

VisEra Technologies Company Ltd.

**Financial Statements for the
Three Months Ended March 31, 2025 and 2024 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
VisEra Technologies Company Ltd.

Introduction

We have reviewed the accompanying balance sheets of VisEra Technologies Company Ltd. (the "Company") as of March 31, 2025 and 2024, the related statements of comprehensive income for the three months ended March 31, 2025 and 2024, the statements of changes in equity and cash flows for the three months ended March 31, 2025 and 2024, and the related notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements"). Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as of March 31, 2025 and 2024, its financial performance and its cash flows for the three months ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Shang-Chih Lin and Shih-Tsung Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 8, 2025

Notice to Readers

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

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

VISERA TECHNOLOGIES COMPANY LTD.

BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2025		December 31, 2024		March 31, 2024		LIABILITIES AND EQUITY	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Note 6)	\$ 13,291,116	55	\$ 13,422,209	54	\$ 12,379,353	50	Financial liabilities at fair value through profit or loss - current (Notes 7 and 24)	\$ 15,680	-	\$ 19,150	-	\$ 20,521	-
Contract assets - current (Notes 17 and 25)	575,804	3	486,264	2	461,459	2	Contract liabilities - current (Note 17)	19,312	-	29,561	-	13,869	-
Accounts receivable, net (Note 8)	1,024,192	4	1,078,870	4	954,686	4	Accounts payable	240,100	1	279,496	1	350,589	2
Accounts receivable from related parties (Notes 8 and 25)	87,921	-	104,879	-	78,839	-	Accounts payable to related party (Note 25)	-	-	-	-	17	-
Other receivables	135,447	1	124,648	1	84,832	1	Lease liabilities - current (Notes 11, 22 and 25)	88,215	-	88,104	-	59,117	-
Other receivables from related parties (Note 25)	42	-	-	-	84	-	Accrued profit-sharing bonus to employees and remuneration of directors (Note 18)	405,701	2	351,021	2	111,643	1
Current tax assets (Note 19)	48,410	-	48,410	-	44,238	-	Payables to equipment suppliers	93,450	-	203,332	1	276,100	1
Inventories (Note 9)	185,005	1	181,572	1	138,567	1	Current tax liabilities (Note 19)	378,128	2	316,014	1	46,292	-
Prepayments and other current assets	88,776	-	112,671	1	79,814	-	Long-term liabilities - current portion (Notes 13 and 22)	2,380,555	10	2,710,000	11	2,502,222	10
							Accrued expenses and other current liabilities (Notes 14, 17 and 25)	615,234	3	704,292	3	560,127	2
Total current assets	15,436,713	64	15,559,523	63	14,221,872	58	Total current liabilities	4,236,375	18	4,700,970	19	3,940,497	16
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Property, plant and equipment (Note 10)	8,301,634	35	8,771,902	36	10,090,680	41	Long-term borrowings (Notes 13 and 22)	1,310,325	5	1,699,586	7	3,669,132	15
Right-of-use assets (Notes 11 and 25)	279,511	1	305,845	1	196,319	1	Deferred tax liabilities (Note 19)	23,504	-	43,844	-	18,904	-
Intangible assets (Note 12)	24,648	-	31,008	-	45,809	-	Lease liabilities - non-current (Notes 11, 22 and 25)	199,784	1	225,562	1	144,903	1
Deferred tax assets (Note 19)	42,578	-	44,998	-	37,018	-	Deferred revenue - non-current (Note 13)	786	-	1,247	-	22,535	-
Other non-current assets (Note 26)	26,260	-	26,260	-	27,344	-	Guarantee deposits (Notes 22 and 25)	4,592	-	4,581	-	4,562	-
							Total non-current liabilities	1,538,991	6	1,974,820	8	3,860,036	16
Total non-current assets	8,674,631	36	9,180,013	37	10,397,170	42	Total liabilities	5,775,366	24	6,675,790	27	7,800,533	32
							EQUITY (Note 16)						
							Capital stock	3,175,281	13	3,173,081	13	3,169,511	13
							Capital surplus	7,314,311	30	7,313,629	29	7,312,258	29
							Retained earnings						
							Appropriated as legal reserve	1,423,351	6	1,423,351	6	1,387,743	6
							Unappropriated earnings	6,423,035	27	6,153,685	25	4,948,997	20
								7,846,386	33	7,577,036	31	6,336,740	26
							Total equity	18,335,978	76	18,063,746	73	16,818,509	68
TOTAL	\$ 24,111,344	100	\$ 24,739,536	100	\$ 24,619,042	100	TOTAL	\$ 24,111,344	100	\$ 24,739,536	100	\$ 24,619,042	100

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

VISERA TECHNOLOGIES COMPANY LTD.

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 17 and 25)	\$ 2,174,647	100	\$ 2,109,362	100
OPERATING COSTS (Notes 9, 18 and 25)	<u>1,642,515</u>	<u>76</u>	<u>1,690,916</u>	<u>80</u>
GROSS PROFIT	<u>532,132</u>	<u>24</u>	<u>418,446</u>	<u>20</u>
OPERATING EXPENSES (Notes 18 and 25)				
Sales and marketing	21,098	1	16,004	1
General and administrative	41,833	2	36,200	2
Research and development	<u>222,246</u>	<u>10</u>	<u>201,038</u>	<u>9</u>
Total operating expenses	<u>285,177</u>	<u>13</u>	<u>253,242</u>	<u>12</u>
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 10, 18 and 25)	<u>42,398</u>	<u>2</u>	<u>38,501</u>	<u>2</u>
PROFIT FROM OPERATIONS	<u>289,353</u>	<u>13</u>	<u>203,705</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES (Notes 18 and 25)				
Interest income	55,626	3	45,061	2
Other income	33	-	231	-
Other gains and losses	(29,204)	(1)	(51,210)	(2)
Foreign exchange gain and loss, net	18,185	1	42,679	2
Finance costs	<u>(16,436)</u>	<u>(1)</u>	<u>(22,456)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>28,204</u>	<u>2</u>	<u>14,305</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	317,557	15	218,010	11
INCOME TAX EXPENSE (Note 19)	<u>48,207</u>	<u>2</u>	<u>36,126</u>	<u>2</u>
NET PROFIT	<u>269,350</u>	<u>13</u>	<u>181,884</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 269,350</u>	<u>13</u>	<u>\$ 181,884</u>	<u>9</u>
EARNINGS PER SHARE (Note 20)				
Basic earnings per share	<u>\$ 0.85</u>		<u>\$ 0.57</u>	
Diluted earnings per share	<u>\$ 0.85</u>		<u>\$ 0.57</u>	

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

VISERA TECHNOLOGIES COMPANY LTD.

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

	Capital Stock - Common Stock			Retained Earnings			
	Stock	Amount	Capital Surplus	Legal Reserve	Unappropriated Earnings	Total	Total Equity
	(In Thousands)						
BALANCE, JANUARY 1, 2024	316,567	\$ 3,165,671	\$ 7,310,640	\$ 1,387,743	\$ 4,767,113	\$ 6,154,856	\$ 16,631,167
Employee share options exercised	384	3,840	1,574	-	-	-	5,414
Compensation cost of employee share options	-	-	44	-	-	-	44
Net profit and total comprehensive income for the three months ended March 31, 2024	-	-	-	-	181,884	181,884	181,884
BALANCE, MARCH 31, 2024	<u>316,951</u>	<u>\$ 3,169,511</u>	<u>\$ 7,312,258</u>	<u>\$ 1,387,743</u>	<u>\$ 4,948,997</u>	<u>\$ 6,336,740</u>	<u>\$ 16,818,509</u>
BALANCE, JANUARY 1, 2025	317,308	\$ 3,173,081	\$ 7,313,629	\$ 1,423,351	\$ 6,153,685	\$ 7,577,036	\$ 18,063,746
Employee share options exercised	220	2,200	682	-	-	-	2,882
Net profit and total comprehensive income for the three months ended March 31, 2024	-	-	-	-	269,350	269,350	269,350
BALANCE, MARCH 31, 2025	<u>317,528</u>	<u>\$ 3,175,281</u>	<u>\$ 7,314,311</u>	<u>\$ 1,423,351</u>	<u>\$ 6,423,035</u>	<u>\$ 7,846,386</u>	<u>\$ 18,335,978</u>

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

VISERA TECHNOLOGIES COMPANY LTD.

STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 317,557	\$ 218,010
Adjustments for:		
Depreciation expense	662,985	834,192
Amortization expense	6,360	7,121
Finance costs	16,436	22,456
Interest income	(55,626)	(45,061)
Compensation cost of employee share options	-	44
Foreign exchange loss	3,171	5,155
Lease modification	-	(231)
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	(3,470)	40,366
Contract assets	(89,540)	(94,728)
Accounts receivable, net	54,678	(161,595)
Receivables from related parties, net	16,958	30,840
Other receivables	4,654	11,426
Other receivables from related parties	(42)	-
Inventories	(3,433)	(31,968)
Prepayments and other current assets	23,895	9,696
Contract liabilities	(10,249)	(6,790)
Accounts payable	(39,396)	79,485
Accounts payable to related parties	-	(423)
Accrued profit-sharing bonus to employees and remuneration of directors	54,680	37,187
Accrued expenses and other current liabilities	(88,438)	(117,501)
Cash generated from operations	871,180	837,681
Income taxes paid	(4,013)	(3,003)
Net cash generated from operating activities	867,167	834,678
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(283,475)	(401,098)
Payments for intangible assets	-	(624)
Increase in other non-current assets	-	(725)
Interest received	40,173	30,039
Net cash used in investing activities	(243,302)	(372,408)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term borrowings	(719,167)	(512,500)
Repayment of the principal portion of lease liabilities	(21,773)	(20,684)
		(Continued)

VISERA TECHNOLOGIES COMPANY LTD.

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

	For the Three Months Ended March 31	
	2025	2024
Employee share options exercised	\$ 2,882	\$ 5,414
Interest paid	<u>(16,900)</u>	<u>(22,597)</u>
Net cash used in financing activities	<u>(754,958)</u>	<u>(550,367)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(131,093)	(88,097)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>13,422,209</u>	<u>12,467,450</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 13,291,116</u>	<u>\$ 12,379,353</u>

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

(Concluded)

VISERA TECHNOLOGIES COMPANY LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on May 8, 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)

1) Amendments to IAS 21 “Lack of Exchangeability”

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

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 1)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025.

- 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” - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
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
<u>IFRS 18 “Presentation and Disclosure in Financial Statements”</u>	

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

These interim financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. This financial report does not contain all the disclosure information required by the entire annual financial report that is approved by the FSC and issued by the effective IFRS Accounting Standards.

Basis of Preparation

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

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

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

Other Material Accounting Policies

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

- a. Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

For other related information, refer to the statements of critical accounting judgments and key sources of estimation uncertainty to the financial statements for the year ended December 31, 2024.

6. CASH AND CASH EQUIVALENTS

	March 31, 2025	December 31, 2024	March 31, 2024
Deposits in banks	\$ 13,291,106	\$ 13,422,199	\$ 12,379,343
Petty cash	<u>10</u>	<u>10</u>	<u>10</u>
	<u>\$ 13,291,116</u>	<u>\$ 13,422,209</u>	<u>\$ 12,379,353</u>

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

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

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial liabilities</u>			
Held for trading			
Derivative financial liabilities (not under hedge accounting)			
Forward exchange contracts	<u>\$ 15,680</u>	<u>\$ 19,150</u>	<u>\$ 20,521</u>

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

Outstanding forward exchange contracts consisted of the following:

	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2025</u>		
Sell US\$/Buy NT\$	April 2025 to June 2025	US\$ 41,500/ NT\$ 1,359,410
<u>December 31, 2024</u>		
Sell US\$/Buy NT\$	January 2025 to March 2025	US\$ 48,500/ NT\$ 1,566,697
<u>March 31, 2024</u>		
Sell US\$/Buy NT\$	April 2024 to May 2024	US\$ 38,500/ NT\$ 1,207,980

8. ACCOUNTS RECEIVABLE, NET

	March 31, 2025	December 31, 2024	March 31, 2024
<u>At amortized cost</u>			
Accounts receivable from unrelated parties	\$ 1,024,583	\$ 1,079,233	\$ 955,107
Less: Allowance for impairment loss	<u>(391)</u>	<u>(363)</u>	<u>(421)</u>
	1,024,192	1,078,870	954,686
Accounts receivable from related parties	<u>87,921</u>	<u>104,879</u>	<u>78,839</u>
	<u>\$ 1,112,113</u>	<u>\$ 1,183,749</u>	<u>\$ 1,033,525</u>

The average payment terms granted to customers are 30 days to 90 days from the end of the month when the invoice is issued. No interest is charged on accounts receivable. Aside from recognizing impairment loss for credit-impaired accounts receivable, the Company recognizes the loss allowance based on the expected credit loss ratio of customers of different risk levels. Such risk levels are determined with reference to the factors of historical loss ratios and the customers' current financial conditions and business

outlook (such as economic outlook of the industries in which the customers operate and future changes in purchasing requirements during a certain period).

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

Aging analysis of accounts receivable, net

	March 31, 2025	December 31, 2024	March 31, 2024
Not past due	\$ 1,091,822	\$ 1,128,845	\$ 1,029,156
1-180 days	<u>20,291</u>	<u>54,904</u>	<u>4,369</u>
Total	<u>\$ 1,112,113</u>	<u>\$ 1,183,749</u>	<u>\$ 1,033,525</u>

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

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

	March 31, 2025	December 31, 2024	March 31, 2024
1-180 days	<u>\$ 20,291</u>	<u>\$ 54,904</u>	<u>\$ 4,369</u>

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

Movements of the loss allowance

	For the Three Months Ended March 31	
	2025	2024
Balance, beginning of period	\$ 363	\$ 346
Provision	<u>28</u>	<u>75</u>
Balance, end of period	<u>\$ 391</u>	<u>\$ 421</u>

For the three months ended March 31, 2025 and 2024, the changes in loss allowance were mainly due to the variations in the book values of accounts receivable of different risk levels.

9. INVENTORIES

	March 31, 2025	December 31, 2024	March 31, 2024
Raw materials	<u>\$ 185,005</u>	<u>\$ 181,572</u>	<u>\$ 138,567</u>

Write-down of inventories to net realizable value were included in the cost of revenue. The amounts are as follows:

	For the Three Months Ended March 31	
	2025	2024
Cost of inventories sold	\$ 1,642,515	\$ 1,690,916
Inventory write-downs	\$ 370	\$ 4,593

10. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2025	December 31, 2024	March 31, 2024
Assets used by the Company	\$ 8,105,427	\$ 8,570,233	\$ 9,872,623
Assets leased under operating leases	<u>196,207</u>	<u>201,669</u>	<u>218,057</u>
	<u>\$ 8,301,634</u>	<u>\$ 8,771,902</u>	<u>\$ 10,090,680</u>

a. Assets used by the Company

	Buildings	Machinery and Equipment	Office Equipment	Transportation Equipment	Other Equipment	Equipment under Installation and Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2025	\$ 8,174,628	\$ 18,426,819	\$ 329,041	\$ 3,562	\$ 185,251	\$ 283,125	\$ 27,402,426
Additions	30,900	24,685	119	-	692	114,037	170,433
Reclassification	<u>23,181</u>	<u>176,423</u>	<u>4,130</u>	<u>-</u>	<u>6,008</u>	<u>(209,742)</u>	<u>-</u>
Balance at March 31, 2025	<u>\$ 8,228,709</u>	<u>\$ 18,627,927</u>	<u>\$ 333,290</u>	<u>\$ 3,562</u>	<u>\$ 191,951</u>	<u>\$ 187,420</u>	<u>\$ 27,572,859</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2025	\$ 3,677,129	\$ 14,753,470	\$ 248,781	\$ 1,729	\$ 151,084	\$ -	\$ 18,832,193
Additions	<u>161,668</u>	<u>453,589</u>	<u>14,238</u>	<u>140</u>	<u>5,604</u>	<u>-</u>	<u>635,239</u>
Balance at March 31, 2025	<u>\$ 3,838,797</u>	<u>\$ 15,207,059</u>	<u>\$ 263,019</u>	<u>\$ 1,869</u>	<u>\$ 156,688</u>	<u>\$ -</u>	<u>\$ 19,467,432</u>
Carrying amount at January 1, 2025	<u>\$ 4,497,499</u>	<u>\$ 3,673,349</u>	<u>\$ 80,260</u>	<u>\$ 1,833</u>	<u>\$ 34,167</u>	<u>\$ 283,125</u>	<u>\$ 8,570,233</u>
Carrying amount at March 31, 2025	<u>\$ 4,389,912</u>	<u>\$ 3,420,868</u>	<u>\$ 70,271</u>	<u>\$ 1,693</u>	<u>\$ 35,263</u>	<u>\$ 187,421</u>	<u>\$ 8,105,427</u>
<u>Cost</u>							
Balance at January 1, 2024	\$ 8,136,490	\$ 17,916,811	\$ 339,334	\$ 3,562	\$ 170,690	\$ 205,787	\$ 26,772,674
Additions	7,898	2,012	602	-	4,432	146,982	161,926
Transfers to assets leased under operating leases	(197,752)	-	-	-	-	-	(197,752)
Reclassification	<u>40,290</u>	<u>128,409</u>	<u>1,300</u>	<u>-</u>	<u>-</u>	<u>(169,999)</u>	<u>-</u>
Balance at March 31, 2024	<u>\$ 7,986,926</u>	<u>\$ 18,047,232</u>	<u>\$ 341,236</u>	<u>\$ 3,562</u>	<u>\$ 175,122</u>	<u>\$ 182,770</u>	<u>\$ 26,736,848</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2024	\$ 3,017,914	\$ 12,701,631	\$ 224,621	\$ 1,169	\$ 125,374	\$ -	\$ 16,070,709
Additions	155,043	630,149	14,768	140	7,783	-	807,883
Transfers to assets leased under operating leases	<u>(14,367)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,367)</u>
Balance at March 31, 2024	<u>\$ 3,158,590</u>	<u>\$ 13,331,780</u>	<u>\$ 239,389</u>	<u>\$ 1,309</u>	<u>\$ 133,157</u>	<u>\$ -</u>	<u>\$ 16,864,225</u>
Carrying amount at January 1, 2024	<u>\$ 5,118,576</u>	<u>\$ 5,215,180</u>	<u>\$ 114,713</u>	<u>\$ 2,393</u>	<u>\$ 45,316</u>	<u>\$ 205,787</u>	<u>\$ 10,701,965</u>
Carrying amount at March 31, 2024	<u>\$ 4,828,336</u>	<u>\$ 4,715,452</u>	<u>\$ 101,847</u>	<u>\$ 2,253</u>	<u>\$ 41,965</u>	<u>\$ 182,770</u>	<u>\$ 9,872,623</u>

No impairment assessment was performed for the three months ended March 31, 2025 and 2024 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 on January 1, 2025 and March 31, 2025	<u>\$ 251,633</u>
---	-------------------

Accumulated depreciation

Balance at January 1, 2025	\$ 49,964
Additions	<u>5,462</u>

Balance on March 31, 2025	<u>\$ 55,426</u>
---------------------------	------------------

Carrying amount at March 31, 2025	<u>\$ 196,207</u>
-----------------------------------	-------------------

Cost

Balance at January 1, 2024	\$ 53,881
Transfers from assets used by the Company	<u>197,752</u>

Balance on March 31, 2024	<u>\$ 251,633</u>
---------------------------	-------------------

Accumulated depreciation

Balance at January 1, 2024	\$ 13,747
Additions	5,462
Transfers from assets used by the Company	<u>14,367</u>

Balance on March 31, 2024	<u>\$ 33,576</u>
---------------------------	------------------

Carrying amount at March 31, 2024	<u>\$ 218,057</u>
-----------------------------------	-------------------

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

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

	March 31, 2025	December 31, 2024	March 31, 2024
Year 1	\$ 110,618	\$ 115,474	\$ 115,993
Year 2	95,650	95,650	110,518
Year 3	<u>-</u>	<u>23,912</u>	<u>95,650</u>
	<u>\$ 206,268</u>	<u>\$ 235,036</u>	<u>\$ 322,161</u>

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

No impairment assessment was performed for the three months ended March 31, 2025 and 2024 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

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Carrying amount</u>			
Land	\$ 139,577	\$ 146,875	\$ 150,027
Buildings	138,159	156,998	46,115
Transportation equipment	<u>1,775</u>	<u>1,972</u>	<u>177</u>
	<u>\$ 279,511</u>	<u>\$ 305,845</u>	<u>\$ 196,319</u>
	For the Three Months Ended March 31		
	2025	2024	
Additions to right-of-use assets	\$ <u>-</u>	\$ <u>87</u>	
Depreciation charge for right-of-use assets			
Land	\$ 3,248	\$ 3,377	
Buildings	18,839	17,293	
Transportation equipment	<u>197</u>	<u>177</u>	
	<u>\$ 22,284</u>	<u>\$ 20,847</u>	

Other than the abovementioned additions and depreciation expense recognized, the Company did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2025 and 2024.

b. Lease liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Carrying amount</u>			
Current	\$ 88,215	\$ 88,104	\$ 59,117
Non-current	<u>199,784</u>	<u>225,562</u>	<u>144,903</u>
	<u>\$ 287,999</u>	<u>\$ 313,666</u>	<u>\$ 204,020</u>

Ranges of discount rates for lease liabilities were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Land	1.36%-2.02%	1.36%-2.02%	1.36%-2.02%
Buildings	2.28%	2.28%	1.73%
Transportation equipment	2.20%	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 at the end of the lease terms. The lease contracts for land located in the R.O.C specify that lease payments will be adjusted every 2 years on the basis of changes in announced land value prices. The Company does not have purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Three Months Ended March 31	
	2025	2024
Expenses relating to low-value asset leases	<u>\$ 1</u>	<u>\$ 1</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,113</u>	<u>\$ 1,400</u>
Total cash outflow for leases	<u>\$ 24,064</u>	<u>\$ 23,113</u>

12. INTANGIBLE ASSETS

	March 31, 2025	December 31, 2024	March 31, 2024
Computer software	\$ 24,648	\$ 31,008	\$ 45,809
Technology license fees	-	-	-
Technical expertise	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 24,648</u>	<u>\$ 31,008</u>	<u>\$ 45,809</u>

	Technology License Fees	Technical Expertise	Computer Software	Total
<u>Cost</u>				
Balance at January 1, 2025	\$ 82,470	\$ -	\$ 227,375	\$ 309,845
Disposals	<u>(82,470)</u>	<u>-</u>	<u>-</u>	<u>(82,470)</u>
Balance at March 31, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,375</u>	<u>\$ 227,375</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2025	\$ 82,470	\$ -	\$ 196,367	\$ 278,837
Additions	-	-	6,360	6,360
Disposals	<u>(82,470)</u>	<u>-</u>	<u>-</u>	<u>(82,470)</u>
Balance at March 31, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,727</u>	<u>\$ 202,727</u>
Carrying amount at March 31, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,648</u>	<u>\$ 24,648</u>
<u>Cost</u>				
Balance at January 1, 2024	\$ 114,930	\$ 102,000	\$ 240,223	\$ 457,153
Additions	<u>-</u>	<u>-</u>	<u>624</u>	<u>624</u>
Balance at March 31, 2024	<u>\$ 114,930</u>	<u>\$ 102,000</u>	<u>\$ 240,847</u>	<u>\$ 457,777</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2024	\$ 114,930	\$ 102,000	\$ 187,917	\$ 404,847
Additions	<u>-</u>	<u>-</u>	<u>7,121</u>	<u>7,121</u>
Balance at March 31, 2024	<u>\$ 114,930</u>	<u>\$ 102,000</u>	<u>\$ 195,038</u>	<u>\$ 411,968</u>
Carrying amount at March 31, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,809</u>	<u>\$ 45,809</u>

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

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

13. LONG-TERM BORROWINGS

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Unsecured borrowings</u>			
Bank loans	\$ 3,691,666	\$ 4,410,833	\$ 6,193,889
Less: Discounts on government grants	(786)	(1,247)	(22,535)
Less: Current portion	<u>(2,380,555)</u>	<u>(2,710,000)</u>	<u>(2,502,222)</u>
	<u>\$ 1,310,325</u>	<u>\$ 1,699,586</u>	<u>\$ 3,669,132</u>

In March 2020, the Company obtained a letter of approval from the Ministry of Economic Affairs (MOEA) under the “Action Plan for Accelerated Investment by Domestic Corporations”, which stipulates that the Company should complete its investment within three years from the date of approval.

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

As of March 31, 2025, the Company acquired preferential interest rate loan subsidized by the government of \$8,630,000 thousand, and the loan proceeds are used to fund qualifying capital expenditure. The loan is repayable over a period of five years from the date of the first drawdown to December 2027, where repayment of interest will be made in monthly installments for the first two years and the principal will be repaid in equal monthly installments starting from the third year. Using the prevailing market interest rate at an equivalent loan rate of 0.9%, 1.15%, 1.4% and 1.525%, respectively, the fair value of the loan was estimated at \$8,545,722 thousand on initial recognition. The difference of \$84,278 thousand between the proceeds and the fair value of the loan was the benefit derived from the preferential interest rate loan and had been recognized as deferred revenue. The revenue was offset against interest expense on a monthly basis over the loan period. The amount offset against interest expense was \$461 thousand and \$5,333 thousand for the three months ended March 31, 2025 and 2024, respectively.

Under the bank loan agreement, the Company has to meet certain financial covenants. As of March 31, 2025, such financial covenants were not breached.

14. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Accrued expenses			
Payables for salaries and bonuses	\$ 195,161	\$ 298,917	\$ 150,072
Utilities payables	63,940	57,894	59,699
Insurance payables	54,565	54,214	42,681
Others	<u>170,393</u>	<u>209,842</u>	<u>259,547</u>
	<u>484,059</u>	<u>620,867</u>	<u>511,999</u>
Other current liabilities			
Refund liabilities	124,809	77,299	30,291
Others	<u>6,366</u>	<u>6,126</u>	<u>17,837</u>
	<u>131,175</u>	<u>83,425</u>	<u>48,128</u>
	<u>\$ 615,234</u>	<u>\$ 704,292</u>	<u>\$ 560,127</u>

15. RETIREMENT BENEFIT PLANS

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

16. EQUITY

a. Capital stock

	March 31, 2025	December 31, 2024	March 31, 2024
Authorized stock (in thousands)	400,000	400,000	400,000
Authorized capital	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Issued and paid stock (in thousands)	317,528	317,308	316,951
Issued capital	<u>\$ 3,175,281</u>	<u>\$ 3,173,081</u>	<u>\$ 3,169,511</u>

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

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

b. Capital surplus

	March 31, 2025	December 31, 2024	March 31, 2024
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)			
Issuance of ordinary shares	\$ 7,246,678	\$ 7,245,996	\$ 7,244,820
Employee share options exercised	52,868	52,101	50,709
Donations	12,893	12,893	12,893
<u>May only be used to offset a deficit</u>			
Donations - unclaimed dividend	1,127	1,127	932
<u>May not be used for any purpose</u>			
Compensation cost of employee share options	745	1,512	2,904
	<u>\$ 7,314,311</u>	<u>\$ 7,313,629</u>	<u>\$ 7,312,258</u>

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital.

c. Retained earnings and dividend policy

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

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

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

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

The appropriations of earnings and dividends per share for 2024 and 2023, which were proposed and resolved in the Board of Directors' meeting and the shareholders' meeting on February 20, 2025 and May 22, 2024, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2024	2023
Legal reserve	\$ 173,890	\$ 35,608
Cash dividends to shareholders	\$ 952,023	\$ 316,724
Cash dividends per share (NT\$)	\$ 3.0	\$ 1.0

The cash dividends per share for 2022 was adjusted to \$1.99, mainly due to the exercise of employee share options on July 6, 2023. The cash dividends per share for 2023 was adjusted to \$0.99, mainly due to the exercise of employee share options on July 8, 2024. The appropriation of earnings for 2024 is subject to the resolution of the shareholders in the shareholders' meeting to be held on May 22, 2025.

d. Restricted share plan for employees

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

17. OPERATING REVENUE

a. Contract information

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

b. Disaggregation of revenue from contracts with customers

Product	For the Three Months Ended	
	March 31	
	2025	2024
Image Sensors	\$ 1,625,705	\$ 1,308,240
Micro-Optical Elements	490,943	739,250
Others	57,999	61,872
	<u>\$ 2,174,647</u>	<u>\$ 2,109,362</u>

Region	For the Three Months Ended March 31	
	2025	2024
Asia	\$ 1,920,612	\$ 1,888,216
Taiwan	224,777	203,328
Europe	8,642	4,672
United States	<u>20,616</u>	<u>13,146</u>
	<u>\$ 2,174,647</u>	<u>\$ 2,109,362</u>

Application	For the Three Months Ended March 31	
	2025	2024
Mobile	\$ 1,593,300	\$ 1,761,190
Automotive	338,196	277,180
Security	<u>243,151</u>	<u>70,992</u>
	<u>\$ 2,174,647</u>	<u>\$ 2,109,362</u>

c. Contract balances

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Contract assets	<u>\$ 575,804</u>	<u>\$ 486,264</u>	<u>\$ 461,459</u>	<u>\$ 366,731</u>
Contract liabilities	<u>\$ 19,312</u>	<u>\$ 29,561</u>	<u>\$ 13,869</u>	<u>\$ 20,659</u>

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

Revenue recognized for the three months ended March 31, 2025 and 2024 from the balance of contract liabilities at the beginning of the year amounted to \$14,974 thousand and \$16,175 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 \$79,529 thousand and \$17,158 thousand for the three months ended March 31, 2025 and 2024, respectively. As of March 31, 2025 and 2024, the aforementioned refund liabilities amounted to \$124,809 thousand and \$30,291 thousand, respectively, which were classified under accrued expenses and other current liabilities.

18. NET PROFIT

a. Other operating income and expenses

	For the Three Months Ended March 31	
	2025	2024
Rental income	\$ 53,103	\$ 49,412
Others	<u>(10,705)</u>	<u>(10,911)</u>
	<u>\$ 42,398</u>	<u>\$ 38,501</u>

b. Interest income

**For the Three Months Ended
March 31**

	2025	2024
Bank deposits	\$ <u>55,626</u>	\$ <u>45,061</u>

c. Other gains and losses

**For the Three Months Ended
March 31**

	2025	2024
Loss on financial instruments at FVTPL	\$ (28,934)	\$ (51,000)
Others	<u>(270)</u>	<u>(210)</u>
	<u>\$ (29,204)</u>	<u>\$ (51,210)</u>

d. Depreciation and amortization

**For the Three Months Ended
March 31**

	2025	2024
An analysis of depreciation by function		
Operating costs	\$ 586,889	\$ 765,363
Operating expenses	70,634	63,367
Other operating income and expenses	<u>5,462</u>	<u>5,462</u>
	<u>\$ 662,985</u>	<u>\$ 834,192</u>
An analysis of amortization by function		
Operating costs	\$ 5,404	\$ 6,062
General and administrative expenses	<u>956</u>	<u>1,059</u>
	<u>\$ 6,360</u>	<u>\$ 7,121</u>

e. Finance costs

**For the Three Months Ended
March 31**

	2025	2024
Interest expense		
Bank loans	\$ 14,719	\$ 21,382
Interest on lease liabilities	1,703	1,061
Others	<u>14</u>	<u>13</u>
	<u>\$ 16,436</u>	<u>\$ 22,456</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2025	2024
Post-employment benefits (Note 15)		
Defined contribution plan	\$ 17,882	\$ 16,030
Share-based payments		
Equity-settled	-	44
Other employee benefits	<u>575,546</u>	<u>461,591</u>
 Total employee benefits expense	 <u>\$ 593,428</u>	 <u>\$ 477,665</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 449,600	\$ 361,210
Operating expenses	142,686	115,628
Other operating income and expenses	<u>1,142</u>	<u>827</u>
 Total employee benefits expense	 <u>\$ 593,428</u>	 <u>\$ 477,665</u>

g. Compensation of employees and remuneration of directors

The Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Company are expected to resolve the amendments to the Company's Articles at their 2025 regular meeting. The proposed amendments explicitly stipulate the Company shall allocate no less than 1% of its net profit before income tax as employee compensation, with at least 30% of such amount designated for distribution to non-executive employees.

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

The compensation of employees and the remuneration of directors for the three months ended March 31, 2025 and 2024 are as follows:

	For the Three Months Ended March 31	
	2025	2024
Compensation of employees	<u>\$ 53,870</u>	<u>\$ 36,377</u>
Remuneration of directors	<u>\$ 810</u>	<u>\$ 810</u>

The appropriations of employees' compensation and remuneration of directors for 2024 and 2023 that were resolved by the Board of Directors on February 20, 2025 and February 21, 2024, respectively, are \$347,781 thousand and \$71,216 thousand, and \$3,240 thousand and \$3,240 thousand, respectively.

There was no significant difference between the actual amounts of compensation of employees and remuneration of directors the aforementioned resolutions paid and the amounts recognized for the years ended December 31, 2024 and 2023.

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

h. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31	
	2025	2024
Foreign exchange gains	\$ 29,723	\$ 70,298
Foreign exchange losses	<u>(11,538)</u>	<u>(27,619)</u>
	<u>\$ 18,185</u>	<u>\$ 42,679</u>

19. INCOME TAX

a. Income tax expense consisted of the following:

	For the Three Months Ended March 31	
	2025	2024
Current income tax		
In respect of the current period	\$ 66,127	\$ 49,295
Deferred tax		
In respect of the current period	<u>(17,920)</u>	<u>(13,169)</u>
Income tax expense recognized in profit or loss	<u>\$ 48,207</u>	<u>\$ 36,126</u>

b. Income tax examination

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

20. EARNINGS PER SHARE

	For the Three Months Ended March 31	
	2025	2024
Basic earnings per share	<u>\$ 0.85</u>	<u>\$ 0.57</u>
Diluted earnings per share	<u>\$ 0.85</u>	<u>\$ 0.57</u>

Earnings per share is computed as follows:

	Amount (Numerator)	Number of Stocks (Denominator) (In Thousands)	Earnings Per Share (NT\$)
<u>For the three months ended March 31, 2025</u>			
Basic EPS			
Net income	\$ 269,350	317,332	<u>\$ 0.85</u>
Effect of potentially dilutive common stock	<u>-</u>	<u>1,206</u>	
Diluted EPS			
Net income available to common shareholders plus effect of potentially dilutive common stock	<u>\$ 269,350</u>	<u>318,538</u>	<u>\$ 0.85</u>

(Continued)

	Amount (Numerator)	Number of Stocks (Denominator) (In Thousands)	Earnings Per Share (NT\$)
<u>For the three months ended March 31, 2024</u>			
Basic EPS			
Net income	\$ 181,884	316,686	\$ <u>0.57</u>
Effect of potentially dilutive common stock	<u>-</u>	<u>1,206</u>	
Diluted EPS			
Net income available to common shareholders plus effect of potentially dilutive common stock	<u>\$ 181,884</u>	<u>317,892</u>	<u>\$ 0.57</u> (Concluded)

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 Three Months Ended March 31			
	2025		2024	
	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	361	\$ 13.10	1,102	\$ 14.10
Options exercised	<u>(220)</u>	13.10	<u>(384)</u>	14.10
Balance at March 31	<u>141</u>		<u>718</u>	
Options exercisable, end of period	<u>141</u>		<u>645</u>	

The weighted-average share price on the exercise date of the share options for the three months ended March 31, 2025 was \$268.04.

Information on outstanding options was as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Range of exercise price (\$)	\$ 13.1	\$ 13.1	\$ 14.1
Weighted-average remaining contractual life (in years)	0.51	0.59	1.33

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	\$ 24.79
Exercise price	\$ 20	\$ 20	\$ 20
Expected volatility	27.18%-28.74%	28.30%-28.48%	27.18%-28.74%
Expected life (in years)	4-5	4-5	4-5
Expected dividend yield	-	-	-
Risk-free interest rate	0.40%-0.42%	0.58%-0.61%	0.40%-0.42%

The stock price on the grant date is evaluated by the future cash flow method, and the expected volatility is based on the average annualized standard deviation of the daily rate of return of the industry. Compensation costs recognized were \$0 and \$44 thousand for the three months ended March 31, 2025 and 2024, respectively.

22. CASH FLOW INFORMATION

a. Non-cash transactions

	For the Three Months Ended March 31	
	2025	2024
Additions of property, plant and equipment	\$ 170,433	\$ 161,926
Changes in payables for purchases of equipment	<u>113,042</u>	<u>239,172</u>
Payments for acquisition of property, plant and equipment	<u>\$ 283,475</u>	<u>\$ 401,098</u>

b. Reconciliation of liabilities arising from financing activities

	Balance as of January 1, 2025	Financing Cash Flow	Non-cash Changes			Balance as of March 31, 2025
			Foreign Exchange Movement	Leases Modifications	Other Changes (Note)	
Guarantee deposits	\$ 4,581	\$ -	\$ 11	\$ -	\$ -	\$ 4,592
Lease liabilities	313,666	(23,320)	-	(4,050)	1,703	287,999
Long-term borrowings	<u>4,409,586</u>	<u>(719,167)</u>	<u>-</u>	<u>-</u>	<u>461</u>	<u>3,690,880</u>
Total	<u>\$ 4,727,833</u>	<u>\$ (742,487)</u>	<u>\$ 11</u>	<u>\$ (4,050)</u>	<u>\$ 2,164</u>	<u>\$ 3,983,471</u>

	Balance as of January 1, 2024	Financing Cash Flow	Non-cash Changes			Balance as of March 31, 2024
			Foreign Exchange Movement	Leases Modifications	Other Changes (Note)	
Guarantee deposits	\$ 4,532	\$ -	\$ 30	\$ -	\$ -	\$ 4,562
Lease liabilities	253,746	(21,745)	-	(29,042)	1,061	204,020
Long-term borrowings	6,678,521	(512,500)	-	-	5,333	6,171,354
Total	<u>\$ 6,936,799</u>	<u>\$ (534,245)</u>	<u>\$ 30</u>	<u>\$ (29,042)</u>	<u>\$ 6,394</u>	<u>\$ 6,379,936</u>

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

23. CAPITAL MANAGEMENT

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

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

24. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

March 31, 2025

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 15,680</u>	<u>\$ -</u>	<u>\$ 15,680</u>

December 31, 2024

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

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 20,521</u>	<u>\$ -</u>	<u>\$ 20,521</u>

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2025.

The Company did not acquire or dispose of financial assets measured at fair value in Level 3 for the three months ended March 31, 2025 and 2024.

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

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
FVTPL			
Held for trading	\$ -	\$ -	\$ -
Amortized cost (1)	14,521,525	14,713,413	13,525,138
<u>Financial liabilities</u>			
FVTPL			
Held for trading	15,680	19,150	20,521
Amortized cost (2)	4,324,286	5,225,071	7,182,386

1) Including financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties) and other non-current assets.

2) Including accounts payable (including related parties), payables to contractors and equipment suppliers, accrued expenses and other current liabilities, long-term borrowings (including current portion of long-term borrowings) and guarantee deposits.

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

The sensitivity analysis of foreign currency exchange rate risk is based on the unfavorable impact of foreign currency monetary items, including cash, accounts receivable, other receivables, accounts payable and other payables, as of the end of the reporting period. If the unfavorable change in foreign currencies reaches 5%, the Company's net income for the three months ended March 31, 2025 and 2024 will decrease by \$67,961 thousand and \$60,215 thousand, respectively.

b) Interest rate risk

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

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

	March 31, 2025	December 31, 2024	March 31, 2024
Fair value interest rate risk			
Financial assets	\$ 12,894,562	\$ 12,789,562	\$ 11,852,562
Cash flow interest rate risk			
Financial assets	417,580	653,672	549,679
Financial liabilities	3,690,880	4,409,586	6,171,354

Sensitivity analysis

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

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

If the market interest rate increase by 1% and all other variables were held constant, the Company's net profit before income tax for the three months ended March 31, 2025 and 2024 will decreased by \$8,183 thousand and \$14,054 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 March 31, 2025, December 31, 2024 and March 31, 2024, the Company's five largest customers accounted for 91%, 92% and 94% of accounts receivable, respectively.

3) Liquidity risk

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

a) Liquidity and interest rate risk tables

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

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

March 31, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 310,498	\$ 155,247	\$ 124,976	\$ 4,592
Lease liabilities	7,723	15,446	69,507	213,893
Long-term borrowings	<u>244,341</u>	<u>487,690</u>	<u>1,685,797</u>	<u>1,327,538</u>
	<u>\$ 562,562</u>	<u>\$ 658,383</u>	<u>\$ 1,880,280</u>	<u>\$ 1,546,023</u>

December 31, 2024

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

March 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 540,646	\$ 168,788	\$ 280,785	\$ 4,562
Lease liabilities	7,145	14,290	40,290	160,460
Long-term borrowings	<u>178,163</u>	<u>386,530</u>	<u>2,012,009</u>	<u>3,745,367</u>
	<u>\$ 725,954</u>	<u>\$ 569,608</u>	<u>\$ 2,333,084</u>	<u>\$ 3,910,389</u>

Additional information about the maturity analysis for lease liabilities:

March 31, 2025

	Less than 5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Non-interest bearing	<u>\$ 595,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Lease liabilities	<u>\$ 216,323</u>	<u>\$ 68,059</u>	<u>\$ 16,435</u>	<u>\$ 5,752</u>	<u>\$ -</u>
Long-term borrowings	<u>\$ 3,745,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2024

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

March 31, 2024

	Less than 5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Non-interest bearing	<u>\$ 994,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Lease liabilities	<u>\$ 120,097</u>	<u>\$ 72,965</u>	<u>\$ 21,215</u>	<u>\$ 7,909</u>	<u>\$ -</u>
Long-term borrowings	<u>\$ 6,322,069</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

March 31, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Gross settled</u>					
Foreign exchange forward contracts					
Inflows	\$ 637,009	\$ 722,401	\$ -	\$ -	\$ -
Outflows	<u>(647,498)</u>	<u>(730,510)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (10,489)</u>	<u>\$ (8,109)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Gross settled</u>					
Foreign exchange forward contracts					
Inflows	\$ 756,487	\$ 810,210	\$ -	\$ -	\$ -
Outflows	<u>(770,048)</u>	<u>(819,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (13,561)</u>	<u>\$ (8,990)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Gross settled</u>					
Foreign exchange forward contracts					
Inflows	\$ 577,277	\$ 630,703	\$ -	\$ -	\$ -
Outflows	<u>(591,945)</u>	<u>(639,940)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (14,668)</u>	<u>\$ (9,237)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

25. TRANSACTIONS WITH RELATED PARTIES

The Company's parent company is Taiwan Semiconductor Manufacturing Company (TSMC), which held 67.28% and 67.39% of the ordinary shares of the Company on March 31, 2025 and 2024, respectively.

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

a. Related party name and category

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

b. Sales of goods

<u>Related Party Category/Name</u>	<u>For the Three Months Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Xintec	\$ 110,093	\$ 122,891
Others	<u>503</u>	<u>245</u>
	<u>\$ 110,596</u>	<u>\$ 123,136</u>

c. Purchases of goods

<u>Related Party Category/Name</u>	<u>For the Three Months Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
<u>For manufacturing</u>		
TSMC	<u>\$ 943</u>	<u>\$ -</u>

d. Rental income

<u>Related Party Category/Name</u>	<u>For the Three Months Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
GUC	\$ 17,310	\$ 13,560
TSMC	<u>180</u>	<u>240</u>
	<u>\$ 17,490</u>	<u>\$ 13,800</u>

e. Interest expense

<u>Related Party Category/Name</u>	<u>For the Three Months Ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Xintec	\$ 999	\$ 239
Others	<u>14</u>	<u>13</u>
	<u>\$ 1,013</u>	<u>\$ 252</u>

f. Contract assets

Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
Xintec	<u>\$ 3,288</u>	<u>\$ 2,318</u>	<u>\$ 2,257</u>

g. Receivables from related parties

Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
Xintec	\$ 87,866	\$ 104,765	\$ 78,839
Others	<u>55</u>	<u>114</u>	<u>-</u>
	<u>\$ 87,921</u>	<u>\$ 104,879</u>	<u>\$ 78,839</u>

h. Other receivables

Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
TSMC	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 84</u>

i. Payables to related parties

Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
TSMC	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>

j. Expenses payable and other current liabilities

Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
TSMC	\$ 838	\$ 763	\$ 1,072
Others	<u>-</u>	<u>-</u>	<u>82</u>
	<u>\$ 838</u>	<u>\$ 763</u>	<u>\$ 1,154</u>

k. Prepayments

Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
TSMC	<u>\$ 468</u>	<u>\$ 748</u>	<u>\$ 1,590</u>

l. Lease arrangements

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

The Company leases plant and offices from related parties. The lease terms are determined by agreement between the parties, 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	March 31, 2025	December 31, 2024	March 31, 2024
Lease liabilities	Xintec	<u>\$ 138,817</u>	<u>\$ 157,145</u>	<u>\$ 46,683</u>

**For the Three Months Ended
March 31**

	Related Party Category/Name	2025	2024
<u>Interest expense</u>			
	Xintec	<u>\$ 999</u>	<u>\$ 239</u>
<u>Lease expense</u>			
	Xintec	<u>\$ 1,113</u>	<u>\$ 1,400</u>

m. Deposit guarantee

	Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
	GUC	\$ 3,304	\$ 3,304	\$ 3,304
	Others	<u>-</u>	<u>6</u>	<u>6</u>
		<u>\$ 3,304</u>	<u>\$ 3,310</u>	<u>\$ 3,310</u>

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

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

For the three months ended March 31, 2025 and 2024, no impairment loss was recognized for contract assets from related parties.

n. Others

		Three Months Ended March 31	
		2025	2024
<u>Item</u>	<u>Related Party Categories</u>		
Manufacturing expenses	Xintec	\$ 1,113	\$ 1,400
	TSMC	<u>219</u>	<u>254</u>
		<u>\$ 1,332</u>	<u>\$ 1,654</u>
Research and development	TSMC	<u>\$ 296</u>	<u>\$ 939</u>
General and administrative	TSMC	<u>\$ 20</u>	<u>\$ 44</u>

o. Compensation of key management personnel

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

Related Party Category/Name	For the Three Months Ended March 31	
	2025	2024
Short-term employee benefits	\$ 15,545	\$ 14,313
Post-employment benefits	<u>162</u>	<u>189</u>
	<u>\$ 15,707</u>	<u>\$ 14,502</u>

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

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

As of March 31, 2025, December 31, 2024 and March 31, 2024, the Company provided separately certificates of deposits amounting to \$21,036 thousand, \$21,036 thousand and \$22,898 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 March 31, 2025, December 31, 2024 and March 31, 2024 were as follows:

The Company has entered into a long-term energy purchase agreement with a supplier, under which the Company is obligated to purchase specified quantities of energy at predetermined prices over a defined contract term.

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:

March 31, 2025

	Foreign Currencies (In Thousands)	Exchange Rate (Note)
<u>Financial assets</u>		
Monetary items		
USD	\$ 43,382	33.205
JPY	132,676	0.2214
EUR	44	35.928
CHF	2	37.670
		(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate (Note)
<u>Financial liabilities</u>		
Monetary items		
USD	\$ 2,513	33.205
JPY	130,406	0.2214
EUR	-	35.928
CHF	-	37.670
		(Concluded)

December 31, 2024

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

Financial liabilities

Monetary items		
USD	5,635	32,768
JPY	99,647	0.2092
EUR	4	34.102

March 31, 2024

	Foreign Currencies (In Thousands)	Exchange Rate (Note)
<u>Financial assets</u>		
Monetary items		
USD	\$ 46,981	31.997
JPY	165,020	0.2117
EUR	12	34.624
CHF	2	35.49

Financial liabilities

Monetary items		
USD	9,167	31.997
JPY	188,875	0.2117
EUR	31	34.624

Note: Please refer to Note 18 for the foreign exchange gains and losses for the three months ended March 31, 2025 and 2024. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

29. OPERATING SEGMENT INFORMATION

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

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

30. ADDITIONAL DISCLOSURES

a. Information on significant transactions:

- 1) Financing provided to others. (None)
- 2) Endorsements/guarantees provided. (None)
- 3) Marketable securities held. (None)
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 1)
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)

b. Information on investees. (None)

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

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 THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
VisEra	Xintec	Other related parties	Sales	\$ 110,093	5	60 days after monthly closing	Note 25	Note 25	\$ 87,866	8	-