

VisEra Technologies Company Ltd.

**Financial Statements for the
Three Months Ended March 31, 2026 and 2025 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, 2026 and 2025, the related statements of comprehensive income for the three months ended March 31, 2026 and 2025, the statements of changes in equity and cash flows for the three months ended March 31, 2026 and 2025, 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, 2026 and 2025, its financial performance and its cash flows for the three months ended March 31, 2026 and 2025 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 Yen-Chun Chen and Shih-Tsung Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 7, 2026

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, 2026		December 31, 2025		March 31, 2025		LIABILITIES AND EQUITY	March 31, 2026		December 31, 2025		March 31, 2025	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Note 6)	\$ 11,975,543	54	\$ 11,534,487	52	\$ 13,291,116	55	Financial liabilities at fair value through profit or loss - current (Notes 7 and 25)	\$ 20,599	-	\$ 13,797	-	\$ 15,680	-
Financial assets at fair value through profit or loss - current (Notes 7 and 25)	9	-	247	-	-	-	Contract liabilities - current (Note 18)	14,833	-	24,925	-	19,312	-
Contract assets - current (Notes 18 and 26)	314,205	1	315,179	1	575,804	3	Accounts payable	337,709	1	327,301	2	240,100	1
Accounts receivable, net (Note 9)	998,723	5	1,134,972	5	1,024,192	4	Lease liabilities - current (Notes 12, 23 and 26)	64,431	-	83,280	-	88,215	-
Accounts receivable from related parties (Notes 9 and 26)	40,270	-	46,003	-	87,921	-	Accrued profit-sharing bonus to employees and remuneration of directors (Note 19)	354,029	2	258,039	1	405,701	2
Other receivables	88,645	-	103,722	1	135,447	1	Payables to equipment suppliers	165,043	1	215,360	1	93,450	-
Other receivables from related parties (Note 26)	67,812	-	53,426	-	42	-	Current tax liabilities (Note 20)	177,682	1	96,370	-	378,128	2
Current tax assets (Note 20)	-	-	-	-	48,410	-	Long-term liabilities - current portion (Notes 14 and 23)	936,667	4	1,119,722	5	2,380,555	10
Inventories (Note 10)	282,469	1	215,645	1	185,005	1	Accrued expenses and other current liabilities (Notes 15, 18 and 26)	817,254	4	1,026,671	5	615,234	3
Prepayments and other current assets (Note 26)	169,378	1	192,393	1	88,776	-							
Total current assets	13,937,054	62	13,596,074	61	15,436,713	64	Total current liabilities	2,888,247	13	3,165,465	14	4,236,375	18
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Financial assets at amortized cost (Notes 8 and 25)	199,965	1	199,970	1	-	-	Long-term borrowings (Notes 14 and 23)	374,422	2	580,996	2	1,310,325	5
Property, plant and equipment (Note 11)	7,926,092	36	8,216,419	37	8,301,634	35	Deferred tax liabilities (Note 20)	6,651	-	14,155	-	23,504	-
Right-of-use assets (Notes 12 and 26)	191,058	1	213,206	1	279,511	1	Lease liabilities - non-current (Notes 12, 23 and 26)	135,883	-	139,170	1	199,784	1
Intangible assets (Note 13)	4,731	-	9,189	-	24,648	-	Deferred revenue - non-current (Note 14)	22	-	115	-	786	-
Deferred tax assets (Note 20)	48,148	-	66,755	-	42,578	-	Guarantee deposits (Notes 23 and 26)	3,923	-	3,920	-	4,592	-
Other non-current assets (Note 27)	25,690	-	25,669	-	26,260	-	Total non-current liabilities	520,901	2	738,356	3	1,538,991	6
Total non-current assets	8,395,684	38	8,731,208	39	8,674,631	36	Total liabilities	3,409,148	15	3,903,821	17	5,775,366	24
TOTAL	\$ 22,332,738	100	\$ 22,327,282	100	\$ 24,111,344	100	EQUITY (Note 17)						
							Capital stock	3,182,991	14	3,182,991	14	3,175,281	13
							Capital surplus	7,459,818	33	7,459,818	34	7,314,311	30
							Retained earnings						
							Appropriated as legal reserve	1,597,241	7	1,597,241	7	1,423,351	6
							Unappropriated earnings	6,777,665	31	6,301,766	28	6,423,035	27
								8,374,906	38	7,899,007	35	7,846,386	33
							Other equity	(94,125)	-	(118,355)	-	-	-
							Total equity	18,923,590	85	18,423,461	83	18,335,978	76
							TOTAL	\$ 22,332,738	100	\$ 22,327,282	100	\$ 24,111,344	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			
	2026		2025	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 18 and 26)	\$ 2,348,443	100	\$ 2,174,647	100
OPERATING COSTS (Notes 10, 19 and 26)	<u>1,591,323</u>	<u>68</u>	<u>1,642,515</u>	<u>76</u>
GROSS PROFIT	<u>757,120</u>	<u>32</u>	<u>532,132</u>	<u>24</u>
OPERATING EXPENSES (Notes 19 and 26)				
Sales and marketing	25,926	1	21,098	1
General and administrative	47,621	2	41,833	2
Research and development	<u>285,688</u>	<u>12</u>	<u>222,246</u>	<u>10</u>
Total operating expenses	<u>359,235</u>	<u>15</u>	<u>285,177</u>	<u>13</u>
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 11, 19 and 26)	<u>138,194</u>	<u>6</u>	<u>42,398</u>	<u>2</u>
PROFIT FROM OPERATIONS	<u>536,079</u>	<u>23</u>	<u>289,353</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES (Notes 19 and 26)				
Interest income	50,571	2	55,626	2
Other income	35	-	33	-
Other gains and losses	(30,476)	(1)	(29,204)	(1)
Foreign exchange gain and loss, net	23,829	1	18,185	1
Finance costs	<u>(7,177)</u>	<u>(1)</u>	<u>(16,436)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>36,782</u>	<u>1</u>	<u>28,204</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	572,861	24	317,557	14
INCOME TAX EXPENSE (Note 20)	<u>96,962</u>	<u>4</u>	<u>48,207</u>	<u>2</u>
NET PROFIT	<u>475,899</u>	<u>20</u>	<u>269,350</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 475,899</u>	<u>20</u>	<u>\$ 269,350</u>	<u>12</u>
EARNINGS PER SHARE (Note 21)				
Basic earnings per share	<u>\$ 1.50</u>		<u>\$ 0.85</u>	
Diluted earnings per share	<u>\$ 1.49</u>		<u>\$ 0.85</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>Capital Surplus</u>	<u>Retained Earnings</u>			<u>Other Equity</u>	<u>Total Equity</u>
	<u>Stock</u> <u>(In Thousands)</u>	<u>Amount</u>		<u>Legal Reserve</u>	<u>Unappropriated Earnings</u>	<u>Total</u>	<u>Unearned Employee Benefits</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>\$ -</u>	<u>\$ 18,335,978</u>
BALANCE, JANUARY 1, 2026	318,299	\$ 3,182,991	\$ 7,459,818	\$ 1,597,241	\$ 6,301,766	\$ 7,899,007	\$ (118,355)	\$ 18,423,461
Compensation cost of employee share options	-	-	-	-	-	-	24,230	24,230
Net profit and total comprehensive income for the three months ended March 31, 2026	-	-	-	-	475,899	475,899	-	475,899
BALANCE, MARCH 31, 2026	<u>318,299</u>	<u>\$ 3,182,991</u>	<u>\$ 7,459,818</u>	<u>\$ 1,597,241</u>	<u>\$ 6,777,665</u>	<u>\$ 8,374,906</u>	<u>\$ (94,125)</u>	<u>\$ 18,923,590</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	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 572,861	\$ 317,557
Adjustments for:		
Depreciation expense	493,193	662,985
Amortization expense	4,955	6,360
Expected credit losses recognized on investments in debt instruments	5	-
Finance costs	7,177	16,436
Interest income	(50,571)	(55,626)
Compensation cost of employee share options	24,230	-
Foreign exchange loss	1,589	3,171
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	7,040	(3,470)
Contract assets	974	(89,540)
Accounts receivable, net	136,249	54,678
Receivables from related parties, net	5,733	16,958
Other receivables	20,096	4,654
Other receivables from related parties	(14,386)	(42)
Inventories	(66,824)	(3,433)
Prepayments and other current assets	23,015	23,895
Contract liabilities	(10,092)	(10,249)
Accounts payable	10,408	(39,396)
Accrued profit-sharing bonus to employees and remuneration of directors	95,990	54,680
Accrued expenses and other current liabilities	(209,137)	(88,438)
Cash generated from operations	<u>1,052,505</u>	<u>871,180</u>
Income taxes paid	<u>(4,547)</u>	<u>(4,013)</u>
Net cash generated from operating activities	<u>1,047,958</u>	<u>867,167</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(232,621)	(283,475)
Increase in refundable deposits	(21)	-
Payments for intangible assets	(497)	-
Interest received	<u>45,552</u>	<u>40,173</u>
Net cash used in investing activities	<u>(187,587)</u>	<u>(243,302)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term borrowings	(389,722)	(719,167)
Repayment of the principal portion of lease liabilities	(22,136)	(21,773)

(Continued)

VISERA TECHNOLOGIES COMPANY LTD.

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

	For the Three Months Ended March 31	
	2026	2025
Employee share options exercised	\$ -	\$ 2,882
Interest paid	<u>(7,457)</u>	<u>(16,900)</u>
Net cash used in financing activities	<u>(419,315)</u>	<u>(754,958)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	441,056	(131,093)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>11,534,487</u>	<u>13,422,209</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 11,975,543</u>	<u>\$ 13,291,116</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, 2026 AND 2025 (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 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 Company’s board of directors on May 7, 2026.

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

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

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027 (Note 2)

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Company shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.

- 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.

In addition, the following consequential amendments have been made to IAS 7 “Statement of Cash Flows”:

- The Company shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.
- Interest and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Company has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

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.

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, 2025.

- 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, 2025.

6. CASH AND CASH EQUIVALENTS

	March 31, 2026	December 31, 2025	March 31, 2025
Deposits in banks	\$ 11,975,533	\$ 11,534,477	\$ 13,291,106
Petty cash	<u>10</u>	<u>10</u>	<u>10</u>
	<u><u>\$ 11,975,543</u></u>	<u><u>\$ 11,534,487</u></u>	<u><u>\$ 13,291,116</u></u>

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

	March 31, 2026	December 31, 2025	March 31, 2025
Bank balance	0.001%-3.73%	0.001%-3.85%	0.001%-4.3%

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, 2026	December 31, 2025	March 31, 2025
<u>Financial assets</u>			
Mandatorily measured at FVTPL			
Derivative financial assets (not under hedge accounting)			
Forward exchange contracts	\$ <u>9</u>	\$ <u>247</u>	\$ <u>-</u>
<u>Financial liabilities</u>			
Held for trading			
Derivative financial liabilities (not under hedge accounting)			
Forward exchange contracts	\$ <u>20,599</u>	\$ <u>13,797</u>	\$ <u>15,680</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, 2026</u>		
Sell US\$/Buy NT\$	April 2026 to June 2026	US\$ 45,000/ NT\$ 1,420,130
<u>December 31, 2025</u>		
Sell US\$/Buy NT\$	January 2026 to March 2026	US\$ 48,000/ NT\$ 1,493,465
<u>March 31, 2025</u>		
Sell US\$/Buy NT\$	April 2025 to June 2025	US\$ 41,500/ NT\$ 1,359,410

8. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2026	December 31, 2025	March 31, 2025
Corporate bonds	\$ 200,000	\$ 200,000	\$ -
Less: Allowance for impairment loss	<u>(35)</u>	<u>(30)</u>	<u>-</u>
	<u>\$ 199,965</u>	<u>\$ 199,970</u>	<u>\$ -</u>

(Continued)

	March 31, 2026	December 31, 2025	March 31, 2025
Current	\$ -	\$ -	\$ -
Noncurrent	<u>199,965</u>	<u>199,970</u>	<u>-</u>
	<u>\$ 199,965</u>	<u>\$ 199,970</u>	<u>\$ -</u>

(Concluded)

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

9. ACCOUNTS RECEIVABLE, NET

	March 31, 2026	December 31, 2025	March 31, 2025
<u>At amortized cost</u>			
Accounts receivable from unrelated parties	\$ 998,963	\$ 1,135,369	\$ 1,024,583
Less: Allowance for impairment loss	<u>(240)</u>	<u>(397)</u>	<u>(391)</u>
	998,723	1,134,972	1,024,192
Accounts receivable from related parties	<u>40,270</u>	<u>46,003</u>	<u>87,921</u>
	<u>\$ 1,038,993</u>	<u>\$ 1,180,975</u>	<u>\$ 1,112,113</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, 2026	December 31, 2025	March 31, 2025
Not past due	\$ 1,035,107	\$ 1,179,032	\$ 1,091,822
1-180 days	<u>3,886</u>	<u>1,943</u>	<u>20,291</u>
Total	<u>\$ 1,038,993</u>	<u>\$ 1,180,975</u>	<u>\$ 1,112,113</u>

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

Movements of the loss allowance

	For the Three Months Ended March 31	
	2026	2025
Balance, beginning of period	\$ 397	\$ 363
Provision (reversal)	<u>(157)</u>	<u>28</u>
Balance, end of period	<u>\$ 240</u>	<u>\$ 391</u>

For the three months ended March 31, 2026 and 2025, the changes in loss allowance were mainly due to the variations in the book values of accounts receivable of different risk levels.

10. INVENTORIES

	March 31, 2026	December 31, 2025	March 31, 2025
Raw materials	<u>\$ 282,469</u>	<u>\$ 215,645</u>	<u>\$ 185,005</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 March 31	
	2026	2025
Inventory (reversed) write-downs	<u>\$ (1,291)</u>	<u>\$ 370</u>

11. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2026	December 31, 2025	March 31, 2025
Assets used by the Company	\$ 6,747,485	\$ 7,017,581	\$ 8,105,427
Assets leased under operating leases	<u>1,178,607</u>	<u>1,198,838</u>	<u>196,207</u>
	<u>\$ 7,926,092</u>	<u>\$ 8,216,419</u>	<u>\$ 8,301,634</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 on January 1, 2026	\$ 7,306,042	\$ 18,690,998	\$ 351,599	\$ 3,562	\$ 211,271	\$ 1,156,087	\$ 27,719,559
Additions	18,530	38,156	18,630	-	3,554	101,848	180,718
Reclassification	<u>11,579</u>	<u>254,016</u>	<u>3,150</u>	<u>-</u>	<u>-</u>	<u>(268,745)</u>	<u>-</u>
Balance on March 31, 2026	<u>\$ 7,336,151</u>	<u>\$ 18,983,170</u>	<u>\$ 373,379</u>	<u>\$ 3,562</u>	<u>\$ 214,825</u>	<u>\$ 989,190</u>	<u>\$ 27,900,277</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2026	\$ 4,166,694	\$ 16,052,986	\$ 303,631	\$ 2,289	\$ 176,378	\$ -	\$ 20,701,978
Additions	<u>141,930</u>	<u>286,963</u>	<u>15,162</u>	<u>140</u>	<u>6,619</u>	<u>-</u>	<u>450,814</u>
Balance on March 31, 2026	<u>\$ 4,308,624</u>	<u>\$ 16,339,949</u>	<u>\$ 318,793</u>	<u>\$ 2,429</u>	<u>\$ 182,997</u>	<u>\$ -</u>	<u>\$ 21,152,792</u>

(Continued)

	Buildings	Machinery and Equipment	Office Equipment	Transportation Equipment	Other Equipment	Equipment under Installation and Construction in Progress	Total
Carrying amount on January 1, 2026	\$ 3,139,348	\$ 2,638,012	\$ 47,968	\$ 1,273	\$ 34,893	\$ 1,156,087	\$ 7,017,581
Carrying amount on March 31, 2026	\$ 3,027,527	\$ 2,643,221	\$ 54,586	\$ 1,133	\$ 31,828	\$ 989,190	\$ 6,747,485
Cost							
Balance on 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	23,181	176,423	4,130	-	6,008	(209,742)	-
Balance on March 31, 2025	\$ 8,228,709	\$ 18,627,927	\$ 333,290	\$ 3,562	\$ 191,951	\$ 187,420	\$ 27,572,859
Accumulated depreciation and impairment							
Balance on January 1, 2025	\$ 3,677,129	\$ 14,753,470	\$ 248,781	\$ 1,729	\$ 151,084	\$ -	\$ 18,832,193
Additions	161,668	453,589	14,238	140	5,604	-	635,239
Balance on March 31, 2025	\$ 3,838,797	\$ 15,207,059	\$ 263,019	\$ 1,869	\$ 156,688	\$ -	\$ 19,467,432
Carrying amount on January 1, 2025	\$ 4,497,499	\$ 3,673,349	\$ 80,260	\$ 1,833	\$ 34,167	\$ 283,125	\$ 8,570,233
Carrying amount on March 31, 2025	\$ 4,389,912	\$ 3,420,868	\$ 70,271	\$ 1,693	\$ 35,263	\$ 187,421	\$ 8,105,427

(Concluded)

No impairment assessment was performed for the three months ended March 31, 2026 and 2025 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, 2026 and March 31, 2026 \$ 1,433,104

Accumulated depreciation

Balance on January 1, 2026 \$ 234,266
Additions 20,231

Balance on March 31, 2026 \$ 254,497

Carrying amount on March 31, 2026 \$ 1,178,607

(Continued)

BuildingsCost

Balance on January 1, 2025 and March 31, 2025	\$ <u>251,633</u>
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Accumulated depreciation

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

Balance on March 31, 2025	\$ <u>55,426</u>
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Carrying amount on March 31, 2025	\$ <u>196,207</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:

	March 31, 2026	December 31, 2025	March 31, 2025
Year 1	\$ 344,513	\$ 350,346	\$ 110,618
Year 2	231,916	256,039	95,650
Year 3	231,916	231,915	-
Year 4	231,916	231,915	-
Year 5	<u>38,653</u>	<u>96,632</u>	<u>-</u>
	<u>\$ 1,078,914</u>	<u>\$ 1,166,847</u>	<u>\$ 206,268</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, 2026 and 2025 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

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Carrying amount</u>			
Land	\$ 127,273	\$ 130,383	\$ 139,577
Buildings	62,799	81,639	138,159
Transportation equipment	<u>986</u>	<u>1,184</u>	<u>1,775</u>
	<u>\$ 191,058</u>	<u>\$ 213,206</u>	<u>\$ 279,511</u>

	For the Three Months Ended March 31	
	2026	2025
Depreciation charge for right-of-use assets		
Land	\$ 3,111	\$ 3,248
Buildings	18,840	18,839
Transportation equipment	<u>197</u>	<u>197</u>
	<u>\$ 22,148</u>	<u>\$ 22,284</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, 2026 and 2025.

b. Lease liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Carrying amount</u>			
Current	\$ 64,431	\$ 83,280	\$ 88,215
Non-current	<u>135,883</u>	<u>139,170</u>	<u>199,784</u>
	<u>\$ 200,314</u>	<u>\$ 222,450</u>	<u>\$ 287,999</u>

Ranges of discount rates for lease liabilities were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Land	1.36%-2.02%	1.36%-2.02%	1.36%-2.02%
Buildings	2.28%	2.28%	2.28%
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 the leases at the end of the lease terms. The lease contracts for land located in the R.O.C. specify that lease payments will be adjusted every 2 years on the basis of changes in announced land value prices. The Company does not have purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Three Months Ended March 31	
	2026	2025
Expenses relating to low-value asset leases	<u>\$ -</u>	<u>\$ 1</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 600</u>	<u>\$ 1,113</u>
Total cash outflow for leases	<u>\$ 23,469</u>	<u>\$ 24,064</u>

13. INTANGIBLE ASSETS

	March 31, 2026	December 31, 2025	March 31, 2025
Computer software	<u>\$ 4,731</u>	<u>\$ 9,189</u>	<u>\$ 24,648</u>
	Technology License Fees	Computer Software	Total
<u>Cost</u>			
Balance on January 1, 2026	\$ -	\$ 229,199	\$ 229,199
Additions	<u>-</u>	<u>497</u>	<u>497</u>
Balance on March 31, 2026	<u>\$ -</u>	<u>\$ 229,696</u>	<u>\$ 229,696</u>
<u>Accumulated amortization</u>			
Balance on January 1, 2026	\$ -	\$ 220,010	\$ 220,010
Additions	<u>-</u>	<u>4,955</u>	<u>4,955</u>
Balance on March 31, 2026	<u>\$ -</u>	<u>\$ 224,965</u>	<u>\$ 224,965</u>
Carrying amount on March 31, 2026	<u>\$ -</u>	<u>\$ 4,731</u>	<u>\$ 4,731</u>
<u>Cost</u>			
Balance on January 1, 2025	\$ 82,470	\$ 227,375	\$ 309,845
Disposals	<u>(82,470)</u>	<u>-</u>	<u>(82,470)</u>
Balance on March 31, 2025	<u>\$ -</u>	<u>\$ 227,375</u>	<u>\$ 227,375</u>
<u>Accumulated amortization</u>			
Balance on January 1, 2025	\$ 82,470	\$ 196,367	\$ 278,837
Additions	-	6,360	6,360
Disposals	<u>(82,470)</u>	<u>-</u>	<u>(82,470)</u>
Balance on March 31, 2025	<u>\$ -</u>	<u>\$ 202,727</u>	<u>\$ 202,727</u>
Carrying amount on March 31, 2025	<u>\$ -</u>	<u>\$ 24,648</u>	<u>\$ 24,648</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

14. LONG-TERM BORROWINGS

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Unsecured borrowings</u>			
Bank loans	\$ 1,311,111	\$ 1,700,833	\$ 3,691,666
Less: Discounts on government grants	(22)	(115)	(786)
Less: Current portion	<u>(936,667)</u>	<u>(1,119,722)</u>	<u>(2,380,555)</u>
	<u>\$ 374,422</u>	<u>\$ 580,996</u>	<u>\$ 1,310,325</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, 2026, 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. The revenue was offset against interest expense on a monthly basis over the loan period. The amount offset against interest expense was \$93 thousand and \$461 thousand for the three months ended March 31, 2026 and 2025, respectively.

Under the bank loan agreement, the Company has to meet certain financial covenants. As of March 31, 2026, such financial covenants were not breached.

15. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Current</u>			
Accrued expenses			
Payables for salaries and bonuses	\$ 199,765	\$ 309,811	\$ 195,161
Utilities payables	68,062	70,630	63,940
Insurance payables	55,162	54,928	54,565
Others	<u>305,337</u>	<u>303,749</u>	<u>170,393</u>
	<u>628,326</u>	<u>739,118</u>	<u>484,059</u>
Other current liabilities			
Refund liabilities	182,337	280,974	124,809
Others	<u>6,591</u>	<u>6,579</u>	<u>6,366</u>
	<u>188,928</u>	<u>287,553</u>	<u>131,175</u>
	<u>\$ 817,254</u>	<u>\$ 1,026,671</u>	<u>\$ 615,234</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

	March 31, 2026	December 31, 2025	March 31, 2025
Authorized stock (in thousands)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Authorized capital	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Issued and paid stock (in thousands)	<u>318,299</u>	<u>318,299</u>	<u>317,528</u>
Issued capital	<u>\$ 3,182,991</u>	<u>\$ 3,182,991</u>	<u>\$ 3,175,281</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.

During the fourth quarter of 2025, the Company recovered 15 thousand unvested restricted stocks. The cancellation of these shares was resolved by the Board of Directors on November 6, 2025, and the registration of the change for this cancellation has been completed. For further information regarding the restricted stocks for employees, please refer to Note 22.

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

b. Capital surplus

	March 31, 2026	December 31, 2025	March 31, 2025
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)			
Issuance of ordinary shares	\$ 7,247,079	\$ 7,247,079	\$ 7,246,678
Employee share options exercised	53,613	53,613	52,868
Donations	12,893	12,893	12,893
<u>May only be used to offset a deficit</u>			
Donations - unclaimed dividend	1,333	1,333	1,127
<u>May not be used for any purpose</u>			
Employee restricted shares	144,900	144,900	-
Compensation cost of employee share options	<u>-</u>	<u>-</u>	<u>745</u>
	<u>\$ 7,459,818</u>	<u>\$ 7,459,818</u>	<u>\$ 7,314,311</u>

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

c. Retained earnings and dividend policy

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

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

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

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

The appropriations of earnings and dividends per share for 2025 and 2024, which were proposed and resolved in the Board of Directors' meeting and the shareholders' meeting on February 12, 2026 and May 22, 2025, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2025	2024
Legal reserve	<u>\$ 127,399</u>	<u>\$ 173,890</u>
Cash dividends to shareholders	<u>\$ 954,897</u>	<u>\$ 952,023</u>
Cash dividends per share (NT\$)	<u>\$ 3.0</u>	<u>\$ 3.0</u>

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. The appropriation of earnings for 2025 is subject to the resolution of the shareholders in the shareholders' meeting to be held on May 27, 2026.

d. Other equity items

The movement of other equity items is as follows:

	Unearned Employee Benefits
<u>For the three months ended March 31, 2026</u>	
Balance on January 1, 2026	\$ (118,355)
Issuance of employee restricted stock	-
Share-based payment expenses recognized	<u>24,230</u>
Balance on March 31, 2026	<u>\$ (94,125)</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 March 31	
	2026	2025
Image Sensors	\$ 1,843,123	\$ 1,625,705
Micro-Optical Elements	444,521	490,943
Others	<u>60,799</u>	<u>57,999</u>
	<u>\$ 2,348,443</u>	<u>\$ 2,174,647</u>

Region	For the Three Months Ended March 31	
	2026	2025
Asia	\$ 2,151,717	\$ 1,920,612
Taiwan	181,247	224,777
Europe	5,155	8,642
United States	<u>10,324</u>	<u>20,616</u>
	<u>\$ 2,348,443</u>	<u>\$ 2,174,647</u>

Application	For the Three Months Ended March 31	
	2026	2025
Mobile	\$ 1,641,809	\$ 1,593,300
Automotive	367,976	338,196
Security	<u>338,658</u>	<u>243,151</u>
	<u>\$ 2,348,443</u>	<u>\$ 2,174,647</u>

c. Contract balances

	March 31, 2026	December 31, 2025	March 31, 2025	January 1, 2025
Contract assets	<u>\$ 314,205</u>	<u>\$ 315,179</u>	<u>\$ 575,804</u>	<u>\$ 486,264</u>
Contract liabilities	<u>\$ 14,833</u>	<u>\$ 24,925</u>	<u>\$ 19,312</u>	<u>\$ 29,561</u>

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

Revenue recognized for the three months ended March 31, 2026 and 2025 from the balance of contract liabilities at the beginning of the year amounted to \$20,584 thousand and \$14,974 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 \$(5,731) thousand and \$79,529 thousand for the three months ended March 31, 2026 and 2025, respectively. As of March 31, 2026 and 2025, the aforementioned refund liabilities amounted to \$182,337 thousand and \$124,809 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 March 31	
	2026	2025
Rental income	\$ 117,198	\$ 53,103
Others	<u>20,996</u>	<u>(10,705)</u>
	<u>\$ 138,194</u>	<u>\$ 42,398</u>

b. Interest income

	For the Three Months Ended March 31	
	2026	2025
Bank deposits	\$ 49,617	\$ 55,626
Financial assets at amortized cost	<u>954</u>	<u>-</u>
	<u>\$ 50,571</u>	<u>\$ 55,626</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2026	2025
Loss on financial instruments at FVTPL, net	\$ (30,201)	\$ (28,934)
Others	<u>(275)</u>	<u>(270)</u>
	<u>\$ (30,476)</u>	<u>\$ (29,204)</u>

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2026	2025
An analysis of depreciation by function		
Operating costs	\$ 379,076	\$ 586,889
Operating expenses	93,886	70,634
Other operating income and expenses	<u>20,231</u>	<u>5,462</u>
	<u>\$ 493,193</u>	<u>\$ 662,985</u>

(Continued)

	For the Three Months Ended March 31	
	2026	2025
An analysis of amortization by function		
Operating costs	\$ 4,235	\$ 5,404
Operating expenses	<u>720</u>	<u>956</u>
	<u>\$ 4,955</u>	<u>\$ 6,360</u>
		(Concluded)

e. Finance costs

	For the Three Months Ended March 31	
	2026	2025
Interest expense		
Bank loans	\$ 6,129	\$ 14,719
Interest on lease liabilities	1,034	1,703
Others	<u>14</u>	<u>14</u>
	<u>\$ 7,177</u>	<u>\$ 16,436</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2026	2025
Post-employment benefits (Note 16)		
Defined contribution plan	\$ 18,501	\$ 17,882
Share-based payments		
Equity-settled	24,230	-
Other employee benefits	<u>631,731</u>	<u>575,546</u>
Total employee benefits expense	<u>\$ 674,462</u>	<u>\$ 593,428</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 488,642	\$ 449,600
Operating expenses	177,178	142,686
Other operating income and expenses	<u>8,642</u>	<u>1,142</u>
	<u>\$ 674,462</u>	<u>\$ 593,428</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.

The compensation of employees and the remuneration of directors for the three months ended March 31, 2026 and 2025 are as follows:

	For the Three Months Ended March 31	
	2026	2025
Compensation of employees	<u>\$ 95,180</u>	<u>\$ 53,870</u>
Remuneration of directors	<u>\$ 810</u>	<u>\$ 810</u>

The appropriations of employees' compensation and remuneration of directors for 2025 and 2024 that were resolved by the board of directors on February 12, 2026 and February 20, 2025, respectively, are \$254,799 thousand and \$347,781 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, 2025 and 2024.

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	
	2026	2025
Foreign exchange gains	\$ 29,455	\$ 29,723
Foreign exchange losses	<u>(5,626)</u>	<u>(11,538)</u>
	<u>\$ 23,829</u>	<u>\$ 18,185</u>

20. INCOME TAX

a. Income tax expense consisted of the following:

	For the Three Months Ended March 31	
	2026	2025
Current income tax		
In respect of the current period	\$ 85,859	\$ 66,127
Deferred tax		
In respect of the current period	<u>11,103</u>	<u>(17,920)</u>
Income tax expense recognized in profit or loss	<u>\$ 96,962</u>	<u>\$ 48,207</u>

b. Income tax examination

The tax authorities have examined income tax returns of the Company through 2024.

21. EARNINGS PER SHARE

	For the Three Months Ended March 31	
	2026	2025
Basic earnings per share	<u>\$ 1.50</u>	<u>\$ 0.85</u>
Diluted earnings per share	<u>\$ 1.49</u>	<u>\$ 0.85</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, 2026</u>			
Basic EPS			
Net income	\$ 475,899	317,669	<u>\$ 1.50</u>
Effect of potentially dilutive common stock	<u>-</u>	<u>891</u>	
Diluted EPS			
Net income available to common shareholders plus effect of potentially dilutive common stock	<u>\$ 475,899</u>	<u>318,560</u>	<u>\$ 1.49</u>
<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>

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:

	2025 RSAs
Balance on January 1	\$ 630
Issuance of stocks	-
Stocks retired	<u>-</u>
Balance on March 31	<u>\$ 630</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 Three Months Ended March 31, 2025	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance on January 1	361	\$ 13.10
Options exercised	<u>(220)</u>	13.10
Balance on March 31	<u>141</u>	
Options exercisable, end of period	<u>141</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
Range of exercise price (\$)	\$ 13.1
Weighted-average remaining contractual life (in years)	0.51

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 both \$0 thousand for the three months ended March 31, 2026 and 2025.

23. CASH FLOW INFORMATION

a. Non-cash transactions

	For the Three Months Ended March 31	
	2026	2025
Additions of property, plant and equipment	\$ 180,718	\$ 170,433
Changes in payables for purchases of equipment	<u>51,903</u>	<u>113,042</u>
Payments for acquisition of property, plant and equipment	<u>\$ 232,621</u>	<u>\$ 283,475</u>

b. Reconciliation of liabilities arising from financing activities

	Balance as of January 1, 2026	Financing Cash Flow	Non-cash Changes			Balance as of March 31, 2026
			Foreign Exchange Movement	Leases Modifications	Other Changes (Note)	
Guarantee deposits	\$ 3,920	\$ -	\$ 3	\$ -	\$ -	\$ 3,923
Lease liabilities	222,450	(23,170)	-	-	1,034	200,314
Long-term borrowings	<u>1,700,718</u>	<u>(389,722)</u>	<u>-</u>	<u>-</u>	<u>93</u>	<u>1,311,089</u>
Total	<u>\$ 1,927,088</u>	<u>\$ (412,892)</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 1,127</u>	<u>\$ 1,515,326</u>

	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>

Note: Other changes include the financial cost of lease liabilities 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:

	March 31, 2026			
	Carrying Amount	Fair Value		Total
		Level 1	Level 2	
<u>Financial assets</u>				
Financial assets at amortized costs				
Corporate bonds	\$ 199,965	\$ -	\$ 201,414	\$ 201,414
December 31, 2025				
	Carrying Amount	Fair Value		Total
		Level 1	Level 2	
<u>Financial assets</u>				
Financial assets at amortized costs				
Corporate bonds	\$ 199,970	\$ -	\$ 201,556	\$ 201,556

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

March 31, 2026

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ <u> -</u>	\$ <u> 9</u>	\$ <u> -</u>	\$ <u> 9</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ <u> -</u>	\$ <u> 20,599</u>	\$ <u> -</u>	\$ <u> 20,599</u>

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ <u> -</u>	\$ <u> 247</u>	\$ <u> -</u>	\$ <u> 247</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ <u> -</u>	\$ <u> 13,797</u>	\$ <u> -</u>	\$ <u> 13,797</u>

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>

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, 2026 and 2025.

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, 2026	December 31, 2025	March 31, 2025
<u>Financial assets</u>			
FVTPL			
Held for trading	\$ 9	\$ 247	\$ -
Amortized cost (1)	13,396,648	13,098,249	14,521,525
<u>Financial liabilities</u>			
FVTPL			
Held for trading	20,599	13,797	15,680
Amortized cost (2)	2,252,915	2,683,185	4,324,286

- 1) Including cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), financial assets at amortized cost, 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 three months ended March 31, 2026 and 2025 will decrease by \$72,415 thousand and \$67,961 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, 2026	December 31, 2025	March 31, 2025
Fair value interest rate risk			
Financial assets	\$ 11,652,327	\$ 11,277,884	\$ 12,894,562
Cash flow interest rate risk			
Financial assets	544,242	477,629	417,580
Financial liabilities	1,311,089	1,700,718	3,690,880

Sensitivity analysis

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

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

If the market interest rates increase by 1% and all other variables were held constant, the Company's net profit before income tax for the three months ended March 31, 2026 and 2025 will decrease by \$1,917 thousand and \$8,183 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	0-0.0351%

For the three months ended March 31, 2026 and 2025, the expected credit loss increased by NT\$5,000 thousand and 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 March 31, 2026, December 31, 2025 and March 31, 2025, the Company's five largest customers accounted for 91%, 93% and 91% 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, 2026

	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	\$ 462,650	\$ 214,453	\$ 218,807	\$ 3,923
Lease liabilities	7,723	15,446	56,622	134,101
Long-term borrowings	<u>89,073</u>	<u>177,719</u>	<u>684,135</u>	<u>376,610</u>
	<u>\$ 559,446</u>	<u>\$ 407,618</u>	<u>\$ 959,564</u>	<u>\$ 514,634</u>

December 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	\$ 386,383	\$ 257,005	\$ 289,511	\$ 3,920
Lease liabilities	7,723	15,446	69,507	144,386
Long-term borrowings	<u>186,548</u>	<u>209,493</u>	<u>742,134</u>	<u>585,404</u>
	<u>\$ 580,654</u>	<u>\$ 481,944</u>	<u>\$ 1,101,152</u>	<u>\$ 733,710</u>

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>

Additional information about the maturity analysis for financial liabilities:

March 31, 2026

	Less than 5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Non-interest bearing	<u>\$ 899,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Lease liabilities	<u>\$ 138,197</u>	<u>\$ 56,795</u>	<u>\$ 16,435</u>	<u>\$ 2,465</u>	<u>\$ -</u>
Long-term borrowings	<u>\$ 1,327,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2025

	Less than 5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Non-interest bearing	<u>\$ 936,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Lease liabilities	<u>\$ 157,729</u>	<u>\$ 59,611</u>	<u>\$ 16,435</u>	<u>\$ 3,287</u>	<u>\$ -</u>
Long-term borrowings	<u>\$ 1,723,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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>

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, 2026

	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	\$ 706,980	\$ 713,150	\$ -	\$ -	\$ -
Outflows	<u>(721,440)</u>	<u>(721,440)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (14,460)</u>	<u>\$ (8,290)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 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	\$ 727,962	\$ 765,503	\$ -	\$ -	\$ -
Outflows	<u>(738,934)</u>	<u>(770,378)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (10,972)</u>	<u>\$ (4,875)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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>

26. TRANSACTIONS WITH RELATED PARTIES

The Company's parent company is Taiwan Semiconductor Manufacturing Company (TSMC), which held 67.11% and 67.28% of the ordinary shares of the Company on March 31, 2026 and 2025, 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>2026</u>	<u>2025</u>
Xintec	\$ 61,732	\$ 110,093
TSMC	<u>1,019</u>	<u>503</u>
	<u>\$ 62,751</u>	<u>\$ 110,596</u>

c. Purchases of goods

<u>Related Party Category/Name</u>	<u>For the Three Months Ended March 31</u>	
	<u>2026</u>	<u>2025</u>
<u>For manufacturing</u>		
TSMC	<u>\$ 4,201</u>	<u>\$ 943</u>

d. Rental income

<u>Related Party Category/Name</u>	<u>For the Three Months Ended March 31</u>	
	<u>2026</u>	<u>2025</u>
GUC	\$ 23,396	\$ 17,310
TSMC	<u>57,979</u>	<u>180</u>
	<u>\$ 81,375</u>	<u>\$ 17,490</u>

e. Interest expense

<u>Related Party Category/Name</u>	<u>For the Three Months Ended March 31</u>	
	<u>2026</u>	<u>2025</u>
Xintec	\$ 417	\$ 999
Others	<u>14</u>	<u>14</u>
	<u>\$ 431</u>	<u>\$ 1,013</u>

f. Contract assets

Related Party Category/Name	March 31, 2026	December 31, 2025	March 31, 2025
Xintec	<u>\$ 752</u>	<u>\$ 724</u>	<u>\$ 3,288</u>

g. Receivables from related parties

Related Party Category/Name	March 31, 2026	December 31, 2025	March 31, 2025
Xintec	\$ 40,270	\$ 46,003	\$ 87,866
Others	<u>-</u>	<u>-</u>	<u>55</u>
	<u>\$ 40,270</u>	<u>\$ 46,003</u>	<u>\$ 87,921</u>

h. Other receivables

Related Party Category/Name	March 31, 2026	December 31, 2025	March 31, 2025
TSMC	<u>\$ 67,812</u>	<u>\$ 53,426</u>	<u>\$ 42</u>

i. Accrued expenses and other current liabilities

Related Party Category/Name	March 31, 2026	December 31, 2025	March 31, 2025
TSMC	<u>\$ 3,682</u>	<u>\$ 3,261</u>	<u>\$ 838</u>

j. Prepayments

Related Party Category/Name	March 31, 2026	December 31, 2025	March 31, 2025
TSMC	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 468</u>

k. 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, 2026	December 31, 2025	March 31, 2025
Lease liabilities	Xintec	<u>\$ 63,819</u>	<u>\$ 82,729</u>	<u>\$ 138,817</u>

Related Party Category/Name	For the Three Months Ended March 31	
	2026	2025
<u>Interest expense</u>		
Xintec	\$ <u>417</u>	\$ <u>999</u>
<u>Lease expense</u>		
Xintec	\$ <u>600</u>	\$ <u>1,113</u>

l. Deposit guarantee

Related Party Category/Name	March 31, 2026	December 31, 2025	March 31, 2025
GUC	\$ 3,304	\$ 3,304	\$ 3,304
Others	<u>6</u>	<u>6</u>	<u>-</u>
	<u>\$ 3,310</u>	<u>\$ 3,310</u>	<u>\$ 3,304</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, 2026 and 2025, no impairment loss was recognized for contract assets from related parties.

m. Others

<u>Item</u>	<u>Related Party Categories</u>	Three Months Ended March 31	
		2026	2025
Manufacturing expenses	Xintec	\$ 600	\$ 1,113
	TSMC	<u>16</u>	<u>219</u>
		<u>\$ 616</u>	<u>\$ 1,332</u>
Research and development	TSMC	\$ <u>4,244</u>	\$ <u>296</u>
General and administrative	TSMC	\$ <u>20</u>	\$ <u>20</u>
Other income and expenses	TSMC	\$ <u>20,996</u>	\$ <u>-</u>

The Company provides engineering services for TSMC's plant facilities and offices, as well as facility operation services. Contract payments are settled on a monthly basis, while other income is recognized under the 'Other income and expenses' line item.

n. 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	
	2026	2025
Short-term employee benefits	\$ 19,836	\$ 15,545
Post-employment benefits	135	162
Share-based payment	<u>7,846</u>	<u>-</u>
	<u>\$ 27,817</u>	<u>\$ 15,707</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 March 31, 2026, December 31, 2025 and March 31, 2025, 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 March 31, 2026, December 31, 2025 and March 31, 2025 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:

March 31, 2026

	Foreign Currencies (In Thousands)	Exchange Rate (Note)
<u>Financial assets</u>		
Monetary items		
USD	\$ 49,107	32.064
JPY	706,331	0.2012
EUR	54	36.768
CHF	2	40.160

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate (Note)
<u>Financial liabilities</u>		
Monetary items		
USD	\$ 3,811	32.064
JPY	714,803	0.2012
EUR	121	36.768
		(Concluded)

December 31, 2025

	Foreign Currencies (In Thousands)	Exchange Rate (Note)
<u>Financial assets</u>		
Monetary items		
USD	\$ 50,265	31.444
JPY	547,789	0.2013
EUR	50	37.003
CHF	2	39.690

Financial liabilities

Monetary items		
USD	3,035	31.444
JPY	546,737	0.2013
EUR	114	37.003

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

Financial liabilities

Monetary items		
USD	2,513	33.205
JPY	130,406	0.2214
EUR	-	35.928

Note: Please refer to Note 19 for foreign exchange gain and loss for the three months ended March 31, 2026 and 2025. 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. (Table 1)
 - 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 2)
 - 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)

VISERA TECHNOLOGIES COMPANY LTD.

**SIGNIFICANT MARKETABLE SECURITIES HELD
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2026				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
VisEra	United Microelectronics Corporation 1st unsecured straight corporate bond A in 2025	-	Financial assets at amortized cost	Not applicable	\$ 99,998	Not applicable	\$ 100,788	-
	HFC Ltd. 2nd Unsecured Corporate Bond Issue in 2025, Bond A	-	"	Not applicable	99,967	Not applicable	100,626	-

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, 2026
(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	\$ 61,732	3	60 days after monthly closing	Note 26	Note 26	\$ 40,270	4	-