benefits expense | $ 2,391,189 | $ 1,790,679 |
| 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 | 4,042 | - |
| | $ 2,391,189 | $ 1,790,679 |

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 | $ 3,240 | $ 3,240 |

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 | (76,042) | (82,240) |
| | $ 71,904 | $ 6,212 |

## 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 | 11,012 | (19,079) |
| Income tax expense (benefit) recognized in profit or loss | $ 334,661 | $ (40,728) |

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 | $ 2,073,565 | $ 315,352 |
| 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 | (3,623) | (60,834) |
| Income tax expense recognized in profit or loss | $ 334,661 | $ (40,728) |

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 | 6,259 | 11,604 | 17,863 |
| | $ 33,052 | $ 11,946 | $ 44,998 |

| Deferred Tax Liabilities | Opening Balance | Recognized in Profit or Loss | Closing Balance |
|---|---|---|---|
| Revenue | $ 22,154 | $ 10,451 | $ 32,605 |
| Others | 5,953 | 5,286 | 11,239 |
| | $ 28,107 | $ 15,737 | $ 43,844 |

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 | 5,448 | 811 | 6,259 |
| | $ 17,956 | $ 15,096 | $ 33,052 |

| Deferred Tax Liabilities | Opening Balance | Recognized in Profit or Loss | Closing Balance |
|---|---|---|---|
| Revenue | $ 30,017 | $ (7,863) | $ 22,154 |
| Others | 2,236 | 3,717 | 5,953 |
| | $ 32,253 | $ (4,146) | $ 28,107 |

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 | $ 5.49 | $ 1.13 |
| Diluted earnings per share | $ 5.45 | $ 1.12 |

Earnings per share is computed as follows:

| | Amounts (Numerator) | Number of Stocks (Denominator) (In Thousands) | Earnings Per Share (NT$) |
|---|---|---|---|
| For the year ended December 31, 2024 | | | |
| Basic EPS | | | |
| Net income | $ 1,738,904 | 316,975 | $ 5.49 |
| Effect of potentially dilutive common stock | - | 1,844 | |
| Diluted EPS | | | |
| Net income available to common shareholders plus effect of potentially dilutive common stock | $ 1,738,904 | 318,819 | $ 5.45 |
| For the year ended December 31, 2023 | | | |
| Basic EPS | | | |
| Net income | $ 356,080 | 316,016 | $ 1.13 |
| Effect of potentially dilutive common stock | - | 2,067 | |
| Diluted EPS | | | |
| Net income available to common shareholders plus effect of potentially dilutive common stock | $ 356,080 | 318,083 | $ 1.12 |

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 | - | - | (6) | - |
| Balance at December 31 | 361 | | 1,102 | |
| Options exercisable, end of the year | 361 | | 1,029 | |

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 | 311,337 | 359,588 |
| Payments for acquisition of property, plant and equipment | $ 1,172,725 | $ 2,165,028 |

b. Reconciliation of liabilities arising from financing activities

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

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

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 | $ - | $ - | $ - | $ - |
| Financial liabilities at FVTPL | | | | |
| Derivative financial liabilities | $ - | $ 19,150 | $ - | $ 19,150 |

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

| | **December 31** | |
|---|---|---|
| | **2024** | **2023** |
| Financial assets | | |
| FVTPL | | |
| Held for trading | $ - | $ 19,851 |
| Amortized cost (1) | 14,713,413 | 13,478,159 |
| Financial liabilities | | |
| 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 |
|---|---|---|---|---|
| Non-derivative financial liabilities | | | | |
| Non-interest bearing | $ 352,915 | $ 200,755 | $ 218,725 | $ 4,581 |
| Lease liabilities | 7,761 | 15,522 | 69,848 | 241,069 |
| Long-term borrowings | 245,221 | 489,190 | 2,021,788 | 1,723,578 |
| | $ 605,897 | $ 705,467 | $ 2,310,361 | $ 1,969,228 |

December 31, 2023

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

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 | $ 4,479,777 | $ - | $ - | $ - | $ - |

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 | $ 6,845,418 | $ - | $ - | $ - | $ - |

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 |
|---|---|---|---|---|---|
| Gross settled | | | | | |
| Foreign exchange forward contracts | | | | | |
| Inflows | $ 756,487 | $ 810,210 | $ - | $ - | $ - |
| Outflows | (770,048) | (819,200) | - | - | - |
| | $ (13,561) | $ (8,990) | $ - | $ - | $ - |

December 31, 2023

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

## 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

| Related Party Name | Related Party Category |
|---|---|
| TSMC | The Company's parent company |
| Xintec Inc. (Xintec) | Other related party |
| Global Unichip Corp. (GUC) | Other related party |

b. Sales of goods

| Related Party Category/Name | For the Year Ended December 31<br>2024 | 2023 |
|---|---|---|
| Xintec | $ 668,021 | $ 639,326 |
| Others | 1,694 | 749 |
| | $ 669,715 | $ 640,075 |

c. Purchases of goods

| Related Party Category/Name | For the Year Ended December 31 2024 | For the Year Ended December 31 2023 |
|---|---|---|
| For manufacturing | | |
| TSMC | $ 463 | $ 3,727 |

d. Rental income

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

e. Interest expense

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

f. Contract assets

| Related Party Category/Name | December 31 2024 | December 31 2023 |
|---|---|---|
| Xintec | $ 2,318 | $ 670 |

g. Receivables from related parties

| Related Party Category/Name | December 31 2024 | December 31 2023 |
|---|---|---|
| Xintec | $ 104,765 | $ 109,632 |
| Others | 114 | 47 |
| | $ 104,879 | $ 109,679 |

h. Other Receivables

| Related Party Category/Name | December 31 2024 | December 31 2023 |
|---|---|---|
| TSMC | $ - | $ 84 |

i. Payables to related parties

| Related Party Category/Name | December 31 2024 | December 31 2023 |
|---|---|---|
| TSMC | $ - | $ 440 |

j. Accrued expenses and other current liabilities

| Related Party Category/Name | December 31 2024 | December 31 2023 |
|---|---|---|
| TSMC | $ 763 | $ 385 |
| Others | - | 73 |
| | $ 763 | $ 458 |

k. Prepayments

| Related Party Category/Name | December 31 2024 | December 31 2023 |
|---|---|---|
| TSMC | $ 748 | $ 1,870 |

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 | December 31 2023 |
|---|---|---|---|
| Lease liabilities | Xintec | $ 157,145 | $ 64,051 |

| Related Party Category/Name | For the Year Ended December 31 2024 | For the Year Ended December 31 2023 |
|---|---|---|
| Interest expense | | |
| Xintec | $ 818 | $ 1,705 |
| Lease expense | | |
| Xintec | $ 11,674 | $ 11,100 |

m. Deposit guarantee

| Related Party Category/Name | December 31 2024 | December 31 2023 |
|---|---|---|
| GUC | $ 3,304 | $ 3,304 |
| Others | 6 | 6 |
| | $ 3,310 | $ 3,310 |

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

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

o. Compensation of key management personnel

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

| | For the Year Ended December 31 | |
|---|---|---|
| **Related Party Category/Name** | **2024** | **2023** |
| Short-term employee benefits | $ 72,264 | $ 48,584 |
| Post-employment benefits | 675 | 805 |
| | $ 72,939 | $ 49,389 |

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)** |
|---|---|---|
| Financial assets | | |
| 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)** |
|---|---|---|
| Financial assets | | |
| 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 | 19,294 | 16,859 |
| | $ 10,002,074 | $ 7,236,928 |

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 | 221,749 | 136,151 |
| | $ 10,002,074 | $ 7,236,928 |

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.

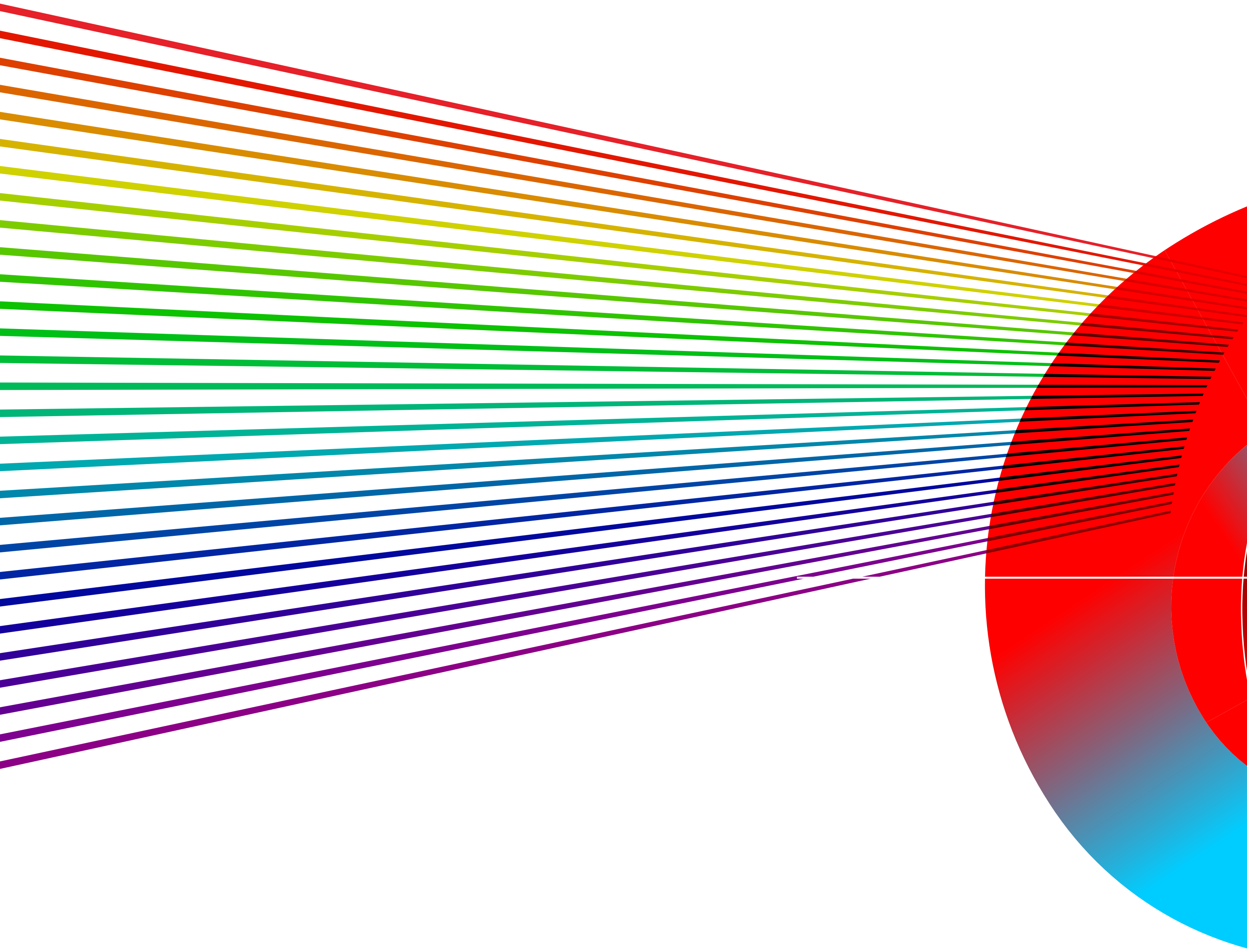
INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

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

**VisEra Technologies Company Ltd.**

Chairman

**Robert Kuan**



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