

VisEra Technologies Company Ltd.

**Financial Statements for the
Nine Months Ended September 30, 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 September 30, 2025 and 2024, and the related statements of comprehensive income for the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, the statements of changes in equity and cash flows for the nine months ended September 30, 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 September 30, 2025 and 2024, its financial performance for the three months ended September 30, 2025 and 2024 and its financial performance and its cash flows for the nine months ended September 30, 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

November 6, 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	September 30, 2025		December 31, 2024		September 30, 2024		LIABILITIES AND EQUITY	September 30, 2025		December 31, 2024		September 30, 2024	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Note 6)	\$ 11,208,003	51	\$ 13,422,209	54	\$ 13,025,343	53	Financial liabilities at fair value through profit or loss - current (Notes 7 and 25)	\$ 23,481	-	\$ 19,150	-	\$ 17	-
Financial assets at fair value through profit or loss - current (Notes 7 and 25)	343	-	-	-	15,554	-	Contract liabilities - current (Note 18)	20,436	-	29,561	-	12,633	-
Contract assets - current (Notes 18 and 26)	393,549	2	486,264	2	416,973	2	Accounts payable	306,560	1	279,496	1	283,851	1
Accounts receivable, net (Note 9)	1,172,702	5	1,078,870	4	1,087,639	4	Lease liabilities - current (Notes 12, 23 and 26)	89,194	-	88,104	-	25,191	-
Accounts receivable from related parties (Notes 9 and 26)	79,084	-	104,879	-	144,424	1	Accrued profit-sharing bonus to employees and remuneration of directors (Note 19)	180,208	1	351,021	2	238,775	1
Other receivables	101,380	-	124,648	1	116,210	-	Payables to equipment suppliers	177,411	1	203,332	1	313,939	1
Other receivables from related parties (Note 26)	50,276	-	-	-	84	-	Current tax liabilities	15,123	-	316,014	1	225,683	1
Current tax assets (Note 20)	-	-	48,410	-	45,719	-	Long-term liabilities - current portion (Notes 14 and 23)	1,465,555	7	2,710,000	11	2,793,333	12
Inventories (Note 10)	211,874	1	181,572	1	161,376	1	Accrued expenses and other current liabilities (Notes 15, 18 and 26)	878,959	4	704,292	3	741,409	3
Prepayments and other current assets (Note 26)	150,590	1	112,671	1	128,246	1							
Total current assets	13,367,801	60	15,559,523	63	15,141,568	62	Total current liabilities	3,156,927	14	4,700,970	19	4,634,831	19
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Financial assets at amortized cost (Notes 8 and 25)	100,000	1	-	-	-	-	Long-term borrowings (Notes 14 and 23)	787,501	4	1,699,586	7	2,239,877	9
Property, plant and equipment (Note 11)	8,334,631	38	8,771,902	36	9,169,993	37	Deferred tax liabilities	17,740	-	43,844	-	36,981	-
Right-of-use assets (Notes 12 and 26)	235,353	1	305,845	1	163,787	1	Lease liabilities - non-current (Notes 12, 23 and 26)	155,265	1	225,562	1	146,293	1
Intangible assets (Note 13)	14,407	-	31,008	-	33,714	-	Deferred revenue - non-current (Note 14)	277	-	1,247	-	13,456	-
Deferred tax assets (Note 20)	57,828	-	44,998	-	45,735	-	Guarantee deposits (Notes 23 and 26)	4,527	-	4,581	-	4,554	-
Other non-current assets (Note 27)	25,670	-	26,260	-	24,959	-							
Total non-current assets	8,767,889	40	9,180,013	37	9,438,188	38	Total non-current liabilities	965,310	5	1,974,820	8	2,441,161	10
							Total liabilities	4,122,237	19	6,675,790	27	7,075,992	29
							EQUITY (Note 17)						
							Capital stock	3,183,021	14	3,173,081	13	3,171,091	13
							Capital surplus	7,463,061	34	7,313,629	29	7,312,817	30
							Retained earnings						
							Appropriated as legal reserve	1,597,241	7	1,423,351	6	1,423,351	6
							Unappropriated earnings	5,916,661	27	5,153,685	21	5,596,505	22
								7,513,902	34	6,577,036	27	7,019,856	28
							Other equity	(146,531)	(1)	-	-	-	-
							Total equity	18,013,453	81	17,063,746	69	17,503,764	71
TOTAL	\$ 22,135,690	100	\$ 24,739,536	100	\$ 24,579,756	100	TOTAL	\$ 22,135,690	100	\$ 23,739,536	96	\$ 24,579,756	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 September 30				For the Nine Months Ended September 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 18 and 26)	\$ 2,255,879	100	\$ 2,750,883	100	\$ 6,649,364	100	\$ 7,313,526	100
OPERATING COSTS (Notes 10, 19 and 26)	<u>1,696,183</u>	<u>75</u>	<u>1,757,865</u>	<u>64</u>	<u>5,051,879</u>	<u>76</u>	<u>5,174,666</u>	<u>71</u>
GROSS PROFIT	<u>559,696</u>	<u>25</u>	<u>993,018</u>	<u>36</u>	<u>1,597,485</u>	<u>24</u>	<u>2,138,860</u>	<u>29</u>
OPERATING EXPENSES (Notes 19 and 26)								
Sales and marketing	21,790	1	26,495	1	63,953	1	63,947	1
General and administrative	45,718	2	48,265	2	129,274	2	128,889	2
Research and development	<u>253,799</u>	<u>12</u>	<u>264,205</u>	<u>9</u>	<u>713,539</u>	<u>10</u>	<u>682,362</u>	<u>9</u>
Total operating expenses	<u>321,307</u>	<u>15</u>	<u>338,965</u>	<u>12</u>	<u>906,766</u>	<u>13</u>	<u>875,198</u>	<u>12</u>
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 11, 19 and 26)	<u>107,402</u>	<u>5</u>	<u>40,209</u>	<u>1</u>	<u>218,485</u>	<u>3</u>	<u>113,611</u>	<u>2</u>
PROFIT FROM OPERATIONS	<u>345,791</u>	<u>15</u>	<u>694,262</u>	<u>25</u>	<u>909,204</u>	<u>14</u>	<u>1,377,273</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES (Notes 19 and 26)								
Interest income	52,181	2	53,185	2	164,408	3	146,423	2
Other income	67	-	233	-	144	-	477	-
Other gains and losses	(79,904)	(3)	22,027	1	20,322	-	(64,023)	(1)
Foreign exchange gain and loss, net	70,267	3	(43,737)	(1)	(65,399)	(1)	20,623	-
Finance costs	<u>(11,042)</u>	<u>-</u>	<u>(20,326)</u>	<u>(1)</u>	<u>(41,130)</u>	<u>(1)</u>	<u>(65,010)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>31,569</u>	<u>2</u>	<u>11,382</u>	<u>1</u>	<u>78,345</u>	<u>1</u>	<u>38,490</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	377,360	17	705,644	26	987,549	15	1,415,763	19
INCOME TAX EXPENSE (Notes 4 and 20)	<u>31,016</u>	<u>2</u>	<u>129,384</u>	<u>5</u>	<u>98,660</u>	<u>2</u>	<u>234,039</u>	<u>3</u>
NET PROFIT	<u>346,344</u>	<u>15</u>	<u>576,260</u>	<u>21</u>	<u>888,889</u>	<u>13</u>	<u>1,181,724</u>	<u>16</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 346,344</u>	<u>15</u>	<u>\$ 576,260</u>	<u>21</u>	<u>\$ 888,889</u>	<u>13</u>	<u>\$ 1,181,724</u>	<u>16</u>
EARNINGS PER SHARE (Note 21)								
Basic earnings per share	<u>\$ 1.09</u>		<u>\$ 1.82</u>		<u>\$ 2.80</u>		<u>\$ 3.73</u>	
Diluted earnings per share	<u>\$ 1.09</u>		<u>\$ 1.81</u>		<u>\$ 2.79</u>		<u>\$ 3.71</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)**

	<u>Capital Stock - Common Stock</u>			<u>Retained Earnings</u>			<u>Other Equity</u>	
	<u>Stock</u>	<u>Amount</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Unappropriated Earnings</u>	<u>Total</u>	<u>Unearned Employee Benefits</u>	<u>Total Equity</u>
	<u>(In Thousands)</u>							
BALANCE, JANUARY 1, 2024	316,567	\$ 3,165,671	\$ 7,310,640	\$ 1,387,743	\$ 4,767,113	\$ 6,154,856	\$ -	\$ 16,631,167
Appropriation of earnings								
Legal reserve	-	-	-	35,608	(35,608)	-	-	-
Cash dividends	-	-	-	-	(316,724)	(316,724)	-	(316,724)
Net profit and total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	1,181,724	1,181,724	-	1,181,724
Employee share options exercised	542	5,420	2,133	-	-	-	-	7,553
Compensation cost of employee share options	-	-	44	-	-	-	-	44
BALANCE, SEPTEMBER 30, 2024	<u>317,109</u>	<u>\$ 3,171,091</u>	<u>\$ 7,312,817</u>	<u>\$ 1,423,351</u>	<u>\$ 5,596,505</u>	<u>\$ 7,019,856</u>	<u>\$ -</u>	<u>\$ 17,503,764</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
Appropriation of earnings								
Legal reserve	-	-	-	173,890	(173,890)	-	-	-
Cash dividends	-	-	-	-	(952,023)	(952,023)	-	(952,023)
Net profit and total comprehensive income for the nine months ended September 30, 2025	-	-	-	-	888,889	888,889	-	888,889
Employee share options exercised	349	3,490	1,082	-	-	-	-	4,572
Share-Based Payment	<u>645</u>	<u>6,450</u>	<u>148,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(146,531)</u>	<u>8,269</u>
BALANCE, SEPTEMBER 30, 2025	<u>318,302</u>	<u>\$ 3,183,021</u>	<u>\$ 7,463,061</u>	<u>\$ 1,597,241</u>	<u>\$ 5,916,661</u>	<u>\$ 7,513,902</u>	<u>\$ (146,531)</u>	<u>\$ 18,013,453</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 Nine Months Ended September 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 987,549	\$ 1,415,763
Adjustments for:		
Depreciation expense	1,935,698	2,217,905
Amortization expense	19,463	20,410
Finance costs	41,130	65,010
Interest income	(164,408)	(146,423)
Compensation cost of employee share options	8,269	44
Loss on disposal of property, plant and equipment, net	2,115	-
Impairment loss recognized on property, plant and equipment	1,459	47,539
Foreign exchange (gain) loss, net	203	(212)
Gain on lease modification	-	(231)
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	3,988	4,308
Contract assets	92,715	(50,242)
Accounts receivable, net	(93,832)	(294,548)
Receivables from related parties	25,795	(34,745)
Other receivables	43,080	(25,094)
Other receivables from related parties	(50,276)	-
Inventories	(30,302)	(54,777)
Prepayments and other current assets	(37,919)	(38,736)
Contract liabilities	(9,125)	(8,026)
Accounts payable	27,064	12,747
Accounts payable to related parties	-	(440)
Accrued profit - sharing bonus to employees and remuneration of directors	(170,813)	164,319
Accrued expenses and other current liabilities	176,274	64,450
Cash generated from operations	2,808,127	3,359,021
Income taxes paid	(390,075)	(13,646)
Net cash generated from operating activities	2,418,052	3,345,375
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for financial assets at amortized cost	(100,000)	-
Payments for property, plant and equipment	(1,461,737)	(827,078)
Decrease in refundable deposits	590	522
Payments for intangible assets	(2,862)	(1,818)
Decrease in other non-current assets	-	1,138
Interest received	144,596	136,543
Net cash used in investing activities	(1,419,413)	(690,693)

(Continued)

VISERA TECHNOLOGIES COMPANY LTD.

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

	For the Nine Months Ended September 30	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term borrowings	\$ (2,157,500)	\$ (1,659,723)
Repayment of the principal portion of lease liabilities	(65,312)	(62,075)
Cash dividends	(952,023)	(316,724)
Employee share options exercised	4,572	7,553
Interest paid	<u>(42,582)</u>	<u>(65,820)</u>
Net cash used in financing activities	<u>(3,212,845)</u>	<u>(2,096,789)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,214,206)	557,893
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>\$ 11,208,003</u>	<u>\$ 13,025,343</u>

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

(Concluded)

VISERA TECHNOLOGIES COMPANY LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 on December 1, 2003. The Company is primarily engaged in the research, development, design, manufacturing, and sale of color filters, microlenses, image sensors, and micro-optical components and modules. The Company’s registered office and principal place of business are located at No. 12, Dusing 1st Road, East Dist, Hsinchu City, Taiwan.

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 November 6, 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 amendments to IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company’s accounting policies.

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

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

- 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)
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

(Continued)

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
	(Concluded)

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The 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.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

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 consolidated 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

	September 30, 2025	December 31, 2024	September 30, 2024
Deposits in banks	\$ 11,207,993	\$ 13,422,199	\$ 13,025,333
Petty cash	<u>10</u>	<u>10</u>	<u>10</u>
	<u>\$ 11,208,003</u>	<u>\$ 13,422,209</u>	<u>\$ 13,025,343</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

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Financial assets</u>			
Mandatorily measured at FVTPL			
Derivative financial assets (not under hedge accounting)			
Forward exchange contracts	\$ 343	\$ -	\$ 15,554

Financial liabilities

Held for trading			
Derivative financial liabilities (not under hedge accounting)			
Forward exchange contracts	\$ 23,481	\$ 19,150	\$ 17

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>September 30, 2025</u>		
Sell US\$/Buy NT\$	October 2025 to December 2025	US\$56,500/NT\$1,698,632
<u>December 31, 2024</u>		
Sell US\$/Buy NT\$	January 2025 to March 2025	US\$48,500/NT\$1,566,697
<u>September 30, 2024</u>		
Sell US\$/Buy NT\$	October 2024 to December 2024	US\$53,500/NT\$1,705,369

8. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2025	December 31, 2024	September 30, 2024
Corporate bonds	\$ 100,000	\$ -	\$ -
Current	\$ -	\$ -	\$ -
Noncurrent	100,000	-	-
	\$ 100,000	\$ -	\$ -

Refer to Note 25 for information relating to credit risk management for financial assets at amortized cost.

9. ACCOUNTS RECEIVABLE, NET

	September 30, 2025	December 31, 2024	September 30, 2024
<u>At amortized cost</u>			
Accounts receivable from unrelated parties	\$ 1,173,039	\$ 1,079,233	\$ 1,088,082
Less: Allowance for impairment loss	<u>(337)</u>	<u>(363)</u>	<u>(443)</u>
	1,172,702	1,078,870	1,087,639
Accounts receivable from related parties	<u>79,084</u>	<u>104,879</u>	<u>144,424</u>
	<u>\$ 1,251,786</u>	<u>\$ 1,183,749</u>	<u>\$ 1,232,063</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

	September 30, 2025	December 31, 2024	September 30, 2024
Not past due	\$ 1,247,835	\$ 1,128,845	\$ 1,228,658
1-180 days	<u>3,951</u>	<u>54,904</u>	<u>3,405</u>
Total	<u>\$ 1,251,786</u>	<u>\$ 1,183,749</u>	<u>\$ 1,232,063</u>

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

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

	September 30, 2025	December 31, 2024	September 30, 2024
1-180 days	<u>\$ 3,951</u>	<u>\$ 54,904</u>	<u>\$ 3,405</u>

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

Movements of the loss allowance

	For the Nine Months Ended September 30	
	2025	2024
Balance, beginning of period	\$ 363	\$ 346
Provision (Reversal)	<u>(26)</u>	<u>97</u>
Balance, end of period	<u>\$ 337</u>	<u>\$ 443</u>

For the nine months ended September 30, 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.

10. INVENTORIES

	September 30, 2025	December 31, 2024	September 30, 2024
Raw materials	\$ <u>211,874</u>	\$ <u>181,572</u>	\$ <u>161,376</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Net inventory (reversal gain) losses	\$ <u>(1,380)</u>	\$ <u>(2,524)</u>	\$ <u>3,490</u>	\$ <u>546</u>

11. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2025	December 31, 2024	September 30, 2024
Assets used by the Company	\$ 7,115,561	\$ 8,570,233	\$ 8,962,862
Assets leased under operating leases	<u>1,219,070</u>	<u>201,669</u>	<u>207,131</u>
	<u>\$ 8,334,631</u>	<u>\$ 8,771,902</u>	<u>\$ 9,169,993</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	204,116	197,400	997	-	18,442	1,014,604	1,435,559
Transfers to assets leased under operating leases	(1,181,471)	-	-	-	-	-	(1,181,471)
Disposals	(1,590)	(111,621)	(110)	-	-	-	(113,321)
Reclassification	<u>23,181</u>	<u>195,831</u>	<u>4,130</u>	<u>-</u>	<u>6,008</u>	<u>(229,150)</u>	<u>-</u>
Balance at September 30, 2025	<u>\$ 7,218,864</u>	<u>\$ 18,708,429</u>	<u>\$ 334,058</u>	<u>\$ 3,562</u>	<u>\$ 209,701</u>	<u>\$ 1,068,579</u>	<u>\$ 27,543,193</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	468,549	1,304,173	41,359	421	18,616	-	18,33,118
Impairment loss recognized	1,459	-	-	-	-	-	1,459
Transfers to assets leased under operating leases	(127,932)	-	-	-	-	-	(127,932)
Disposals	<u>(172)</u>	<u>(110,924)</u>	<u>(110)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(111,206)</u>
Balance at September 30, 2025	<u>\$ 4,019,033</u>	<u>\$ 15,946,719</u>	<u>\$ 290,030</u>	<u>\$ 2,150</u>	<u>\$ 169,700</u>	<u>\$ -</u>	<u>\$ 20,427,632</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 September 30, 2025	<u>\$ 3,199,831</u>	<u>\$ 2,761,710</u>	<u>\$ 44,028</u>	<u>\$ 1,412</u>	<u>\$ 40,001</u>	<u>\$ 1,068,579</u>	<u>\$ 7,115,561</u>

(Continued)

	Buildings	Machinery and Equipment	Office Equipment	Transportation Equipment	Other Equipment	Equipment under Installation and Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2024	\$ 8,136,490	\$ 17,916,811	\$ 339,334	\$ 3,562	\$ 170,690	\$ 205,787	\$ 26,772,674
Additions	60,994	70,557	5,353	-	9,791	484,409	631,104
Transfers to assets leased under operating leases	(197,752)	-	-	-	-	-	(197,752)
Disposals	-	(120)	(20,461)	-	-	-	(20581)
Reclassification	40,290	164,198	1,300	-	-	(205,788)	-
Balance at September 30, 2024	<u>\$ 8,040,022</u>	<u>\$ 18,151,446</u>	<u>\$ 325,526</u>	<u>\$ 3,562</u>	<u>\$ 180,481</u>	<u>\$ 484,408</u>	<u>\$ 27,185,445</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	467,160	1,608,881	42,380	420	20,442	-	2,139,283
Impairment loss recognized	47,539	-	-	-	-	-	47,539
Transfers to assets leased under operating leases	(14,367)	-	-	-	-	-	(14,367)
Disposals	-	(120)	(20,461)	-	-	-	(20,581)
Reclassification	-	-	-	-	-	-	-
Balance at September 30, 2024	<u>\$ 3,518,246</u>	<u>\$ 14,310,392</u>	<u>\$ 246,540</u>	<u>\$ 1,589</u>	<u>\$ 145,816</u>	<u>\$ -</u>	<u>\$ 18,222,583</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 September 30, 2024	<u>\$ 4,521,776</u>	<u>\$ 3,841,054</u>	<u>\$ 78,986</u>	<u>\$ 1,973</u>	<u>\$ 34,665</u>	<u>\$ 484,408</u>	<u>\$ 8,962,862</u>

(Concluded)

No impairment assessment was performed for the nine months ended September 30, 2025 as there was no indication of impairment.

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. The related earthquake losses and insurance claims were settled in the third quarter of 2025, and the impairment loss was adjusted upward by NT\$1,459 thousand in the same quarter.

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, 2025	\$ 251,633
Additions	-
Transfers from assets used by the Company	<u>1,181,471</u>
Balance at September 30, 2025	<u>\$ 1,433,104</u>

(Continued)

BuildingsAccumulated depreciation

Balance at January 1, 2025	\$ 49,964
Additions	36,138
Transfers from assets used by the Company	<u>127,932</u>
Balance at September 30, 2025	<u>\$ 214,034</u>
Carrying amount at September 30, 2025	<u>\$ 1,219,070</u>

Cost

Balance at January 1, 2024	\$ 53,881
Additions	-
Transfers from assets used by the Company	<u>197,752</u>
Balance at September 30, 2024	<u>\$ 251,633</u>

Accumulated depreciation

Balance at January 1, 2024	\$ 13,747
Additions	16,388
Transfers from assets used by the Company	<u>14,367</u>
Balance at September 30, 2024	<u>\$ 44,502</u>

Carrying amount at September 30, 2024	<u>\$ 207,131</u> (Concluded)
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Operating leases relate to leases of buildings with lease terms between 3 and 5 years. 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:

	September 30, 2025	December 31, 2024	September 30, 2024
Year 1	\$ 333,365	\$ 115,474	\$ 115,514
Year 2	280,162	95,650	100,606
Year 3	231,916	23,912	47,825
Year 4	231,916	-	-
Year 5	<u>154,610</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,231,969</u>	<u>\$ 235,036</u>	<u>\$ 263,945</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 nine months ended September 30, 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
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12. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Carrying amount</u>			
Land	\$ 133,494	\$ 146,875	\$ 150,089
Buildings	100,478	156,998	11,528
Transportation equipment	<u>1,381</u>	<u>1,972</u>	<u>2,170</u>
	<u>\$ 235,353</u>	<u>\$ 305,845</u>	<u>\$ 163,787</u>
	<div style="display: flex; justify-content: space-around;"> <div> For the Three Months Ended September 30 </div> <div> For the Nine Months Ended September 30 </div> </div>		
	2025	2024	2025
			2024
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,942</u>
Depreciation charge for right-of-use assets			
Land	\$ 3,110	\$ 3,214	\$ 9,331
Buildings	18,839	17,292	56,519
Transportation equipment	<u>198</u>	<u>197</u>	<u>592</u>
	<u>\$ 22,147</u>	<u>\$ 20,703</u>	<u>\$ 66,442</u>

Other than the abovementioned additions and depreciation expense recognized, the Company did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2025 and 2024.

b. Lease liabilities

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Carrying amount</u>			
Current	\$ 89,194	\$ 88,104	\$ 25,191
Non-current	<u>155,265</u>	<u>225,562</u>	<u>146,293</u>
	<u>\$ 244,459</u>	<u>\$ 313,666</u>	<u>\$ 171,484</u>

Ranges of discount rates for lease liabilities were as follows:

	September 30, 2025	December 31, 2024	September 30, 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%	2.20%

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 September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Expenses relating to low-value asset leases	\$ <u>2</u>	\$ <u>1</u>	\$ <u>3</u>	\$ <u>3</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ <u>1,900</u>	\$ <u>3,900</u>	\$ <u>4,413</u>	\$ <u>8,200</u>
Total cash outflow for leases	\$ <u>25,071</u>	\$ <u>25,531</u>	\$ <u>74,204</u>	\$ <u>72,662</u>

13. INTANGIBLE ASSETS

	September 30, 2025	December 31, 2024	September 30, 2024
Computer software	\$ 14,407	\$ 31,008	\$ 33,714
Technology license fees	-	-	-
Technical expertise	-	-	-
	\$ <u>14,407</u>	\$ <u>31,008</u>	\$ <u>33,714</u>

	Technology License Fees	Technical Expertise	Computer Software	Total
<u>Cost</u>				
Balance at January 1, 2025	\$ 82,470	\$ -	\$ 227,375	\$ 309,845
Additions	-	-	2,862	2,862
Disposals	(82,470)	-	(369)	(82,839)
Balance at September 30, 2025	\$ <u>-</u>	\$ <u>-</u>	\$ <u>229,868</u>	\$ <u>229,868</u>

(Continued)

	Technology License Fees	Technical Expertise	Computer Software	Total
<u>Accumulated amortization</u>				
Balance at January 1, 2025	\$ 82,470	\$ -	\$ 196,367	\$ 278,837
Additions	-	-	19,463	19,463
Disposals	<u>(82,470)</u>	<u>-</u>	<u>(369)</u>	<u>(82,839)</u>
Balance at September 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,461</u>	<u>\$ 215,461</u>
Carrying amount at September 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,407</u>	<u>\$ 14,407</u>

Cost

Balance at January 1, 2024	\$ 114,930	\$ 102,000	\$ 240,223	\$ 457,153
Additions	-	-	1,818	1,818
Disposals	<u>(32,460)</u>	<u>(102,000)</u>	<u>-</u>	<u>(134,460)</u>
Balance at September 30, 2024	<u>\$ 82,470</u>	<u>\$ -</u>	<u>\$ 242,041</u>	<u>\$ 324,511</u>

Accumulated amortization

Balance at January 1, 2024	\$ 114,930	\$ 102,000	\$ 187,917	\$ 404,847
Additions	-	-	20,410	20,410
Disposals	<u>(32,460)</u>	<u>(102,000)</u>	<u>-</u>	<u>(134,460)</u>
Balance at September 30, 2024	<u>\$ 82,470</u>	<u>\$ -</u>	<u>\$ 208,327</u>	<u>\$ 290,797</u>
Carrying amount at September 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,714</u>	<u>\$ 33,714</u> (Concluded)

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

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

14. LONG-TERM BORROWINGS

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Unsecured borrowings</u>			
Bank loans	\$ 2,253,333	\$ 4,410,833	\$ 5,046,666
Less: Discounts on government grants	(277)	(1,247)	(13,456)
Less: Current portion	<u>(1,465,555)</u>	<u>(2,710,000)</u>	<u>(2,793,333)</u>
	<u>\$ 787,501</u>	<u>\$ 1,699,586</u>	<u>\$ 2,239,877</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 September 30, 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 \$222 thousand, \$4,278 thousand, \$970 thousand and \$14,412 thousand for the three months and nine months ended September 30, 2025 and 2024, respectively.

Under the bank loan agreement, the Company has to meet certain financial covenants. As of September 30, 2025, such financial covenants were not breached.

15. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Current</u>			
Accrued expenses			
Cash dividends payable	\$ -	\$ -	\$ -
Payables for salaries and bonuses	256,506	298,917	272,465
Utilities payables	87,739	57,894	78,470
Insurance payables	51,963	54,214	51,949
Others	<u>245,080</u>	<u>209,842</u>	<u>197,090</u>
	<u>641,288</u>	<u>620,867</u>	<u>599,974</u>
Other current liabilities			
Refund liabilities	229,443	77,299	\$ 133,502
Others	<u>8,228</u>	<u>6,126</u>	<u>7,933</u>
	<u>237,671</u>	<u>83,425</u>	<u>141,435</u>
	<u>\$ 878,959</u>	<u>\$ 704,292</u>	<u>\$ 741,409</u>

16. 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.

17. EQUITY

a. Capital stock

	September 30, 2025	December 31, 2024	September 30, 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)	318,302	317,308	317,109
Issued capital	<u>\$ 3,183,021</u>	<u>\$ 3,173,081</u>	<u>\$ 3,171,091</u>

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

On September 1, 2025, the Company issued employee restricted stock awards (RSAs) for its employees in a total of 645 thousand shares with a par value of NT\$10 per share. The aforementioned issuance of new shares was approved by the relevant authority and the registration has been completed. Refer to Note 22 for further information.

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

b. Capital surplus

	September 30, 2025	December 31, 2024	September 30, 2024
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)			
Issuance of ordinary shares	\$ 7,247,078	\$ 7,245,996	\$ 7,245,379
Employee share options exercised	53,510	52,101	51,442
Donations	12,893	12,893	12,893
<u>May only be used to offset a deficit</u>			
Donations - unclaimed dividends	1,127	1,127	932
<u>May not be used for any purpose</u>			
Employee restricted shares	148,350	-	-
Compensation cost of employee share options	<u>103</u>	<u>1,512</u>	<u>2,171</u>
	<u>\$ 7,463,061</u>	<u>\$ 7,313,629</u>	<u>\$ 7,312,817</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 19(g).

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

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

The appropriations of earnings for 2024 and 2023, which were resolved in the shareholders' meeting on May 22, 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 2023 was adjusted to \$0.99, mainly due to the exercise of employee share options on July 8, 2024. The cash dividends per share for 2024 was adjusted to \$2.99, mainly due to the exercise of employee share options on July 5, 2025.

d. Other equity items

The movement of other equity items is as follows:

	Unearned Employee Benefits
<u>For the Nine Months Ended September 30</u>	
Balance, beginning of period	\$ -
Issuance of employee restricted stock	(154,800)
Share-based payment expenses recognized	<u>8,269</u>
Balance, end of period	<u>\$ (146,531)</u>

18. 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 September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Image Sensors	\$ 1,694,550	\$ 1,915,854	\$ 4,998,900	\$ 4,828,500
Micro-Optical Elements	517,467	794,662	1,509,617	2,314,873
Others	<u>43,862</u>	<u>40,367</u>	<u>140,847</u>	<u>170,153</u>
	<u>\$ 2,255,879</u>	<u>\$ 2,750,883</u>	<u>\$ 6,649,364</u>	<u>\$ 7,313,526</u>
Region	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Asia	\$ 2,014,917	\$ 2,410,228	\$ 5,954,520	\$ 6,464,098
Taiwan	223,632	332,324	634,270	794,235
Europe	2,721	3,243	16,561	14,670
United States	<u>14,609</u>	<u>5,088</u>	<u>44,013</u>	<u>40,523</u>
	<u>\$ 2,255,879</u>	<u>\$ 2,750,883</u>	<u>\$ 6,649,364</u>	<u>\$ 7,313,526</u>
Application	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Mobile	\$ 1,636,089	\$ 2,219,891	\$ 4,858,721	\$ 6,001,278
Automotive	374,053	286,943	1,070,483	858,777
Security	<u>245,737</u>	<u>244,049</u>	<u>720,160</u>	<u>453,471</u>
	<u>\$ 2,255,879</u>	<u>\$ 2,750,883</u>	<u>\$ 6,649,364</u>	<u>\$ 7,313,526</u>

c. Contract balances

	September 30, 2025	December 31, 2024	September 30, 2024	January 1, 2024
Contract assets	<u>\$ 393,549</u>	<u>\$ 486,264</u>	<u>\$ 416,973</u>	<u>\$ 366,731</u>
Contract liabilities	<u>\$ 20,436</u>	<u>\$ 29,561</u>	<u>\$ 12,633</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 September 30, 2025 and 2024 from the balance of contract liabilities at the beginning of the year amounted to \$793 thousand and \$615 thousand, respectively; and \$17,210 thousand and \$17,203 thousand for the nine months ended September 30, 2025 and 2024, 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 \$140,038 thousand and \$55,433 thousand for the three months ended September 30, 2025 and 2024, respectively; and \$222,094 thousand and \$160,660 thousand for the nine months ended September 30, 2025 and 2024, respectively. As of September 30, 2025 and 2024, the aforementioned refund liabilities amounted to \$229,443

thousand and \$133,502 thousand, respectively, which were classified under accrued expenses and other current liabilities.

19. NET PROFIT

a. Other operating income and expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Rental income	\$ 115,807	\$ 54,847	\$ 245,151	\$ 156,312
Compensation income	-	-	-	43,453
Impairment losses	(1,459)	-	(1,459)	(47,539)
Others	<u>(6,946)</u>	<u>(14,638)</u>	<u>(25,207)</u>	<u>(38,615)</u>
	<u>\$ 107,402</u>	<u>\$ 40,209</u>	<u>\$ 218,485</u>	<u>\$ 113,611</u>

b. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Bank deposits	\$ 51,671	\$ 53,185	\$ 163,898	\$ 146,423
Financial assets at amortized cost	<u>510</u>	<u>-</u>	<u>510</u>	<u>-</u>
	<u>\$ 52,181</u>	<u>\$ 53,185</u>	<u>\$ 164,408</u>	<u>\$ 146,423</u>

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
(Loss) gain on financial instruments at FVTPL, net	\$ (79,634)	\$ 22,243	\$ 21,132	\$ (63,387)
Others	<u>(270)</u>	<u>(216)</u>	<u>(810)</u>	<u>(636)</u>
	<u>\$ (79,904)</u>	<u>\$ 22,027</u>	<u>\$ 20,322</u>	<u>\$ (64,023)</u>

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
An analysis of depreciation by function				
Operating costs	\$ 517,984	\$ 574,964	\$ 1,674,498	\$ 2,010,102
Operating expenses	79,444	63,933	225,061	191,415
Other operating income and expenses	<u>20,372</u>	<u>5,464</u>	<u>36,139</u>	<u>16,388</u>
	<u>\$ 617,800</u>	<u>\$ 644,361</u>	<u>\$ 1,935,698</u>	<u>\$ 2,217,905</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
An analysis of amortization by function				
Operating costs	\$ 5,710	\$ 5,588	\$ 16,735	\$ 17,538
Operating expenses	<u>853</u>	<u>928</u>	<u>2,728</u>	<u>2,872</u>
	<u>\$ 6,563</u>	<u>\$ 6,516</u>	<u>\$ 19,463</u>	<u>\$ 20,410</u>
				(Concluded)
e. Finance costs				
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Interest expense				
Bank loans	\$ 9,748	\$ 19,496	\$ 36,736	\$ 62,198
Interest on lease liabilities	1,279	816	4,351	2,771
Others	<u>15</u>	<u>14</u>	<u>43</u>	<u>41</u>
	<u>\$ 11,042</u>	<u>\$ 20,326</u>	<u>\$ 41,130</u>	<u>\$ 65,010</u>
f. Employee benefits expense				
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Post-employment benefits (Note 16)				
Defined contribution plan	\$ 18,234	\$ 17,848	\$ 54,351	\$ 50,888
Share-based payments				
Equity-settled	4,619	-	4,619	44
Other employee benefits	<u>568,401</u>	<u>656,342</u>	<u>1,715,728</u>	<u>1,693,563</u>
Total employee benefits expense	<u>\$ 591,254</u>	<u>\$ 674,190</u>	<u>\$ 1,774,698</u>	<u>\$ 1,744,495</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 432,372	\$ 501,087	\$ 1,322,637	\$ 1,307,295
Operating expenses	153,391	171,965	441,614	434,248
Other operating income and expenses	<u>5,491</u>	<u>1,138</u>	<u>10,447</u>	<u>2,952</u>
Total employee benefits expense	<u>\$ 591,254</u>	<u>\$ 674,190</u>	<u>\$ 1,774,698</u>	<u>\$ 1,744,495</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.

According to the amendment to the Securities and Exchange Act in August 2024, the Company, upon resolution of the shareholders' meeting in 2025, has approved an amendment to its Articles of

Incorporation to stipulate that no less than 1% of the distributable earnings for the period shall be allocated as employee remuneration, with not less than 30% of such remuneration allocated to grassroots 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:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Compensation of employees	<u>\$ 69,269</u>	<u>\$ 114,536</u>	<u>\$ 177,778</u>	<u>\$ 236,345</u>
Remuneration of directors	<u>\$ 810</u>	<u>\$ 810</u>	<u>\$ 2,430</u>	<u>\$ 2,430</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 September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Foreign exchange gains	\$ 52,730	\$ 12,437	\$ 98,067	\$ 108,877
Foreign exchange losses	<u>17,537</u>	<u>(56,174)</u>	<u>(163,466)</u>	<u>(88,254)</u>
Foreign exchange gains, net	<u>\$ 70,267</u>	<u>\$ (43,737)</u>	<u>\$ (65,399)</u>	<u>\$ 20,623</u>

20. INCOME TAX

a. Income tax expense consisted of the following:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Current income tax				
In respect of the current year	\$ 56,416	\$ 97,077	\$ 176,458	\$ 239,328
Income tax adjustments of prior years	(15,813)	-	(38,864)	(1,481)
Deferred tax				
In respect of the current year	(17,655)	690	(47,002)	(14,820)
Investment tax credit	<u>8,068</u>	<u>31,617</u>	<u>8,068</u>	<u>11,012</u>
Income tax expense recognized in profit or loss	<u>\$ 31,016</u>	<u>\$ 129,384</u>	<u>\$ 98,660</u>	<u>\$ 234,039</u>

b. Income tax examination

The tax authorities have examined income tax returns of the Company through 2023.

21. EARNINGS PER SHARE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Basic earnings per share	<u>\$ 1.09</u>	<u>\$ 1.82</u>	<u>\$ 2.80</u>	<u>\$ 3.73</u>
Diluted earnings per share	<u>\$ 1.09</u>	<u>\$ 1.81</u>	<u>\$ 2.79</u>	<u>\$ 3.71</u>

Earnings per share is computed as follows:

	Amounts (Numerator)	Number of Stocks (Denominator) (In Thousands)	Earnings Per Share (NT\$)
<u>For the three months ended September 30, 2025</u>			
Basic EPS			
Net profit	\$ 346,344	317,657	<u>\$ 1.09</u>
Effect of potentially dilutive common stocks	<u>-</u>	<u>647</u>	
Diluted EPS			
Net profit available to common shareholders plus effect of potentially dilutive common stocks	<u>\$ 346,344</u>	<u>318,304</u>	<u>\$ 1.09</u>
<u>For the three months ended September 30, 2024</u>			
Basic EPS			
Net profit	\$ 576,260	317,046	<u>\$ 1.82</u>
Effect of potentially dilutive common stocks	<u>-</u>	<u>1,412</u>	
Diluted EPS			
Net profit available to common shareholders plus effect of potentially dilutive common stocks	<u>\$ 576,260</u>	<u>318,458</u>	<u>\$ 1.81</u>
<u>For the nine months ended September 30, 2025</u>			
Basic EPS			
Net profit	\$ 888,889	317,512	<u>\$ 2.80</u>
Effect of potentially dilutive common stocks	<u>-</u>	<u>1,000</u>	
Diluted EPS			
Net profit available to common shareholders plus effect of potentially dilutive common stocks	<u>\$ 888,889</u>	<u>318,512</u>	<u>\$ 2.79</u>

(Continued)

	Amounts (Numerator)	Number of Stocks (Denominator) (In Thousands)	Earnings Per Share (NT\$)
<u>For the nine months ended September 30, 2024</u>			
Basic EPS			
Net profit	\$ 1,181,724	316,899	\$ <u>3.73</u>
Effect of potentially dilutive common stocks	<u>-</u>	<u>1,605</u>	
Diluted EPS			
Net profit available to common shareholders plus effect of potentially dilutive common stocks	\$ <u>1,181,724</u>	<u>318,504</u>	\$ <u>3.71</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.

22. SHARE-BASED PAYMENT ARRANGEMENTS

a. Restricted Employee Share Plan:

On May 22, 2025, the shareholders' meeting approved the issuance of restricted employee stock for the year 2025, with a total issuance not exceeding 850 thousand common shares, to be issued without consideration. Based on the aforementioned resolution, the Board of Directors approved the issuance of a total of 645 thousand restricted employee shares on August 7, 2025, with the grant date and issuance date scheduled for August 21, 2025. The fair value at the grant date was NT\$240 per share.

Vesting conditions of the aforementioned arrangement are as follow:

- 1) Key management personnel must meet the following conditions to vest the restricted employee shares:
 - a) Still employed on the vesting date of each period;
 - b) No violations of any contracts signed with the Company or the Company's work rules during each vesting period; and
 - c) Achievement of the performance evaluation indicators set by the Company or the Company's operational performance indicators.
- 2) The maximum proportion of shares that can be vested each year is 40% after one year from issuance, 30% after two years, and 30% after three years. The actual proportion and number of shares vested each year will be calculated based on individual performance indicators and/or company operational performance indicators, including performance indicators (revenue, net operating profit) and ESG performance indicators. Detailed explanations are as follows:

	Threshold Value	Weight
A. Individual Performance Indicators	The most recent annual performance evaluation rating on the expiration date of the vesting period must reach S or above.	50%
B. Company Operational Performance Indicators		
1) Performance Indicators: Revenue Operating income	The average value of the year before the vesting date higher than the total of the three years before the vesting date.	22.5% 22.5%
2) ESG Performance Indicators: Overall waste recycling rate (including alternative energy) Process water recycling rate	Year before vesting date >90% >89.5%	2.5% 2.5%

The threshold value and weight of each indicator are as described in the table above. For each indicator that meets the threshold value, the vested shares for that year are calculated based on their respective weight ratios. For each indicator that does not meet the threshold value, the corresponding weight ratio of the vested shares for that year is 0%. The “previous year” referred to in the threshold value refers to the fiscal year of the most recent annual financial report audited by the accountant before the vesting date. Whether the indicator is achieved is based on the financial report audited and certified by the accountant corresponding to the required period of the indicator.

Restricted rights before vesting after being granted restricted stock awards:

- 1) After the restricted employee stock awards are issued, they shall be immediately be held in trust/custody, and before the vesting conditions 39 are met, employees shall not request the trustee to return the restricted stock awards for any reason or in any way.
- 2) Before the expiration of each vesting period, employees shall not sell, pledge, transfer, donate, set, or otherwise dispose of the restricted stock awards.
- 3) In addition to the aforementioned restrictions, other rights of the restricted stock awards granted to employees in accordance with the Measures, including but not limited to rights to receive dividends, bonuses, and capital surplus or rights to subscribe in cash capital increases, shall be the same as the common shares issued by the Company, and the relevant operational methods shall be implemented in accordance with the trust/custody agreement.
- 4) For shares still held in trust/custody before an employee meets the vesting conditions, the attendance, proposal, speech, voting rights, and other relevant shareholder rights of the Company’s shareholders’ meeting shall be exercised by the trust/custody institution on behalf of the employee.
- 5) If the Company implements a capital reduction not due to statutory capital reduction, such as cash capital reduction or capital reduction to offset losses, during the vesting period, the restricted stock awards shall be canceled in proportion to the capital reduction. In the case of cash capital reduction, the returned cash must be held in trust/custody and delivered to employees after the vesting conditions are met; however, if the vesting conditions are not met, the Company will recover the cash.

6) Details of granted RSAs are as follows:

	For the Nine Months Ended September 30 2025
Balance, beginning of period	\$ -
Issuance of stocks	<u>645</u>
Balance, end of period	<u>\$ 645</u>

Refer to Note 19 for the employee compensation costs of the RSAs recognized by the Company.

b. Employee Stock Option Plan:

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 Nine Months Ended September 30			
	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>(349)</u>	10.10	<u>(542)</u>	13.94
Balance at September 30	<u>12</u>		<u>560</u>	
Options exercisable, end of period	<u>12</u>		<u>560</u>	

The weighted-average share price on the exercise date of the share options for the nine months ended September 30, 2025 was \$248.25.

Information on outstanding options was as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Range of exercise price (\$)	\$ 10.1	\$ 13.1	\$ 13.1
Weighted-average remaining contractual life (in years)	0.50	0.59	0.81

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 \$0 thousand and \$0 thousand for the three months ended September 30, 2025 and 2024, respectively; and \$0 thousand and \$44 thousand for the nine months ended September 30, 2025 and 2024, respectively.

23. CASH FLOW INFORMATION

a. Non-cash transactions

	For the Nine Months Ended September 30	
	2025	2024
Additions of property, plant and equipment	\$ 1,435,559	\$ 631,104
Changes in payables for purchases of equipment	<u>26,178</u>	<u>195,974</u>
Payments for acquisition of property, plant and equipment	<u>\$ 1,461,737</u>	<u>\$ 827,078</u>

b. Reconciliation of liabilities arising from financing activities

	Balance as of January 1, 2025	Financing Cash Flows	Non-cash changes			Balance as of September 30, 2025
			Foreign Exchange Movements	Leases Modifications	Other Changes (Note)	
Guarantee deposits	\$ 4,581	\$ -	\$ (54)	\$ -	\$ -	\$ 4,527
Lease liabilities	313,666	(69,508)		(4,050)	4,351	244,459
Long-term borrowings	<u>4,409,586</u>	<u>(2,157,500)</u>	<u>-</u>	<u>-</u>	<u>970</u>	<u>2,253,056</u>
Total	<u>\$ 4,727,833</u>	<u>\$ (2,227,008)</u>	<u>\$ (54)</u>	<u>\$ (4,050)</u>	<u>\$ 5,321</u>	<u>\$ 2,502,042</u>

	Balance as of January 1, 2024	Financing Cash Flows	Non-cash changes			Balance as of September 30, 2024
			Foreign Exchange Movements	Leases Modifications	Other Changes (Note)	
Guarantee deposits	\$ 4,532	\$ -	\$ 22	\$ -	\$ -	\$ 4,554
Lease liabilities	253,746	(64,846)	-	(22,554)	5,138	171,484
Long-term borrowings	<u>6,678,521</u>	<u>(1,659,723)</u>	<u>-</u>	<u>-</u>	<u>14,412</u>	<u>5,033,210</u>
Total	<u>\$ 6,936,799</u>	<u>\$ (1,724,569)</u>	<u>\$ 22</u>	<u>\$ (22,554)</u>	<u>\$ 19,550</u>	<u>\$ 5,209,248</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.

24. 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).

25. FINANCIAL INSTRUMENTS

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

Except as detailed in the table below, the management of the company believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

Fair value hierarchy

The table below sets out the fair value hierarchy for the Company's financial assets and liabilities which are not required to be measured at fair value:

	September 30, 2025			
	Carrying Amount	Fair Value		Total
		Level 1	Level 2	
<u>Financial assets</u>				
Financial assets at amortized costs				
Corporate bonds	\$ 100,000	\$ -	\$ 100,854	\$ 100,854

Valuation techniques and assumptions used in Level 2 fair value measurement

The fair values of corporate bonds are determined by quoted market prices provided by third party pricing services.

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

1) Fair value hierarchy

September 30, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 343	\$ -	\$ 343
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 23,481	\$ -	\$ 23,481

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

September 30, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 15,554	\$ -	\$ 15,554
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 17	\$ -	\$ 17

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2025 and 2024.

The Company did not acquire or dispose of financial assets measured at fair value in Level 3 for the nine months ended September 30, 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

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Financial assets</u>			
FVTPL			
Held for trading	\$ 343	\$ -	\$ 15,554
Amortized cost (1)	12,737,114	14,713,413	14,355,206
<u>Financial liabilities</u>			
FVTPL			
Held for trading	23,481	19,150	17
Amortized cost (2)	3,134,562	5,225,071	5,970,996

1) Including cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), financial assets at amortized costs 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 29.

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 nine months ended September 30, 2025 and 2024 will decrease by \$85,537 thousand and \$82,683 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:

	September 30, 2025	December 31, 2024	September 30, 2024
Fair value interest rate risk			
Financial assets	\$ 10,660,562	\$ 12,789,562	\$ 12,408,752
Cash flow interest rate risk			
Financial assets	668,467	653,672	637,617
Financial liabilities	2,253,056	4,409,586	5,033,210

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 nine months ended September 30, 2025 and 2024 will decreased by \$11,884 thousand and \$32,967 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.

Financial credit risk

The Company mitigates its financial credit risk by selecting counterparties with investment grade credit ratings. The Company regularly monitors and reviews the limit applied to counterparties and adjusts the limit according to market conditions and the credit standing of the counterparties.

The objective of the Company's investment policy is to achieve a return that will allow the Company to preserve principal and support liquidity requirements. The policy generally requires securities to be investment grade. The Company assesses whether there has been a significant increase in credit risk in the invested securities since initial recognition by reviewing changes in external credit ratings, financial market conditions and material information of the issuers.

The Company assesses the 12-month expected credit loss and lifetime expected credit loss based on the probability of default and loss given default provided by external credit rating agencies. The current credit risk assessment policies are as follows:

Category	Description	Basis for Recognizing Expected Credit Loss	Expected Credit Loss Ratio
Performing	Credit rating is investment grade on valuation date	12 months expected credit loss	0-0.00014%

For the nine months ended September 30, 2025 and 2024, the expected credit loss increased NT\$0 and increased NT\$0, respectively. The changes were mainly due to increased investment amount.

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 September 30, 2025, December 31, 2024 and September 30, 2024, the Company's five largest customers accounted for 94%, 92% and 95% 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.

September 30, 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	\$ 430,331	\$ 198,460	\$ 199,973	\$ 4,527
Lease liabilities	7,723	15,446	69,507	167,555
Long-term borrowings	<u>186,941</u>	<u>373,412</u>	<u>928,520</u>	<u>795,058</u>
	<u>\$ 624,995</u>	<u>\$ 587,318</u>	<u>\$ 1,198,000</u>	<u>\$ 967,140</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>\$ 624,995</u>	<u>\$ 587,318</u>	<u>\$ 1,198,000</u>	<u>\$ 967,140</u>

September 30, 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	\$ 340,749	\$ 177,906	\$ 387,894	\$ 4,554
Lease liabilities	7,187	8,506	11,865	161,271
Long-term borrowings	<u>207,500</u>	<u>446,128</u>	<u>2,195,846</u>	<u>2,283,932</u>
	<u>\$ 555,436</u>	<u>\$ 632,540</u>	<u>\$ 2,595,605</u>	<u>\$ 2,449,757</u>

Additional information about the maturity analysis for financial liabilities:

September 30, 2025

	Less than 5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Non-interest bearing	\$ 833,291	\$ -	\$ -	\$ -	\$ -
Lease liabilities	<u>\$ 177,260</u>	<u>\$ 62,427</u>	<u>\$ 16,435</u>	<u>\$ 4,109</u>	<u>\$ -</u>
Long-term borrowings	<u>\$ 2,283,931</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	\$ 776,976	\$ -	\$ -	\$ -	\$ -
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>

September 30, 2024

	Less than 5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Non-interest bearing	\$ 911,103	\$ -	\$ -	\$ -	\$ -
Lease liabilities	<u>\$ 89,001</u>	<u>\$ 75,020</u>	<u>\$ 17,412</u>	<u>\$ 7,396</u>	<u>\$ -</u>
Long-term borrowings	<u>\$ 5,133,406</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.

September 30, 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	\$ 913,029	\$ 785,603	\$ -	\$ -	\$ -
Outflows	<u>(931,196)</u>	<u>(793,806)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (18,167)</u>	<u>\$ (8,203)</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>

September 30, 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	\$ 879,875	\$ 825,494	\$ -	\$ -	\$ -
Outflows	<u>(870,045)</u>	<u>(822,588)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,830</u>	<u>\$ 2,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

26. TRANSACTIONS WITH RELATED PARTIES

The Company's parent company is Taiwan Semiconductor Manufacturing Company (TSMC), which held 67.11% and 67.36% of the ordinary shares of the Company on September 30, 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 September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Xintec	\$ 107,226	\$ 212,039	\$ 303,915	\$ 509,265
Others	<u>551</u>	<u>467</u>	<u>1,323</u>	<u>904</u>
	<u>\$ 107,777</u>	<u>\$ 212,506</u>	<u>\$ 305,238</u>	<u>\$ 510,169</u>

c. Purchases of goods

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
<u>For manufacturing</u>				
TSMC	\$ <u>895</u>	\$ <u>-</u>	\$ <u>1,838</u>	\$ <u>463</u>

d. Rental income

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
GUC	\$ 22,126	\$ 18,995	\$ 60,619	\$ 48,755
TSMC	<u>57,999</u>	<u>240</u>	<u>77,625</u>	<u>720</u>
	<u>\$ 80,125</u>	<u>\$ 19,235</u>	<u>\$ 138,244</u>	<u>\$ 49,475</u>

e. Interest expense

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Xintec	\$ 632	\$ 88	\$ 2,366	\$ 491
Others	<u>15</u>	<u>14</u>	<u>43</u>	<u>41</u>
	<u>\$ 647</u>	<u>\$ 102</u>	<u>\$ 2,409</u>	<u>\$ 532</u>

f. Contract assets

Related Party Category/Name	September 30, 2025	December 31, 2024	September 30, 2024
Xintec	\$ <u>661</u>	\$ <u>2,318</u>	\$ <u>3,845</u>

g. Receivables from related parties

Related Party Category/Name	September 30, 2025	December 31, 2024	September 30, 2024
Xintec	\$ 79,084	\$ 104,765	\$ 143,938
Others	<u>-</u>	<u>114</u>	<u>486</u>
	<u>\$ 79,084</u>	<u>\$ 104,879</u>	<u>\$ 144,424</u>

h. Other receivables

Related Party Category/Name	September 30, 2025	December 31, 2024	September 30, 2024
TSMC	\$ <u>50,276</u>	\$ <u>-</u>	\$ <u>84</u>

i. Accrued expenses and other current liabilities

Related Party Category/Name	September 30, 2025	December 31, 2024	September 30, 2024
TSMC	\$ 2,648	\$ 763	\$ 392
Others	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,648</u>	<u>\$ 763</u>	<u>\$ 392</u>

j. Prepayments

Related Party Category/Name	September 30, 2025	December 31, 2024	September 30, 2024
TSMC	<u>\$ -</u>	<u>\$ 748</u>	<u>\$ 1,029</u>

k. Acquisition of property, plant and equipment

Related Party Category/Name	Line Items	<u>Purchase Price For the nine Months Ended September 30, 2025</u>
TSMC	Property, plant and equipment	<u>\$ 522,813</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	September 30, 2025	December 31, 2024	September 30, 2024
Lease liabilities	Xintec	<u>\$101,529</u>	<u>\$157,145</u>	<u>\$ 11,721</u>

m. Guarantee deposits

Related Party Category/Name	September 30, 2025	December 31, 2024	September 30, 2024
GUC	\$ 3,304	\$ 3,304	\$ 3,304
Others	<u>6</u>	<u>6</u>	<u>6</u>
	<u>\$ 3,310</u>	<u>\$ 3,310</u>	<u>\$ 3,310</u>

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

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

For the nine months ended September 30, 2025 and 2024, no impairment loss was recognized for contract assets from related parties.

n. Others

Item	Related Party Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2025	2024	2025	2024
Manufacturing expenses	Xintec TSMC	\$ 1,900	\$ 3,900	\$ 4,413	\$ 8,200
		<u>162</u>	<u>225</u>	<u>611</u>	<u>2,039</u>
		<u>\$ 2,062</u>	<u>\$ 4,125</u>	<u>\$ 5,024</u>	<u>\$ 10,239</u>
Research and development	TSMC	<u>\$ 2,745</u>	<u>\$ 507</u>	<u>\$ 3,083</u>	<u>\$ 2,120</u>
General and administrative	TSMC	<u>\$ 9</u>	<u>\$ 24</u>	<u>\$ 37</u>	<u>\$ 142</u>

o. Compensation of key management personnel

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 20,955	\$ 22,506	\$ 54,030	\$ 56,420
Post-employment benefits	<u>146</u>	<u>162</u>	<u>470</u>	<u>513</u>
	<u>\$ 21,101</u>	<u>\$ 22,668</u>	<u>\$ 54,500</u>	<u>\$ 56,933</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.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

As of September 30, 2025, December 31, 2024 and September 30, 2024, the Company provided separately certificates of deposits amounting to \$21,036 thousand, \$21,036 thousand and \$21,036 thousand, which were recorded in other non-current assets as collateral mainly for land lease agreements and tariff guarantees.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at September 30, 2025, December 31, 2024 and September 30, 2024 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.

29. 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:

September 30, 2025

	Foreign Currencies (In Thousands)	Exchange Rate (Note)
<u>Financial assets</u>		
Monetary items		
USD	\$ 58,945	30.531
JPY	203,460	0.2056
EUR	61	35.834
CHF	2	38.29

Financial liabilities

Monetary items		
USD	2,998	30.531
JPY	200,155	0.2056
EUR	9	35.834
CHF	-	38.29

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

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate (Note)
<u>Financial liabilities</u>		
Monetary items		
USD	\$ 5,635	32.768
JPY	99,647	0.2092
EUR	4	34.102
CHF	-	-
		(Concluded)

September 30, 2024

	Foreign Currencies (In Thousands)	Exchange Rate (Note)
<u>Financial assets</u>		
Monetary items		
USD	\$ 60,065	31.638
JPY	319,314	0.2222
EUR	37	35.412
CHF	2	37.58

Financial liabilities

Monetary items		
USD	7,788	31.638
JPY	322,613	0.2222
EUR	26	35.412
CHF	-	37.58

Note: Please refer to Note 19 for the foreign exchange gains and losses for the nine months ended September 30, 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.

30. OPERATING SEGMENT INFORMATION

The Company's chief operating decision maker periodically reviews operating results for the purpose of resource allocation and performance assessment, focusing on the operating income generated from the overall businesses of color filters, microlenses, image sensors, and micro-optical components and modules. Accordingly, the Company has only one operating segment. This segment is primarily engaged in the research, design, manufacturing, and sales of color filters, microlenses, image sensors, and micro-optical components and modules.

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.

31. ADDITIONAL DISCLOSURES

a. Information on significant transactions:

- 1) Financing provided to others. (None)
- 2) Endorsements/guarantees provided. (None)
- 3) Significant 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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 79,084	6	60 days after monthly closing	Note 26	Note 26	\$ -	-	-