

# **Data Image Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2024 and 2023 and  
Independent Auditors' Review Report**

## **Independent Auditors' Review Report**

The Board of Directors and Shareholders  
Data Image Corporation

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Data Image Corporation and its subsidiaries, as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the following paragraph, 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 the consolidated 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.

### **Basis for Qualified Conclusion**

As disclosed in Note 12 to the consolidated financial statements, the balances of investments accounted for using the equity method as of March 31, 2024 and 2023 were \$9,387 thousand (including an investment credit balance of \$737 thousand using the equity method) and \$12,371 thousand, respectively; The net comprehensive income recognized for the three months ended March 31, 2024 and 2023 were \$1,813 thousand and \$666 thousand, respectively. Information related to the investees as described in Note 35 of the consolidated financial statements was recognized and disclosed based on the investee companies' financial statements for the same periods, which were not reviewed by auditors.

## **Qualified Conclusion**

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of Data Image Corporation and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 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 Chih-Ming Shao and Kuo-Ning Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 2, 2024

## **Notice to Readers**

*The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors’ review report and the accompanying consolidated 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 consolidated financial statements shall prevail.*

Data Image Corporation and Its Subsidiaries  
Consolidated Balance Sheets  
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
<b>Current assets</b>						
Cash and cash equivalents (Note 6)	\$ 1,584,264	40	\$ 947,955	29	\$ 903,288	24
Financial assets at fair value through profit or loss - Current (Note 7)	-	-	8,614	-	1,323	-
Notes receivable (Notes 9 and 24)	-	-	-	-	410	-
Accounts receivable (Notes 9 and 24)	627,593	16	541,553	17	727,456	20
Accounts receivable from related parties (Notes 24 and 31)	12,311	-	5,903	-	34,937	1
Other receivables (Note 9)	14,815	-	11,278	-	17,008	1
Other receivables from related parties (Note 31)	3,500	-	2,857	-	3,806	-
Current tax assets	1,236	-	238	-	2,879	-
Inventories (Note 10)	589,260	15	601,759	18	788,447	21
Other current assets (Notes 18 and 31)	16,178	-	17,492	1	29,352	1
Total current assets	<u>2,849,157</u>	<u>71</u>	<u>2,137,649</u>	<u>65</u>	<u>2,508,906</u>	<u>68</u>
<b>Non-current assets</b>						
Financial assets at fair value through other comprehensive income - Non-current (Note 8)	5,102	-	4,611	-	3,232	-
Investments accounted for using the equity method (Note 12)	10,124	-	8,874	-	12,371	-
Property, plant and equipment (Notes 13)	790,280	20	787,051	24	800,808	22
Right-of-use assets (Notes 14)	26,905	1	30,137	1	26,594	1
Investment property (Note 15)	-	-	-	-	15,408	-
Goodwill (Note 16)	164,826	4	164,826	5	164,826	5
Intangible assets (Note 17)	67,827	2	73,021	2	87,550	2
Deferred tax assets	55,319	1	59,177	2	53,410	1
Net defined benefit assets - Non-current	2,196	-	2,196	-	2,196	-
Other non-current assets (Notes 18 and 32)	19,738	1	16,223	1	19,930	1
Total current assets	<u>1,142,317</u>	<u>29</u>	<u>1,146,116</u>	<u>35</u>	<u>1,186,325</u>	<u>32</u>
Total assets	<u>\$ 3,991,474</u>	<u>100</u>	<u>\$ 3,283,765</u>	<u>100</u>	<u>\$ 3,695,231</u>	<u>100</u>
<b>Liabilities and equity</b>						
<b>Current liabilities</b>						
Short-term borrowings (Note 19)	\$ 88,592	2	\$ 86,728	3	\$ 88,754	2
Financial liabilities at fair value through profit or loss - Current (Note 7)	5,384	-	-	-	844	-
Contract liabilities - Current (Notes 24 and 31)	93,029	2	90,266	3	103,245	3
Notes payable (Note 20)	329	-	307	-	413	-
Accounts payable (Note 20)	455,799	12	366,621	11	446,289	12
Accounts payable from related parties (Note 31)	39,104	1	21,791	1	9,557	-
Other payables (Note 21)	424,949	11	204,170	6	435,475	12
Other payables from related parties (Note 31)	128,489	3	19,432	1	153,744	4
Current tax liabilities	97,316	3	84,564	3	138,692	4
Provisions - Current	11,669	-	12,686	-	14,766	-
Lease liabilities - Current (Notes 14 and 31)	10,912	-	12,637	-	10,738	-
Long-term borrowings due within one year (Note 19)	-	-	-	-	20,000	1
Other current liabilities	12,192	-	13,149	-	16,007	1
Total current liabilities	<u>1,367,764</u>	<u>34</u>	<u>912,351</u>	<u>28</u>	<u>1,438,524</u>	<u>39</u>
<b>Non-current liabilities</b>						
Long-term borrowings (Note 19)	-	-	-	-	100,000	3
Deferred tax liabilities	45,339	1	46,066	2	48,987	1
Lease liabilities - Non-current (Notes 14 and 31)	7,443	1	9,150	-	8,976	-
Net defined benefit liabilities - Non-current	68	-	185	-	735	-
Guarantee deposits received	473	-	464	-	474	-
Other non-current liabilities (Note 12)	737	-	1,590	-	-	-
Total non-current liabilities	<u>54,060</u>	<u>2</u>	<u>57,455</u>	<u>2</u>	<u>159,172</u>	<u>4</u>
Total liabilities	<u>1,421,824</u>	<u>36</u>	<u>969,806</u>	<u>30</u>	<u>1,597,696</u>	<u>43</u>
<b>Equity</b>						
<b>Equity attributable to owners of the Company</b>						
Share capital	780,996	19	693,996	21	693,996	19
Capital surplus	480,521	12	60,000	2	60,000	2
<b>Retained earnings</b>						
Legal reserve	137,054	3	137,054	4	94,830	2
Special reserves	20,397	1	20,397	1	26,299	1
Unappropriated earnings	369,545	9	598,919	18	435,065	12
Total retained earnings	<u>526,996</u>	<u>13</u>	<u>756,370</u>	<u>23</u>	<u>556,194</u>	<u>15</u>
Other equity	(15,667)	-	(26,854)	(1)	(17,316)	(1)
Total equity of owners of the Company	1,772,846	44	1,483,512	45	1,292,874	35
Non-controlling interests	796,804	20	830,447	25	804,661	22
Total equity	<u>2,569,650</u>	<u>64</u>	<u>2,313,959</u>	<u>70</u>	<u>2,097,535</u>	<u>57</u>
Total liabilities and equity	<u>\$ 3,991,474</u>	<u>100</u>	<u>\$ 3,283,765</u>	<u>100</u>	<u>\$ 3,695,231</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 2, 2024)

Data Image Corporation and Its Subsidiaries  
Consolidated Statements of Comprehensive Income  
(In Thousands of New Taiwan Dollars; Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
Operating revenue (Notes 24 and 31)	\$ 861,386	100	\$ 1,069,599	100
Operating cost (Notes 10, 17, 25, and 31)	<u>654,004</u>	<u>76</u>	<u>815,730</u>	<u>76</u>
Gross profit	207,382	24	253,869	24
Realized gain on transactions	<u>290</u>	<u>-</u>	<u>645</u>	<u>-</u>
Realized gross profit	<u>207,672</u>	<u>24</u>	<u>254,514</u>	<u>24</u>
Operating expenses (Notes 17, 25, and 31)				
Selling expenses	31,455	4	30,185	3
General and administrative expenses	54,998	6	53,867	5
Research and development expenses	49,241	6	47,984	4
Expected credit loss(gain)	( 8,553 )	( 1 )	<u>5,511</u>	<u>1</u>
Total operating expenses	<u>127,141</u>	<u>15</u>	<u>137,547</u>	<u>13</u>
Operating income	<u>80,531</u>	<u>9</u>	<u>116,967</u>	<u>11</u>
Non-operating income and expenses (Notes 25 and 31)				
Interest income	1,819	-	790	-
Other income	1,138	-	1,632	-
Other gains and losses	( 3,169 )	-	( 5,672 )	-
Finance cost	( 857 )	-	( 1,891 )	-
Share of profit or loss of associates	<u>1,355</u>	<u>-</u>	<u>802</u>	<u>-</u>
Total non-operating income and expenses	<u>286</u>	<u>-</u>	<u>( 4,339 )</u>	<u>-</u>
Income before income tax	80,817	9	112,628	11
Income tax expenses (Note 26)	<u>19,838</u>	<u>2</u>	<u>23,042</u>	<u>2</u>
Net profit for the year	<u>60,979</u>	<u>7</u>	<u>89,586</u>	<u>9</u>
Other comprehensive income (Note 23)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gains(losses) on investments in equity instruments at fair value through other comprehensive income	491	-	212	-

(Continued)

Data Image Corporation and Its Subsidiaries  
Consolidated Statements of Comprehensive Income  
(In Thousands of New Taiwan Dollars; Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of foreign operations	\$ 11,563	1	\$ 2,946	-
Other comprehensive income (loss) for the year, net of income tax	<u>12,054</u>	<u>1</u>	<u>3,158</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 73,033</u>	<u>8</u>	<u>\$ 92,744</u>	<u>9</u>
Net profit attributable to:				
Owners of the Company	\$ 48,224	6	\$ 78,734	7
Non-controlling interests	<u>12,755</u>	<u>1</u>	<u>10,852</u>	<u>1</u>
	<u>\$ 60,979</u>	<u>7</u>	<u>\$ 89,586</u>	<u>8</u>
Total comprehensive income attributable to:				
Owners of the Company	\$ 59,411	7	\$ 81,815	8
Non-controlling interests	<u>13,622</u>	<u>1</u>	<u>10,929</u>	<u>1</u>
	<u>\$ 73,033</u>	<u>8</u>	<u>\$ 92,744</u>	<u>9</u>
Earnings per share (Note 27)				
Basic earnings per share	<u>\$ 0.69</u>		<u>\$ 1.13</u>	
Diluted earnings per share	<u>\$ 0.68</u>		<u>\$ 1.12</u>	

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

(With Deloitte & Touche review report dated May 2, 2024)

Data Image Corporation and Its Subsidiaries  
Consolidated Statement of Changes in Equity  
For the three months ended March 31, 2024 and 2023  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					Other equity items (Note 23)		Total	Non-Controlling Interests (Note 23)	Total Equity
	Share Capital (Note 23)	Capital Surplus (Notes 23 and 28)	Retained Earnings (Note 23)			Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Valuation Gains or Losses on Financial Assets at Fair Value through Other Comprehensive Income			
			Legal Reserve	Special Reserves	Unappropriated Earnings					
Balance on January 1, 2023	\$ 693,996	\$ 60,000	\$ 94,830	\$ 26,299	\$ 703,329	(\$ 19,976)	(\$ 421)	\$ 1,558,057	\$ 831,544	\$ 2,389,601
Appropriation of 2022 earnings:										
Cash dividends distributed by the Company	-	-	-	-	( 346,998 )	-	-	( 346,998 )	-	( 346,998 )
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	( 37,812 )	( 37,812 )
Net profit for the three months ended March 31, 2023	-	-	-	-	78,734	-	-	78,734	10,852	89,586
Other comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	3,006	75	3,081	77	3,158
Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	78,734	3,006	75	81,815	10,929	92,744
Balance on March 31, 2023	<u>\$ 693,996</u>	<u>\$ 60,000</u>	<u>\$ 94,830</u>	<u>\$ 26,299</u>	<u>\$ 435,065</u>	<u>(\$ 16,970)</u>	<u>(\$ 346)</u>	<u>\$ 1,292,874</u>	<u>\$ 804,661</u>	<u>\$ 2,097,535</u>
Balance on January 1, 2024	\$ 693,996	\$ 60,000	\$ 137,054	\$ 20,397	\$ 598,919	(\$ 26,998)	\$ 144	\$ 1,483,512	\$ 830,447	\$ 2,313,959
Appropriation of 2023 earnings:										
Cash dividends distributed by the Company	-	-	-	-	( 277,598 )	-	-	( 277,598 )	-	( 277,598 )
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	( 47,265 )	( 47,265 )
Net profit for the three months ended March 31, 2024	-	-	-	-	48,224	-	-	48,224	12,755	60,979
Other comprehensive income for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	11,013	174	11,187	867	12,054
Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	48,224	11,013	174	59,411	13,622	73,033
Issuance of ordinary shares for cash	87,000	419,160	-	-	-	-	-	506,160	-	506,160
Share-based payments	-	1,361	-	-	-	-	-	1,361	-	1,361
Balance on March 31, 2024	<u>\$ 780,996</u>	<u>\$ 480,521</u>	<u>\$ 137,054</u>	<u>\$ 20,397</u>	<u>\$ 369,545</u>	<u>(\$ 15,985)</u>	<u>\$ 318</u>	<u>\$ 1,772,846</u>	<u>\$ 796,804</u>	<u>\$ 2,569,650</u>

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

(With Deloitte & Touche review report dated May 2, 2024)

Data Image Corporation and Its Subsidiaries  
Consolidated Statements of Cash Flows  
(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
Cash flows from operating activities		
Income before income tax	\$ 80,817	\$ 112,628
Adjustments for:		
Depreciation expenses	16,434	15,844
Amortization expenses	5,241	5,350
Expected credit loss (reversed) recognized	( 8,553 )	5,511
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	21,823	2,325
Finance cost	857	1,891
Interest income	( 1,819 )	( 790 )
Share-based payments	1,361	-
Share of profit or loss of associates	( 1,355 )	( 802 )
Loss on disposal of property, plant and equipment	18	92
Write-down of inventories	3,624	6,132
Realized gain on transactions with associates	( 290 )	( 645 )
Changes in operating assets and liabilities		
Financial assets mandatorily measured at fair value through profit or loss	437	16,972
Accounts receivable	( 86,358 )	( 22,932 )
Accounts receivable from related parties	2,445	102,993
Other receivables	( 3,512 )	2,145
Other receivables from related parties	( 643 )	862
Inventories	8,875	153,039
Other current assets	1,314	( 2,690 )
Financial liabilities at fair value through profit or loss	( 8,262 )	( 21,889 )
Contract liabilities - Current	2,763	10,957
Notes payable	22	199
Accounts payable	89,178	( 120,525 )
Accounts payable from related parties	17,313	( 35,350 )
Other payables	( 869 )	( 57,393 )
Other payables from related parties	2,608	3,257
Provisions	( 1,017 )	1,667
Other current liabilities	( 957 )	762
Net defined benefit liabilities	( 117 )	( 137 )
Cash generated from operations	141,378	179,473
Interest received	1,794	699
Interest paid	( 855 )	( 1,901 )
Income tax paid	( 4,319 )	( 13,605 )
Net cash generated from operating activities	<u>137,998</u>	<u>164,666</u>

(Continued)

Data Image Corporation and Its Subsidiaries  
Consolidated Statements of Cash Flows  
(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
Cash flows from investing activities		
Payments for property, plant and equipment	(\$ 9,926)	(\$ 6,624)
Increase in refundable deposits	-	( 167)
Decrease in refundable deposits	70	1,113
Payments for intangible assets	<u>-</u>	<u>( 742)</u>
Net cash used in investing activities	<u>( 9,856)</u>	<u>( 6,420)</u>
Cash flows from financing activities		
Repayment of long-term borrowings	-	( 100,000)
Repayment of the principal portion of lease liabilities	( 3,432)	( 2,661)
Proceeds from issuance of ordinary shares	<u>505,526</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>502,094</u>	<u>( 102,661)</u>
Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>6,073</u>	<u>1,238</u>
Net increase in cash and cash equivalents	636,309	56,823
Cash and cash equivalents at the beginning of the year	<u>947,955</u>	<u>846,465</u>
Cash and cash equivalents at the end of the year	<u>\$ 1,584,264</u>	<u>\$ 903,288</u>

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

(With Deloitte & Touche review report dated May 2, 2024)

Data Image Corporation and Its Subsidiaries  
Notes to the Consolidated Financial Statements  
For the three months ended March 31, 2024 and 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. General information

Data Image Corporation (the "Company") was approved by the Ministry of Economic Affairs on November 22, 1997 for establishment. Its scope of business is the design, manufacturing, and sales of LCD touch modules and LCD modules.

The Company's shares have been listed on the Taiwan Stock Exchange (TSE) since March 26, 2024.

The consolidated financial statements are presented in the New Taiwan Dollar, which is the Company's functional currency.

2. Date and procedure for approving the financial statements

These consolidated financial statements were approved by the Board on May 2, 2024.

3. Application of new and amended standards and interpretations

- a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (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 result in significant changes in the consolidated company's accounting policies and did not have a significant impact on the consolidated financial position and consolidated financial performance of the consolidated company.

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

<u>New/Amended/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
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosures in Financial Statements"	January 1, 2027
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

#### IFRS 18 “Presentation and Disclosures in Financial Statements”

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

- (1) 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.
- (2) 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.
- (3) Provides guidance to enhance the requirements of aggregation and disaggregation: The Group 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 Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.
- (4) Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

#### 4. Summary of significant accounting policies

##### a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, or other regulations and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

Except for financial instruments at fair value and net defined benefit assets and liabilities recognized at the current value of the defined benefit obligations less the fair value of plan assets, the consolidated financial statements are prepared on the basis of historical cost.

The fair value is divided into Level 1 to Level 3 according to the observable degree and importance of the relevant input value:

- (1) Level 1 inputs: Refer to quoted prices (unadjusted) in active markets for identical assets or liabilities available on the measurement date.
- (2) Level 2 inputs: Refer to inputs, other than quoted prices in Level 1, that are observable, either directly (i.e., prices) or indirectly (i.e., derived from prices) for the asset or liability.
- (3) Level 3 inputs: Refer to unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Please refer to Note 11, Table 6 and Table 7 for details of subsidiaries, shareholding ratio and scope of business.

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

(1) Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

(2) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events

(3) 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 Group'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 material accounting judgments and key sources of estimation applied to these consolidated financial statements are consistent with those applied to the consolidated financial statements for the year ended December 31, 2023.

6. Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and petty cash	\$ 153	\$ 226	\$ 217
Checking accounts and demand deposits	735,711	514,529	586,490
Cash equivalents			
Time deposits	<u>848,400</u>	<u>433,200</u>	<u>316,581</u>
	<u>\$ 1,584,264</u>	<u>\$ 947,955</u>	<u>\$ 903,288</u>

7. Financial instruments at fair value through profit or loss

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets - Current</u>			
Financial assets mandatorily measured as at fair value through profit or loss			
Derivative instruments (not under hedge accounting)			
Foreign exchange swap contract (a)	\$ -	\$ 8,614	\$ 1,224
Foreign currency forward contracts (b)	-	-	99
	<u>\$ -</u>	<u>\$ 8,614</u>	<u>\$ 1,323</u>
<u>Financial liabilities - Current</u>			
Held for trading			
Derivatives instruments (not under hedge accounting)			
Foreign exchange swap contract (a)	\$ 5,335	\$ -	\$ 206
Foreign currency forward contracts (b)	49	-	638
	<u>\$ 5,384</u>	<u>\$ -</u>	<u>\$ 844</u>

- a. The foreign exchange swap contracts not subject to hedge accounting and not yet due on the balance sheet date are as follows:

March 31, 2024

	Currency	Maturity Date	Contract Amount (In Thousands)
Sell	USD/NTD	2024.04.02~2024.04.25	USD12,000/NTD 378,005

December 31, 2023

	Currency	Maturity Date	Contract Amount (In Thousands)
Sell	USD/NTD	2024.01.03~2024.01.30	USD14,350/NTD 448,510

March 31, 2023

	Currency	Maturity Date	Contract Amount (In Thousands)
Sell	USD/NTD	2023.04.06~2023.04.28	USD24,120/NTD735,132

The purpose of the consolidated company's forward exchange contracts is to avoid the risks of assets and liabilities denominated in foreign currencies due to exchange rate fluctuations.

- b. The foreign currency forward contracts not subject to hedge accounting and not yet due on the balance sheet date are as follows:

March 31, 2024

	<u>Currency</u>	<u>Expiry date</u>	<u>Contract Amount (In Thousands)</u>
Sell	RMB/USD	2024.04.15~2024.04.26	RMB13,049/USD1,800

December 31, 2023

	<u>Currency</u>	<u>Expiry date</u>	<u>Contract Amount (In Thousands)</u>
Sell	USD/RMB	2023.04.07~2023.04.24	USD4,100/RMB28,265

The purpose of the consolidated company's forward exchange transactions is to avoid the risks of assets and liabilities denominated in foreign currencies due to exchange rate fluctuations.

8. Financial assets at fair value through other comprehensive income

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Non-current</u>			
Investments in equity instruments			
Domestic unlisted stocks	\$ <u>5,102</u>	\$ <u>4,611</u>	\$ <u>3,232</u>

The ordinary shares of Insight Genomics Inc. and Renown Information Technology Corp. are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. Notes receivable, accounts receivable and other receivables

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Notes receivable</u>			
Operating	\$ <u>-</u>	\$ <u>-</u>	\$ <u>410</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 630,445	\$ 544,087	\$ 731,870
Less: Loss allowance	( <u>2,852</u> )	( <u>2,534</u> )	( <u>4,414</u> )
	\$ <u>627,593</u>	\$ <u>541,553</u>	\$ <u>727,456</u>
<u>Other receivables</u>			
Business tax refunds receivable	\$ 10,633	\$ 7,197	\$ 10,121
Others	<u>4,152</u>	<u>4,081</u>	<u>6,887</u>
	\$ <u>14,815</u>	\$ <u>11,278</u>	\$ <u>17,008</u>

a. Accounts receivable

The consolidated company's average credit period for sales is upon shipment or O/A 30 to 160 days. No interest is accrued on accounts receivable. The consolidated company shall consider the changes in the credit quality from the initial credit date to the balance sheet date. The consolidated company will use publicly available financial information and historical transaction records to rate new customers and major customers, respectively. The consolidated company continuously monitors the credit exposure and the credit rating of the counterparties and manages the exposure through second reviews and the approval of credit limits for counterparties.

The consolidated company recognizes the loss allowance for accounts receivable based on the lifetime ECL. The lifetime ECLs are calculated using an allowance matrix, which takes into account the customer's past default history and current financial position. As the consolidated company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, the allowance matrix does not further divide the customer groups and only sets the ECL rate based on the number of days past due on accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the consolidated company cannot reasonably expect to recover the amount, the consolidated company will directly write off the relevant accounts receivable; however, it will continue to collect the receivables. The amount recovered through collection is recognized in profit or loss.

The consolidated company's loss allowance on accounts receivable measured based on the allowance matrix is as follows:

March 31, 2024

	Counterparty without Sign of Default		Counterparty with Sign of Default	Total
	Not Past Due	Overdue 1 to 90 Days		
Expected credit loss rate	0.0%~0.5%	0.0%~0.5%	100.0%	
Gross carrying amount	\$ 584,809	\$ 44,788	\$ 848	\$ 630,445
Loss allowance (Lifetime ECLs)	( 1,806)	( 198)	( 848)	( 2,852)
Amortized cost	<u>\$ 583,003</u>	<u>\$ 44,590</u>	<u>\$ -</u>	<u>\$ 627,593</u>

December 31, 2023

	Counterparty without Sign of Default		Counterparty with Sign of Default	Total
	Not Past Due	Overdue 1 to 90 Days		
Expected credit loss rate	0.0%~0.5%	0.0%~0.5%	100.0%	
Gross carrying amount	\$ 485,616	\$ 57,641	\$ 830	\$ 544,087
Loss allowance (Lifetime ECLs)	( 1,474)	( 230)	( 830)	( 2,534)
Amortized cost	<u>\$ 484,142</u>	<u>\$ 57,411</u>	<u>\$ -</u>	<u>\$ 541,553</u>

March 31, 2023

	Counterparty without Sign of Default		Counterparty with Sign of Default	Total
	Not Past Due	Overdue 1 to 90 Days		
Expected credit loss rate	0.00%~ 0.89%	0.00%~ 53.75%	100.00%	
Gross carrying amount	\$ 691,445	\$ 39,562	\$ 863	\$ 731,870
Loss allowance (Lifetime ECLs)	( 2,313 )	( 1,238 )	( 863 )	( 4,414 )
Amortized cost	<u>\$ 689,132</u>	<u>\$ 38,324</u>	<u>\$ -</u>	<u>\$ 727,456</u>

Information on changes in the loss allowance for accounts receivable is as follows:

	For the three months ended March 31	
	2024	2023
Balance at January 1	\$ 2,534	\$ 3,856
Add: Impairment loss recognized during the year	300	551
Foreign exchange gains and losses	12	7
Balance at March 31	<u>\$ 2,852</u>	<u>\$ 4,414</u>

b. Other receivables – Others

When determining the recoverability of other receivables, the consolidated company measures the loss allowance for other receivables based on the possibility of the recovery of the accounts. After assessing the operating status and the possibility of the recovery of the accounts, it provides loss allowances for accounts not recoverable.

Information on changes in the loss allowance for other receivables is as follows:

	For the three months ended March 31
	2023
Balance at January 1	\$ 2,118
Less: Impairment loss reversed during the year	( 1,543 )
Less: Amounts written off during the year	( 585 )
Foreign exchange gains and losses	10
Balance at March 31	<u>\$ -</u>

10. Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 322,724	\$ 314,472	\$ 425,478
Work in process	129,024	130,486	159,126
Finished goods	84,499	116,258	182,720
Merchandise	<u>53,013</u>	<u>40,543</u>	<u>21,123</u>
	<u>\$ 589,260</u>	<u>\$ 601,759</u>	<u>\$ 788,447</u>

The nature of cost of goods sold is as follows:

	For the three months ended March 31	
	2024	2023
Cost of inventories sold	\$ 647,229	\$ 809,075
Inventory write-downs	3,624	6,132
Inventory scrapping losses	3,151	523
	<u>\$ 654,004</u>	<u>\$ 815,730</u>

## 11. Subsidiaries

### a. Subsidiaries included in the consolidated financial statements

The entities included in the consolidated financial statements are as follows, and there is no subsidiary not included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Data Image (MAURITIUS) Corporation	Investment	100.00%	100.00%	100.00%	
The Company	DIVA Laboratories, Ltd.	Medical equipment manufacturing and sales	35.55%	35.55%	35.55%	(1) and (2)
DIVA Laboratories, Ltd.	DIVA Laboratories U.S., LLC.	Sales of monitor	100.00%	100.00%	100.00%	
	DIVA Laboratories GmbH	Sales of monitor	100.00%	100.00%	100.00%	(3)
	Panoramic Imaging Solutions Inc.	Sales of monitor	100.00%	100.00%	100.00%	
Diva Capital Inc.	Diva Capital Inc.	Reinvestment	100.00%	100.00%	100.00%	
Diva Holding Inc.	Diva Holding Inc.	Reinvestment	100.00%	100.00%	100.00%	
Diva Holding Inc.	Suzhou Diva Lab. Inc.	Wholesale and import and export of medical equipment	100.00%	100.00%	100.00%	
Data Image (MAURITIUS) Corporation	Data Image (Suzhou) Corporation	Manufacturing, processing, and sale of LCD touch modules and LCD modules	100.00%	100.00%	100.00%	

(1) The Company holds 35.55% of the equity and controls more than half of the directors of DIVA Laboratories, Ltd.. It is considered that the Company has the substantial ability to lead its relevant activities; therefore, it is included as a subsidiary.

(2) A subsidiary with significant non-controlling interests.

(3) On March 2, 2023, the Board resolved to dissolve DIVA Laboratories, Ltd. and liquidate the subsidiary - Panoramic Imaging Solutions Inc.; as of May 2, 2024, the liquidation has not been completed.

b. Information on subsidiaries with material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		March 31, 2024	December 31, 2023	March 31, 2023
DIVA Laboratories, Ltd.	New Taipei City	64.45%	64.45%	64.45%

  

Name of Subsidiary	Profit (loss) allocated to non-controlling interests		Non-controlling interests		
	For the three months ended March 31, 2024	For the three months ended March 31, 2023	March 31, 2024	December 31, 2023	March 31, 2023
DIVA Laboratories, Ltd.	<u>\$ 12,755</u>	<u>\$ 10,852</u>	<u>\$ 796,804</u>	<u>\$ 830,447</u>	<u>\$ 804,661</u>

The aggregate financial information of the subsidiaries below is based on the amount before writing off the intercompany transactions:

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 1,012,465	\$ 956,405	\$ 960,615
Non-current assets	735,954	747,780	754,574
Current liabilities	( 303,362)	( 203,309)	( 257,583)
Non-current liabilities	( 43,936)	( 47,555)	( 44,295)
Equity	<u>\$ 1,401,121</u>	<u>\$ 1,453,321</u>	<u>\$ 1,413,311</u>
Equity attributable to:			
Owners of the Company	\$ 604,317	\$ 622,874	\$ 608,650
Non-controlling interests	<u>796,804</u>	<u>830,447</u>	<u>804,661</u>
	<u>\$ 1,401,121</u>	<u>\$ 1,453,321</u>	<u>\$ 1,413,311</u>
		For the three months ended March 31	
		2024	2023
Operating revenue		<u>\$ 222,388</u>	<u>\$ 248,795</u>
Net profit for the period		\$ 19,791	\$ 16,838
Other comprehensive income		1,344	119
Total comprehensive income		<u>\$ 21,135</u>	<u>\$ 16,957</u>
Net profit attributable to:			
Owners of the Company		\$ 7,036	\$ 5,986
Non-controlling interests		<u>12,755</u>	<u>10,852</u>
		<u>\$ 19,791</u>	<u>\$ 16,838</u>
Total comprehensive income attributable to:			
Owners of the Company		\$ 7,513	\$ 6,028
Non-controlling interests		<u>13,622</u>	<u>10,929</u>
		<u>\$ 21,135</u>	<u>\$ 16,957</u>

(Continued)

	For the three months ended March 31	
	2024	2023
Cash flow		
Operating activities	\$ 47,226	\$ 21,699
Investing activities	1,156	( 1,327)
Financing activities	( 665)	( 204)
Effect of exchange rate changes on cash and cash equivalents	705	( 100)
Net cash inflow	<u>\$ 48,422</u>	<u>\$ 20,068</u>

12. Investment accounted for using the equity method

Investment in associates

	March 31, 2024	December 31, 2023	March 31, 2023
Associates that are not individually material			
DMC Components International, LLC	<u>\$ 10,124</u>	<u>\$ 8,874</u>	<u>\$ 9,207</u>
The Linden Group Corp.	( 737)	( 1,590)	3,164
Add: Credit balance of investment accounted for using the equity method transferred to other non- current liabilities	<u>737</u>	<u>1,590</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>3,164</u>
Qubyx Limited	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,124</u>	<u>\$ 8,874</u>	<u>\$ 12,371</u>

Associates that are not individually material

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights		
			March 31, 2024	December 31, 2023	March 31, 2023
DMC Components International, LLC	Sales agency	Orlando, USA	30%	30%	30%
The Linden Group Corp.	Sales of monitor	USA	19%	19%	19%
Qubyx Limited	sales and Software design	United Kingdom	-	-	60%

The shareholding ratio of DIVA Laboratories, Ltd. in The Linden Group Corp. is less than 20%; however, DIVA Laboratories, Ltd. has material related-party transactions with the company and has material influence on the company.

The Linden Group Corp. recognized by DIVA Laboratories, Ltd. by using the equity method, as of March 31, 2024, had accumulated impairment losses of \$25,787 thousand

Marc Leppla, the former responsible person of QUBYX Limited, has filed a bankruptcy petition for QUBYX Limited to the court. DIVA Laboratories, Ltd. received the bankruptcy liquidation notice documents on July 3, 2020, obtained the liquidation report and completed the liquidation on November 2, 2023.

### 13. Property, plant and equipment

	Land	Buildings	Machinery	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2024	\$ 280,641	\$ 639,303	\$ 350,075	\$ 121,212	\$ 1,391,231
Additions	-	-	5,533	4,046	9,579
Disposals/derecognitions	-	-	-	( 4,184)	( 4,184)
Effects of foreign currency exchange differences	-	9,360	6,098	1,072	16,530
Balance at March 31, 2024	<u>\$ 280,641</u>	<u>\$ 648,663</u>	<u>\$ 361,706</u>	<u>\$ 122,146</u>	<u>\$ 1,413,156</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2024	\$ -	\$ 243,846	\$ 276,241	\$ 84,093	\$ 604,180
Depreciation expenses	-	5,284	3,754	3,963	13,001
Disposals/derecognitions	-	-	-	( 4,166)	( 4,166)
Effects of foreign currency exchange differences	-	4,335	4,827	699	9,861
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 253,465</u>	<u>\$ 284,822</u>	<u>\$ 84,589</u>	<u>\$ 622,876</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 280,641</u>	<u>\$ 395,457</u>	<u>\$ 73,834</u>	<u>\$ 37,119</u>	<u>\$ 787,051</u>
Carrying amount at March 31, 2024	<u>\$ 280,641</u>	<u>\$ 395,198</u>	<u>\$ 76,884</u>	<u>\$ 37,557</u>	<u>\$ 790,280</u>
<u>Cost</u>					
Balance at January 1, 2023	\$ 280,641	\$ 621,656	\$ 347,532	\$ 120,257	\$ 1,370,086
Additions	-	-	871	2,779	3,650
Disposals/derecognitions	-	-	( 458)	( 2,007)	( 2,465)
Effects of foreign currency exchange differences	-	3,035	2,045	354	5,434
Balance at March 31, 2023	<u>\$ 280,641</u>	<u>\$ 624,691</u>	<u>\$ 349,990</u>	<u>\$ 121,383</u>	<u>\$ 1,376,705</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	\$ -	\$ 215,023	\$ 271,874	\$ 75,254	\$ 562,151
Depreciation expenses	-	5,133	3,503	4,345	12,981
Disposals/derecognitions	-	-	( 413)	( 1,960)	( 2,373)
Effects of foreign currency exchange differences	-	1,309	1,629	200	3,138
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 221,465</u>	<u>\$ 276,593</u>	<u>\$ 77,839</u>	<u>\$ 575,897</u>
Carrying amount at March 31, 2023	<u>\$ 280,641</u>	<u>\$ 403,226</u>	<u>\$ 73,397</u>	<u>\$ 43,544</u>	<u>\$ 800,808</u>

Depreciation expenses are provided for on a straight-line basis based on the following useful lives:

Buildings	30 to 35 years
Machinery	2 to 10 years
Other equipment	2 to 10 years

14. Lease agreement

a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of right-of-use assets			
Land	\$ 9,524	\$ 9,404	\$ 8,183
Buildings	11,867	14,562	13,457
Transportation equipment	5,396	6,021	4,708
Office equipment	118	150	246
	<u>\$ 26,905</u>	<u>\$ 30,137</u>	<u>\$ 26,594</u>

	For the three months ended March 31	
	2024	2023
Depreciation expenses of right-of-use assets		
Land	\$ 81	\$ 68
Buildings	2,695	2,083
Transportation equipment	625	480
Office equipment	32	32
	<u>\$ 3,433</u>	<u>\$ 2,663</u>

Except for the additions and depreciation expenses recognized listed above, the consolidated company did not have any significant sublease or impairment of the right-of-use assets for the years ended March 31, 2024 and 2023.

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of lease liabilities			
Current	<u>\$ 10,912</u>	<u>\$ 12,637</u>	<u>\$ 10,738</u>
Non-current	<u>\$ 7,443</u>	<u>\$ 9,150</u>	<u>\$ 8,976</u>

The range of discount rates for lease liabilities is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	1.350%~2.023%	1.350%~2.023%	1.350%~1.450%
Transportation equipment	1.300%~2.150%	1.300%~2.150%	1.300%~1.500%
Office equipment	1.090%	1.090%	1.090%

c. Other lease information

	For the three months ended March 31	
	2024	2023
Expenses relating to short-term leases	\$ 400	\$ 1,404
Expenses relating to low-value asset leases	\$ 272	\$ 219
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 15	\$ 125
Total cash outflow for leases	( \$ 4,230 )	( \$ 4,438 )

The consolidated company has elected to apply the recognition exemption for other equipment leases that qualify as short-term leases and low-value asset leases to not recognize the related right-of-use assets and lease liabilities for such leases.

15. Investment property

	Buildings	Right-of-Use Assets	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 24,607	\$ 1,913	\$ 26,520
Effects of foreign currency exchange differences	179	13	192
Balance at March 31, 2023	<u>\$ 24,786</u>	<u>\$ 1,926</u>	<u>\$ 26,712</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ 10,800	\$ 224	\$ 11,024
Depreciation expenses	186	14	200
Effects of foreign currency exchange differences	79	1	80
Balance at March 31, 2023	<u>\$ 11,065</u>	<u>\$ 239</u>	<u>\$ 11,304</u>
Carrying amount at March 31, 2023	<u>\$ 13,721</u>	<u>\$ 1,687</u>	<u>\$ 15,408</u>

The right-of-use assets in the investment property are the land located in China that the consolidated company subleases in the form of operating leases.

The total lease payments to be received in the future for leasing out investment properties under operating leases are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Less than 1 year	\$ -	\$ -	\$ 4,503
1 to 3 years	-	-	1,823
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,326</u>

Investment properties are provided for on a straight-line basis based on the following useful lives:

Buildings	30 years
Right-of-use assets	50 years

The fair value of the consolidated company's investment property as of December 31, 2022 was \$33,444 thousand (RMB 7,591 thousand). After evaluation by the management of the consolidated company, there has been no significant change in fair value as of March 31, 2023, compared to December 31, 2022.

16. Goodwill

	<u>2024</u>	<u>2023</u>
Balance at January 1 and March 31	<u>\$ 164,826</u>	<u>\$ 164,826</u>

The consolidated company recorded a goodwill of \$164,826 thousand generated from the acquisition of DIVA Laboratories, Ltd. on October 27, 2021.

17. Intangible assets

	<u>Patents</u>	<u>Computer Software</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2024	\$ 114,508	\$ 44,084	\$ 158,592
Derecognitions	-	( 343 )	( 343 )
Effects of foreign currency exchange differences	-	116	116
Balance at March 31, 2024	<u>\$ 114,508</u>	<u>\$ 43,857</u>	<u>\$ 158,365</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2024	\$ 47,657	\$ 37,914	\$ 85,571
Amortization expenses	4,360	881	5,241
Derecognitions	-	( 343 )	( 343 )
Effects of foreign currency exchange differences	-	69	69
Balance at March 31, 2024	<u>\$ 52,017</u>	<u>\$ 38,521</u>	<u>\$ 90,538</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 66,851</u>	<u>\$ 6,170</u>	<u>\$ 73,021</u>
Carrying amount at March 31, 2024	<u>\$ 62,491</u>	<u>\$ 5,336</u>	<u>\$ 67,827</u>

(Continued)

	Patents	Computer Software	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 114,508	\$ 52,567	\$ 167,075
Additions	-	742	742
Effects of foreign currency exchange differences	-	35	35
Balance at March 31, 2023	<u>\$ 114,508</u>	<u>\$ 53,344</u>	<u>\$ 167,852</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ 30,217	\$ 44,719	\$ 74,936
Amortization expenses	4,360	990	5,350
Effects of foreign currency exchange differences	-	16	16
Balance at March 31, 2023	<u>\$ 34,577</u>	<u>\$ 45,725</u>	<u>\$ 80,302</u>
Carrying amount at March 31, 2023	<u>\$ 79,931</u>	<u>\$ 7,619</u>	<u>\$ 87,550</u>

Amortization expenses are provided for on a straight-line basis based on the following useful lives:

Patents	5 to 10 years
Computer software	3 to 5 years

Summary of amortization expenses by function:

	For the three months ended March 31	
	2024	2023
Manufacturing expenses	\$ 3,409	\$ 3,409
Selling and marketing expenses	174	174
General and administrative expenses	810	907
Research and development expenses	848	860
	<u>\$ 5,241</u>	<u>\$ 5,350</u>

18. Other assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Prepayments	\$ 14,499	\$ 16,433	\$ 28,078
Others	1,679	1,059	1,274
	<u>\$ 16,178</u>	<u>\$ 17,492</u>	<u>\$ 29,352</u>
<u>Non-current</u>			
Prepayment for equipment	\$ 7,996	\$ 4,417	\$ 7,773
Refundable deposits	6,517	6,581	6,932
Others	5,225	5,225	5,225
	<u>\$ 19,738</u>	<u>\$ 16,223</u>	<u>\$ 19,930</u>

For the amount of other non-current assets pledged as collateral, please refer to Note 32.

19. Borrowings

a. Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Credit borrowings	<u>\$ 88,592</u>	<u>\$ 86,728</u>	<u>\$ 88,754</u>

The interest rate range is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Credit borrowings	3.35%~3.60%	3.35%~3.60%	3.55%~3.60%

b. Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Credit borrowings	\$ -	\$ -	\$ 120,000
Less: Current portion	-	-	( 20,000)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>

The interest rate range is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Credit borrowings	-	-	1.77%~1.98%

The Company borrowed \$10,000 thousand and \$70,000 thousand from Yuanta Commercial Bank in July and August 2022, and it commenced to repay the principal on a quarterly basis for four installments in October 2023; the first three installments repay \$10,000 thousand principal, and the remaining repaid in the fourth installment. The Company has fully settled in advance in the second quarter of 2023.

The Company borrowed \$40,000 thousand from E.Sun Commercial Bank in November 2022, and it commenced to repay the principal of \$2,222 thousand on a monthly basis for 18 installments in June 2024. The Company has fully settled in advance in the second quarter of 2023.

20. Notes payable and accounts payable

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes payable</u>			
Operating	<u>\$ 329</u>	<u>\$ 307</u>	<u>\$ 413</u>
<u>Accounts payable</u>			
Operating	<u>\$ 455,799</u>	<u>\$ 366,621</u>	<u>\$ 446,289</u>

21. Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Dividend payable	\$ 218,414	\$ -	\$ 251,749
Payables for salaries or bonuses	60,047	81,764	37,964
Remunerations of employee	42,797	35,437	53,796
Payables for processing fees	15,810	12,264	10,737
Payables for annual leave	10,854	11,694	9,953
Payables for professional service fees	9,270	7,853	8,736
Remunerations of directors	2,414	3,410	3,369
Others	65,343	51,748	59,171
	<u>\$ 424,949</u>	<u>\$ 204,170</u>	<u>\$ 435,475</u>

22. Retirement benefit plans

For the three months ended March 31, 2024 and 2023, the pension expenses of defined benefit plans were \$0 thousand and \$2 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively.

23. Equity

a. Share capital

Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Authorized shares (in thousands)	200,000	200,000	200,000
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Issued and paid shares (in thousands)	78,100	69,400	69,400
Issued capital	<u>\$ 780,996</u>	<u>\$ 693,996</u>	<u>\$ 693,996</u>

The ordinary shares issued have a par value of \$10 per share, and each share is entitled to one voting right and the right to receive dividends.

To facilitate the initial public offering (IPO) of the company's shares, the board of directors resolved on December 27, 2023, to issue 8,700 thousand new shares through a cash capital increase, with a par value of \$10 per share. This cash capital increase plan was approved by the Taiwan Stock Exchange Corporation on January 9, 2024, and became effective on that date. The capital increase base date is set for March 22, 2024, and the change of registration was completed on April 8, 2024.

The issuance of the 8,700 thousand new shares through this cash capital increase includes 1,566 thousand shares for public offering, 870 thousand shares for employee subscription, and 6,264 thousand shares for competitive auction. Both the public offering and the employee subscription are issued at a premium of \$50 per share. The competitive auction shares are issued at a weighted average premium price of \$61.76 per share. The total amount received, after deducting underwriting-related fees, was \$505,526 thousand on March 22, 2024.

Within the authorized capital, 5,400 thousand shares are reserved for the issuance of employee stock warrants.

b. Capital surplus

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>			
Issuance of ordinary shares	<u>\$ 480,521</u>	<u>\$ 60,000</u>	<u>\$ 60,000</u>

Note: The capital surplus can be used to make up for losses, and can be used to distribute cash or capitalize on share capital when the Company has no losses. However, it shall be limited to a certain ratio of the paid-in capital each year when capitalizing on share capital.

c. Retained earnings and dividend policy

According to the Articles of Incorporation, the Company authorizes the Board to make a special resolution to distribute dividends and bonuses that should be distributed, in the form of cash, and report to the shareholders' meeting.

In accordance with the earning distribution policy of the Articles of Incorporation, if there is a profit in the final accounting, the Company shall pay tax and make up past losses, and then appropriate 10% as the legal reserve. However, when the legal reserve amounts to the Company's paid-in capital, the appropriation is not required. For the remaining, it shall appropriate or reverse the special reserve according to laws and regulations. If there is any remaining balance, the Board shall prepare a proposal for the distribution of the earnings, together with the accumulated unappropriated earnings, and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders. Regarding the distribution policies for the remuneration of employees and remuneration of Directors specified in the Articles of Incorporation, please refer to Note 25(7) Remuneration of employees and remuneration of Directors.

The Company's dividend policy complies with the current and future development plans, taking investment environments, capital requirements, and domestic/foreign competition status into account, and considers shareholders' interest and other factors. Shareholders' dividends or bonuses may be distributed in cash or stocks, in which cash dividends shall be no less than 10% of the total dividend.

The legal reserve shall be appropriated until the balance reaches the paid-in capital of the Company. Legal reserves may be used to offset losses. If the legal reserve exceeds 25% of the paid-in capital, and when the Company has no losses, it can be appropriate to capital and distributed in cash.

The proposals of the Company for 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Legal reserve	<u>\$ 27,891</u>	<u>\$ 42,224</u>
Special reserve	<u>\$ 6,457</u>	<u>(\$ 5,902)</u>
Cash dividends	<u>\$ 277,598</u>	<u>\$ 346,998</u>
Cash dividends per share (NT\$)	\$ 4.0	\$ 5.0

The above cash dividends were distributed by resolutions of the Board on March 1, 2024 and March 3, 2023, respectively. The distribution of the remaining earnings for the year 2022 was resolved at the shareholders' meeting on June 15, 2023. The distribution of the remaining earnings for the year 2023 is pending resolution at the shareholders' meeting scheduled for May 28, 2024.

d. Special reserve

	<u>For the three months ended March 31</u>	
	2024	2023
Balance at January 1 and March 31	<u>\$ 20,397</u>	<u>\$ 26,299</u>

The special reserve provided due to the exchange differences on the translation of the financial statements of foreign operations (including subsidiaries) is reversed in accordance with the Company's disposition ratio. When the Company loses its significant influence, the entire amount is reversed. When distributing earnings, a special reserve shall be provided supplementary for the difference of the special reserve provided for the net reduction to other equity accounted for at the end of the reporting period. Subsequently, if the balance of the reduction to other equity is reversed, the special reserve may be reversed regarding the reversed part for the distribution of earnings.

e. Other equity

(1) Exchange differences on the translation of financial statements of foreign operations

	<u>For the three months ended March 31</u>	
	2024	2023
Balance at January 1	( <u>\$ 26,998</u> )	( <u>\$ 19,976</u> )
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	<u>11,013</u>	<u>3,006</u>
Other comprehensive income recognized for the year	<u>11,013</u>	<u>3,006</u>
Balance at March 31	( <u>\$ 15,985</u> )	( <u>\$ 16,970</u> )

(2) Unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income

	For the three months ended March 31	
	2024	2023
Balance at January 1	\$ 144	(\$ 421)
Recognized for the year		
Unrealized gain (loss)		
Equity instruments	<u>174</u>	<u>75</u>
Other comprehensive income recognized for the year	<u>174</u>	<u>75</u>
Balance at March 31	<u>\$ 318</u>	<u>(\$ 346)</u>

f. Non-controlling interests

	For the three months ended March 31	
	2024	2023
Balance at January 1	\$ 830,447	\$ 831,544
Net profit for the year	12,755	10,852
Cash dividends distributed by subsidiaries	( 47,265)	( 37,812)
Other comprehensive income of the year		
Exchange differences on translation of financial statements of foreign operations	550	( 60)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	<u>317</u>	<u>137</u>
Balance at March 31	<u>\$ 796,804</u>	<u>\$ 804,661</u>

24. Revenue

a. Breakdown of revenue from contracts with customers

	For the three months ended March 31	
	2024	2023
LCD touch module	\$ 520,830	\$ 658,944
LCD module	116,682	156,542
Medical and industrial displays	157,466	179,019
Others	<u>66,408</u>	<u>75,094</u>
	<u>\$ 861,386</u>	<u>\$ 1,069,599</u>

b. Contract balance

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Notes and accounts receivable (Note 9)	<u>\$ 627,593</u>	<u>\$ 541,553</u>	<u>\$ 727,866</u>	<u>\$ 705,485</u>
Accounts receivable from related parties	<u>\$ 12,311</u>	<u>\$ 5,903</u>	<u>\$ 34,937</u>	<u>\$ 144,433</u>
Contract liabilities - Current	<u>\$ 93,029</u>	<u>\$ 90,266</u>	<u>\$ 103,245</u>	<u>\$ 92,288</u>

The change in contract liabilities is mainly due to the difference between the point of time fulfilling the performance obligation and the time of payment by the customer.

The amounts recognized as income in the current year from the contract liabilities at the beginning of the year for which the performance obligations have been fulfilled are as follows:

	For the three months ended March 31	
	2024	2023
From contract liabilities at the start of the year	<u>\$ 12,095</u>	<u>\$ 22,371</u>

25. Net profit for the year

a. Interest income

	For the three months ended March 31	
	2024	2023
Bank deposits	<u>\$ 1,819</u>	<u>\$ 790</u>

b. Other income

	For the three months ended March 31	
	2024	2023
Rental income		
Investment property	\$ -	\$ 1,832
Depreciation expenses of investment property	-	( 200 )
Others	<u>1,138</u>	<u>-</u>
	<u>\$ 1,138</u>	<u>\$ 1,632</u>

c. Other gains and losses

	For the three months ended March 31	
	2024	2023
Valuation gains (losses) on financial assets and liabilities		
Financial assets mandatorily measured at fair value through profit or loss	(\$ 8,177)	\$ 18,175
Financial liabilities held for trading	( 13,646)	( 20,500)
Net foreign exchange gains (losses)	17,130	( 7,977)
Losses on disposal of property, plant and equipment	( 18)	( 92)
Other gains	1,913	4,722
Other losses	( 371)	-
	<u>(\$ 3,169)</u>	<u>(\$ 5,672)</u>

d. Finance cost

	For the three months ended March 31	
	2024	2023
Interest on bank loans	\$ 769	\$ 1,815
Interest on lease liabilities	<u>88</u>	<u>76</u>
	<u>\$ 857</u>	<u>\$ 1,891</u>

e. Depreciation and amortization

	For the three months ended March 31	
	2024	2023
Property, plant and equipment	\$ 13,001	\$ 12,981
Right-of-use assets	3,433	2,663
Investment property	-	200
Intangible assets	<u>5,241</u>	<u>5,350</u>
	<u>\$ 21,675</u>	<u>\$ 21,194</u>
Summary of depreciation expenses by function:		
Operating cost	\$ 9,403	\$ 8,487
Operating expenses	7,031	7,157
Non-operating income and expenses	-	200
	<u>\$ 16,434</u>	<u>\$ 15,844</u>
Summary of amortization expenses by function:		
Operating cost	\$ 3,409	\$ 3,409
Operating expenses	<u>1,832</u>	<u>1,941</u>
	<u>\$ 5,241</u>	<u>\$ 5,350</u>

f. Employee benefits expense

	For the three months ended March 31	
	2024	2023
Short-term benefits	\$ 148,643	\$ 147,791
Post-employment benefits		
Defined contribution plan	8,827	11,197
Defined benefit plan (Note 22)	<u>-</u>	<u>2</u>
	<u>8,827</u>	<u>11,199</u>
Share-based payments		
Equity-settled (Note 28)	<u>1,361</u>	<u>-</u>
Other employee benefits	<u>12,326</u>	<u>14,108</u>
	<u>\$ 171,157</u>	<u>\$ 173,098</u>
Summary by function:		
Operating cost	\$ 83,647	\$ 89,157
Operating expenses	<u>87,510</u>	<u>83,941</u>
	<u>\$ 171,157</u>	<u>\$ 173,098</u>

g. Remuneration of employees and remuneration of Directors

According to the Articles of Incorporation, if there is a profit for the year, no less than 5% and no more than 20% shall be appropriated as the remuneration of employees, and no more than 1% shall be appropriated as the remuneration of Directors. Estimated employee compensation and director remuneration for the three months ended March 31, 2024, and 2023, is as follows:

Accrual rate

	For the three months ended March 31	
	2024	2023
Compensation of employees	8.00%	8.00%
Remuneration of Directors	0.75%	0.75%

Amount

	For the three months ended March 31	
	2024	2023
Compensation of employees	\$ 4,996	\$ 8,093
Remuneration of Directors	468	759

The remuneration of employees and Directors for 2023 and 2022 resolved by the Board on March 1, 2024 and March 3, 2023, respectively, is as follows:

Amount

	<u>2024</u>	<u>2023</u>
Compensation of employees	\$ 28,856	\$ 38,482
Remuneration of Directors	2,705	4,123

If there is still a change in the amount of the annual consolidated financial statements after the publication date, it will be treated as a change in the accounting estimate and will be adjusted and accounted for in the following year.

There is no difference between the actual amounts of employees' and directors' remuneration paid for 2022 and 2021 and the amounts recognized in the consolidated financial statements for 2022 and 2021.

For information on remuneration of employees and remuneration of Directors resolved by the Board, please visit the "Market Observation Post System" of the Taiwan Stock Exchange.

26. Income tax

a. Major components of income tax expenses recognized in profit or loss

	<u>For the three months ended</u> <u>March 31</u>	
	<u>2024</u>	<u>2023</u>
Current tax		
In respect of the current year	\$ 15,420	\$ 28,357
Adjustments for prior year	( 207)	( 1,196)
Others	<u>817</u>	<u>-</u>
	16,030	27,161
Deferred tax		
In respect of the current year	<u>3,808</u>	( <u>4,119</u> )
Income tax expenses recognized in profit or loss	<u>\$ 19,838</u>	<u>\$ 23,042</u>

b. Income tax recognized directly in equity

	<u>For the three months ended</u> <u>March 31</u>	
	<u>2024</u>	<u>2023</u>
Current tax		
Transaction costs attributed to the issuance of shares	<u>\$ 634</u>	<u>\$ -</u>

c. Assessment of income tax

The corporate income tax filings for the company and DIVA Laboratories, Ltd. for the fiscal year ending 2022 have been assessed and approved by the tax authorities.

27. Earnings per share

Unit: NT\$ per share

	For the three months ended March 31	
	2024	2023
Basic earnings per share	<u>\$ 0.69</u>	<u>\$ 1.13</u>
Diluted earnings per share	<u>\$ 0.68</u>	<u>\$ 1.12</u>

The earnings per share and the weighted average number of ordinary shares are as follows:

Net profit for the year

	For the three months ended March 31	
	2024	2023
Profit for the year attributable to owners of the Company	\$ 48,224	\$ 78,734
Effect of potentially dilutive ordinary shares: Compensation of employees	<u>          -</u>	<u>          -</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 48,224</u>	<u>\$ 78,734</u>

Number of shares (In thousand shares)

Weighted average number of ordinary shares used in the computation of basic earnings per share	70,356	69,400
Effect of potentially dilutive ordinary shares: Compensation of employees	<u>      346</u>	<u>      669</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>      70,702</u>	<u>      70,069</u>

If the consolidated company may choose to pay employees' remuneration in stock or cash, when calculating the diluted earnings per share, it is assumed that the employee's remuneration will be paid out in stock, and the potential ordinary shares are included in the weighted average number of outstanding shares when diluted to calculate diluted earnings per share. The dilutive effect of these potential ordinary shares will also be taken into account when calculating the diluted earnings per share before the number of shares to be distributed to employees in the following year.

28. Share-based payment arrangements

Employee Stock Option Plan for Cash Capital Increase

On December 27, 2023, the company's board of directors resolved to issue 8,700 thousand new shares through a cash capital increase, reserving 870 thousand shares for employee subscription in accordance with the Company Act. If any employees do not fully subscribe or waive their subscription rights, the chairman is authorized to allocate the unsubscribed shares to specific individuals. The recognized compensation cost for the three months ended March 31, 2024, is \$1,361 thousand.

In March 2024, the company used the Black-Scholes valuation model to evaluate the employee stock options granted through the cash capital increase. The input values used in the valuation model are as follows:

	<u>March, 2024</u>
Stock price on the grant date	\$ 52.22
Exercise price	\$ 50
Expected price volatility	12.7%
Option life	0.008 years
Expected dividends rate	0.0%
Risk-free interest rate	1.1%

## 29. Capital risk management

The consolidated company shall conduct capital management to ensure that the consolidated company can continue to operate with a capital structure that is most suitable for the consolidated company's current operation and development, and make good use of various equity and debt instruments to provide the consolidated company with capital required for operating plans so as to achieve the target of maximized shareholders' return.

The consolidated company's capital structure consists of the consolidated company's net debt and equity attributable to the owners of the Company.

The consolidated company is not subject to other external capital requirements.

## 30. Financial instruments

### a. Fair value information - Financial instruments not measured at fair value

Regarding financial instruments not measured at fair value that have near expiry dates or have receipt/payment prices in the future approximating their carrying amount, the carrying amount on the consolidated balance sheet date is adopted for the estimation of its fair value.

### b. Fair value information - Financial instruments at measured at fair value on a repetitive basis

#### (1) Fair value hierarchy

##### March 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Domestic unlisted stocks	\$ -	\$ -	\$ -	\$ -
<u>Financial assets at fair value through other comprehensive income</u>				
Investment in equity instruments				
Domestic unlisted stocks	\$ -	\$ -	\$ 5,102	\$ 5,102
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 5,384	\$ -	\$ 5,384

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Domestic unlisted stocks	\$ -	\$ -	\$ -	\$ -
Derivatives	-	8,614	-	8,614
	<u>\$ -</u>	<u>\$ 8,614</u>	<u>\$ -</u>	<u>\$ 8,614</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investment in equity instruments				
Domestic unlisted stocks	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,611</u>	<u>\$ 4,611</u>

March 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Domestic unlisted stocks	\$ -	\$ -	\$ -	\$ -
Derivatives	-	1,323	-	1,323
	<u>\$ -</u>	<u>\$ 1,323</u>	<u>\$ -</u>	<u>\$ 1,323</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investment in equity instruments				
Domestic unlisted stocks	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,232</u>	<u>\$ 3,232</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 844</u>	<u>\$ -</u>	<u>\$ 844</u>

There were no transfers between Level 1 and Level 2 fair value measurements for the three months ended March 31, 2024 and 2023.

(2) Reconciliation of Level 3 fair value measurements of financial instruments

For the three months ended March 31, 2024

<u>Financial assets</u>	<u>Financial Assets at Fair Value through Profit or Loss Equity instruments</u>	<u>Financial Assets at Fair Value through Other Comprehensive Income Equity instruments</u>	<u>Total</u>
Balance at January 1	\$ -	\$ 4,611	\$ 4,611
Recognized in other comprehensive income (unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income)	-	491	491
Balance at March 31	<u>\$ -</u>	<u>\$ 5,102</u>	<u>\$ 5,102</u>

For the three months ended March 31, 2023

Financial assets	Financial Assets at Fair Value through Profit or Loss Equity instruments	Financial Assets at Fair Value through Other Comprehensive Income Equity instruments	Total
Balance at January 1	\$ -	\$ 3,020	\$ 3,020
Recognized in other comprehensive income (unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income)	-	212	212
Balance at March 31	<u>\$ -</u>	<u>\$ 3,232</u>	<u>\$ 3,232</u>

(3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument Category	Valuation Technique and Inputs
Derivatives - foreign currency forward contracts and foreign exchange swap contract	Discounted cash flow method: The future cash flows are estimated based on the forward exchange rates observable at the end of the year and the contractual exchange rates, and discounted at the discount rates that can reflect the credit risk of each counterparty.

(4) Valuation techniques and inputs applied for Level 3 fair value measurement

For domestic unlisted stocks and suspended listed stocks held by the consolidated company, where there is no market price for reference, the valuation method is used for estimation.

c. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Measured at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss	\$ -	\$ 8,614	\$ 1,323
Financial assets at amortized cost			
Cash and cash equivalents	1,584,264	947,955	903,288
Notes receivable	-	-	410
Accounts receivable	627,593	541,553	727,456
Accounts receivable from related parties	12,311	5,903	34,937
Other receivables	4,152	4,081	6,887
Other receivables from related parties	3,500	2,857	3,806

(Continued)

	March 31, 2024	December 31, 2023	March 31, 2023
Refundable deposits	\$ 6,517	\$ 6,581	\$ 6,932
Financial assets at fair value through other comprehensive income			
Equity instruments	5,102	4,611	3,232
<u>Financial liabilities</u>			
Measured at fair value through profit or loss			
Held for trading	5,384	-	844
Amortized cost			
Short-term borrowings	88,592	86,728	88,754
Notes payable	329	307	413
Accounts payable	455,799	366,621	446,289
Accounts payable from related parties	39,104	21,791	9,557
Other payables	90,423	71,865	78,644
Other payables from related parties	128,489	19,432	153,744
Long-term borrowings (including the part due within one year)	-	-	120,000
Guarantee deposits received	473	464	474

d. Financial risk management objectives and policies

The financial risks related to the operating activities of the consolidated company are mainly market risk, credit risk and liquidity risk. Except for market risk, which is mainly affected by external factors and is unpredictable, the remaining two risks can be generally controlled or eliminated through internal control or operating procedures. Therefore, in response to changes in market risks, the consolidated company uses appropriate financial instrument operations to reduce the adverse effects that market risks may have on the consolidated company's financial status and financial performance.

(1) Market risk

The market risks to which the consolidated company is exposed to mainly include exchange rate risk and interest rate risk.

(a) Exchange rate risk

The consolidated company engages in foreign currency-denominated sales and purchase transactions, resulting in exchange rate risk. The consolidated company manages its exposure to exchange rate risk using forward exchange contracts to the extent permitted by the policy.

For the carrying amounts of the consolidated company's monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date (including monetary items denominated in non-functional currencies that have been written off in the consolidated financial statements), please refer to Note 34.

### Sensitivity analysis

The consolidated company is mainly affected by fluctuations in the exchange rate of the USD.

The following table details the sensitivity analysis of the consolidated company when the exchange rate of NTD (functional currency) increases and decreases by 1% against each relevant foreign currency. The sensitivity analysis includes only outstanding monetary items in foreign currencies and forward exchange contracts designated as cash flow hedges, and adjusts their year-end translation by a 1% change in exchange rates. A positive number in the following table represents the amount of increase (decrease) in net profit before tax when NTD strengthens by 1% against USD; when NTD depreciates by 1% against USD, the impact on net profit before tax will be the same amount in negativity.

	Impact of USD	
	For the three months ended	
	March 31	
	2024	2023
Profit and loss	(\$ 4,242)	(\$ 4,662)

#### (b) Interest rate risk

The consolidated company's risk of changes in interest rates mainly comes from short-term borrowings and long-term borrowings with fixed and floating interest rates. Changes in market interest rates will change the effective interest rate of borrowings, resulting in the risk of changes in the future fair value and cash flow.

The carrying amounts of the consolidated company's financial assets and financial liabilities that are exposed to the interest rate risk on the balance sheet date are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial assets	\$ 849,420	\$ 434,220	\$ 317,588
Financial liabilities	106,947	108,515	108,468
Cash flow interest rate risk			
Financial assets	733,302	513,215	585,725
Financial liabilities	-	-	120,000

### Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of the non-derivatives on the balance sheet date. For liabilities with floating interest rates, the analysis method is based on the assumption that the amount of liabilities outstanding on the balance sheet date is outstanding throughout the reporting period.

If the interest rate increases/decreases by 1%, and all other variables remain unchanged, the consolidated company's net profit before tax for the three months ended March 31, 2024 and 2023 will increase/decrease by \$1,833 thousand and \$1,164 thousand, respectively.

(2) Credit risk

Credit risk refers to the risk related to defaults of counterparties on their contractual obligations that result in the risk of financial losses of the Group. As of the balance sheet date, the consolidated company's maximum credit risk exposure that may be due to a counterparty's failure to perform its obligations is mainly derived from the carrying amount of the financial assets recognized in the consolidated balance sheet.

To mitigate credit risk, the consolidated company's management has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the consolidated company reviews the recoverable amounts of amounts receivable on a case-by-case basis on the balance sheet date to ensure that appropriate impairment losses have been provided for uncollectible amounts receivable. Accordingly, the consolidated company's management considers that the consolidated company's credit risk has been significantly reduced.

Regarding the consolidated company's accounts receivable balance as of March 31, 2024, December 31, 2023 and March 31, 2023, except for amounts of \$82,406 thousand, \$74,057 thousand, and \$39,154 thousand from Company A; \$53,242 thousand, \$26,744 thousand, and \$148,022 thousand from Company B; and \$25,631 thousand, \$66,295 thousand, and \$14,363 thousand from Company C, the remaining receivables are from numerous customers, diversified across various industries and geographic regions. The consolidated company continuously evaluates the financial condition of its customers with outstanding receivables.

(3) Liquidity risk

The consolidated company maintains sufficient cash and cash equivalents to meet the cash requirements for operating activities through accounts and financing management and reduce the impact of cash flow fluctuations. The consolidated company's Finance Department monitors the use of bank financing limits at all times and ensures compliance with the terms of borrowing contracts.

Liquidity and interest rate risk table of non-derivative financial liabilities

The maturity analysis for the remaining contracts of non-derivative financial liabilities is based on the date on which the consolidated company may be required to make repayments and is prepared according to the undiscounted cash flow of financial liabilities (including the principal and estimated interest). Therefore, the consolidated company may be required to immediately repay the bank borrowings, which is within the earliest period in the table below, regardless of the probability that the bank may immediately exercise its right; the maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment dates.

For the interest cash flow paid at floating interest rates, the undiscounted interest amount is inferred based on the yield curve on the balance sheet date.

The maturity date of the non-interest-bearing financial liabilities accounted for in the consolidated company's current liabilities is within one year, and the Company was not required to immediately settle such financial liabilities. The deposits received in the non-current financial liabilities are mainly deposited by customers as credit guarantees with no specific maturity date.

March 31, 2024

	<u>Within 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
Lease liabilities	\$ 11,138	\$ 7,606
Fixed interest rate instruments	<u>89,211</u>	<u>-</u>
	<u>\$ 100,349</u>	<u>\$ 7,606</u>

December 31, 2023

	<u>Within 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
Lease liabilities	\$ 12,911	\$ 9,354
Fixed interest rate instruments	<u>88,111</u>	<u>-</u>
	<u>\$ 101,022</u>	<u>\$ 9,354</u>

March 31, 2023

	<u>Within 1 Year</u>	<u>1 to 5 Years</u>
<u>Non-derivative financial liabilities</u>		
Lease liabilities	\$ 10,947	\$ 9,042
Variable interest rate instruments	22,091	101,024
Fixed interest rate instruments	<u>89,395</u>	<u>-</u>
	<u>\$ 122,433</u>	<u>\$ 110,066</u>

The amount of variable interest rate instruments of the abovementioned non-derivative financial liabilities will change due to the difference between the variable interest rate and the estimated interest rate on the balance sheet date.

31. Related party transactions

The Company's parent company is Qisda Corporation, which held 25.61%, 28.62% and 28.82% of the Company's ordinary shares as of March 31, 2024, December 31, 2023 and March 31, 2023.

Transactions, account balances, gains, and expenses between the Company and its subsidiaries (who are related parties of the Company) have been eliminated upon consolidation and are not disclosed in this Note. In addition to those disclosed in other notes, the transactions between the consolidated company and other related parties are as follows.

a. Related party and the relationship with it

Related Party	Relationship with the Consolidated Company
Qisda Corporation	Parent company
AUO Corporation	An individual with significant influence on the parent company that is a corporate Director who values the parent company by using the equity method
Darwin Precisions Corporation	A subsidiary of AUO Corporation
AUO Display Plus Corporation	A subsidiary of AUO Corporation
DFI Inc.	Sister company
BenQ Asia Pacific Corp.	Sister company
BenQ Healthcare Corporation	Sister company
BenQ Materials Corp.	Sister company
Qisda (Suzhou) Co., Ltd.	Sister company
Qisda Optronics (Suzhou) Co., Ltd.	Sister company
Global Intelligence Network Co., Ltd.	Sister company
Metaage Corporation	Sister company
Darly2 Venture, Inc.	Sister company
Concord Medical Co., Ltd	Sister company
Metaguru Corporation	Sister company
BenQ Technology (Shanghai) Co., Ltd.	Sister company
Simula Technology Inc.	Sister company
BenQ Foundation	Substantial related party
DMC Components International, LLC	Associate
The Linden Group Corp.	Associate
QUBYX Software Technologies Inc	Associate

b. Operating revenue

Item	Related Party Category	For the three months ended March 31	
		2024	2023
Sales	Parent company	\$ -	\$ 4
	Sister company	2,683	12,307
	Associate	8,717	11,289
	A subsidiary of AUO Corporation	-	427
		<u>\$ 11,400</u>	<u>\$ 24,027</u>

As most of the consolidated company's transactions with the abovementioned related parties are customized products with no comparable products, the prices are negotiated by both parties; sales to related parties and non-related parties are collected after shipping or O/A 30 to 150 days and collected after shipping or O/A 30 to 160 days, respectively.

c. Purchases

Related Party Category	For the three months ended March 31	
	2024	2023
A subsidiary of AUO Corporation	\$ 45,824	\$ 18,027
Sister company	1,406	1,160
Associate	-	95
	<u>\$ 47,230</u>	<u>\$ 19,282</u>

As most of the transactions with the abovementioned related parties are raw materials required by customized products with no comparable products, the prices are negotiated by both parties; purchases from related parties and non-related parties are paid after receipt or O/A 30 to 150 days and paid after receipt or O/A 30 to 120 days, respectively.

d. Contract liabilities

Related Party Category	March 31, 2024	December 31, 2023	March 31, 2023
Associate	<u>\$ 4,914</u>	<u>\$ 2,184</u>	<u>\$ -</u>

e. Receivables from related parties

Item	Related Party Category	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable	Parent company	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ -</u>
	Sister company	<u>4,354</u>	<u>3,356</u>	<u>8,815</u>
	Associate	<u>7,957</u>	<u>11,387</u>	<u>32,175</u>
	Less: Loss allowance	<u>-</u>	<u>( 8,853 )</u>	<u>( 6,503 )</u>
		<u>7,957</u>	<u>2,534</u>	<u>25,672</u>
	A subsidiary of AUO Corporation	<u>-</u>	<u>-</u>	<u>450</u>
		<u>\$ 12,311</u>	<u>\$ 5,903</u>	<u>\$ 34,937</u>
Other receivables	Sister company			
	Qisda Optronics (Suzhou) Co., Ltd.	\$ 3,500	\$ 2,857	\$ 2,981
	Associate	-	-	825
		<u>\$ 3,500</u>	<u>\$ 2,857</u>	<u>\$ 3,806</u>

No guarantee is received for the outstanding amounts due from related parties.

f. Payables to related parties

Item	Related Party Category	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable	A subsidiary of AUO Corporation	\$ 38,936	\$ 21,742	\$ 9,324
	Sister company	168	17	-
	Associate	-	32	233
		<u>\$ 39,104</u>	<u>\$ 21,791</u>	<u>\$ 9,557</u>
Other payables	Parent company (Note 1)	\$ 86,060	\$ 7,797	\$ 105,826
	Sister company (Note 1)	31,659	1,887	38,140
	Associate	10,770	9,748	9,778
		<u>\$ 128,489</u>	<u>\$ 19,432</u>	<u>\$ 153,744</u>

The balance of outstanding amounts due to related parties has not been provided for guarantee.

Note 1: As of March 31, 2024, and 2023, other payables included dividend payable amounting to \$106,449 thousand and \$133,061 thousand, respectively.

g. Lease agreement

Item	Related Party Category	March 31, 2024	December 31, 2023	March 31, 2023
Lease liabilities	Parent company	<u>\$ 1,931</u>	<u>\$ 2,373</u>	<u>\$ 3,689</u>

Item	Related Party Category	For the three months ended March 31	
		2024	2023
Interest expenses (accounted for as finance cost)	Parent company	<u>\$ 8</u>	<u>\$ 13</u>
Depreciation expenses (accounted for as operating cost)	Parent company	<u>\$ 413</u>	<u>\$ 413</u>

The consolidated company rented the Taoyuan Office from the parent company in November 2021 and the Taoyuan Plant from the parent company in May 2020. The lease terms are 3.5 years and 5 years, respectively. The rental is based on the rental level of similar assets, and it pays a fixed lease payment on a monthly basis according to the lease contract.

h. Prepayments (accounted for as other current assets)

Related Party Category	March 31, 2023	December 31, 2023	March 31, 2023
AUO Display Plus Corporation	\$ -	\$ 3,075	\$ -
Associate	101	242	101
Sister company	<u>181</u>	<u>177</u>	<u>151</u>
	<u>\$ 282</u>	<u>\$ 3,494</u>	<u>\$ 252</u>

Prepayments to the subsidiary of AUO Corporation are for the preparation of materials.

i. Other related party transactions

Related Party Category/Name	For the three months ended March 31	
	2024	2023
<u>Operating cost</u>		
Parent company (Note 2)	\$ 2,945	\$ 4,386
Sister company	97	118
Associate	<u>1,837</u>	<u>45</u>
	<u>\$ 4,879</u>	<u>\$ 4,549</u>
 <u>Operating cost - Processing fee</u>		
Parent company	<u>\$ 817</u>	<u>\$ 958</u>
 <u>Operating expenses</u>		
Parent company (Note 2)	\$ 812	\$ 471
A subsidiary of AUO Corporation	166	144
Sister company	694	305
Associate	<u>570</u>	<u>211</u>
	<u>\$ 2,242</u>	<u>\$ 1,131</u>
 <u>Operating expenses - Commission expense</u>		
Associate	<u>\$ 7,187</u>	<u>\$ 8,421</u>
 <u>Other income</u>		
Associate	<u>\$ 6</u>	<u>\$ 1</u>

Note 2: As the parent company provided partial management services to the consolidated company, the management expenses recognized for the three months ended March 31, 2024 and 2023 were \$3,757 thousand and \$4,857 thousand, respectively.

Commission expenses are calculated based on the rates agreed upon in contracts and are paid only after the consolidated company has received the relevant accounts receivable for sales of goods as an agent.

j. Remuneration of key management personnel

	For the three months ended March 31	
	2024	2023
Short-term employee benefits	\$ 9,739	\$ 9,934
Share-based compensation	151	-
Post-employment benefits	81	81
	<u>\$ 9,971</u>	<u>\$ 10,015</u>

The remuneration of Directors and other key management personnel is determined by the Remuneration Committee in accordance with individual performance and market trends.

32. Pledged assets

The following assets of the consolidated company have been pledged as the collateral for the collection of business tax after the release of the imported goods by the customs:

	March 31, 2024	December 31, 2023	March 31, 2023
Refundable deposits (accounted for as other non-current assets)	<u>\$ 1,635</u>	<u>\$ 1,633</u>	<u>\$ 1,008</u>

33. Significant contingent liabilities and unrecognized contractual commitments

As of March 31, 2023, the consolidated company had an unused letter of credit of \$1,916 thousand (March 31, 2024 and December 31, 2023: none).

34. Information on significant assets and liabilities denominated in foreign currencies

The information below is aggregated and expressed in foreign currencies other than the functional currencies of each entity in the consolidated company. The exchange rates disclosed refer to the exchange rates at which these foreign currencies are translated into functional currency. Significant assets and liabilities denominated in foreign currencies are as follows:

March 31, 2024

Financial assets	Foreign Currency		Exchange Rate	Carrying Amount
<u>Monetary items</u>				
USD	\$ 26,821	32.0000	(USD: NTD)	\$ 858,267
USD	11,011	7.2241	(USD: CNY)	352,362
<u>Non-monetary items</u>				
Investment accounted for using the equity method				
USD	293	32.0000	(USD: NTD)	9,387

(Continued)

	Foreign Currency	Exchange Rate		Carrying Amount
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	22,524	32.0000	(USD: NTD)	720,775
USD	2,051	7.2241	(USD: CNY)	65,629

December 31, 2023

	Foreign Currency	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 26,273	30.7500	(USD: NTD)	\$ 807,888
USD	9,635	7.0912	(USD: CNY)	296,277

Non-monetary items

Investment accounted for  
using the equity method

USD	237	30.7500	(USD: NTD)	7,284
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Financial liabilities

<u>Monetary items</u>				
USD	19,602	30.7500	(USD: NTD)	602,750
USD	1,848	7.0912	(USD: CNY)	56,827

March 31, 2023

	Foreign Currency	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 31,095	30.4800	(USD: NTD)	\$ 947,772
USD	1,386	6.8685	(USD: CNY)	42,245

Non-monetary items

Investment accounted for  
using the equity method

USD	406	30.4800	(USD: NTD)	12,371
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Financial liabilities

<u>Monetary items</u>				
USD	15,347	30.4800	(USD: NTD)	467,789
USD	1,837	6.8685	(USD: CNY)	55,979

The consolidated company's net currency exchange gains or losses (realized and unrealized) for the three months ended March 31, 2024 and 2023 were \$17,130 thousand and (\$7,977) thousand, respectively. Due to the wide variety of foreign currency transactions, it is impossible to disclose the exchange gain or loss of each significant foreign currency.

### 35. Supplementary disclosures

#### a. Significant transactions:

- (1) Loans to others: None.
- (2) Endorsements/guarantees provided: Table 1.
- (3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 2.
- (4) Marketable securities acquired and disposed at costs of prices at least NT\$300 million or 20% of the paid-in capital: None.
- (5) Acquisition of individual property at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- (6) Disposal of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- (7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
- (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
- (9) Trading in derivative instruments: Note 7.
- (10) Others: Intercompany relationships and significant Intercompany transactions: Table 5.

#### b. Information on investees: Table 6.

#### c. Information on investments in Mainland China:

- (1) Information on investees in Mainland China, including the name, scope of business, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriation of investment gain or loss, and limit on the amount of investment in the Mainland China area: Table 7.
- (2) The following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 8.
  - (a) The amount and percentage of purchases and the closing balance relevant amounts payable at the end of the period and percentage.
  - (b) The amount and percentage of sales and the closing balance relevant amounts receivable at the end of the period and percentage.

- (c) The amount of property transactions and the amount of gain or loss arising therefrom.
- (d) The closing balance of endorsements/guarantees or collateral provided and their purposes.
- (e) The highest balance, closing balance, interest rate range, and total interest for the current period of capital financing.
- (f) Other transactions that have a significant impact on the current profit or loss or financial position (i.e., the provision or receipt of services).

d. Information on major shareholders: Table 9.

### 36. Segment information

Information reported to the consolidated company's operating decision-maker focuses on the financial information by products for the allocation of resources and evaluation of segment performance; the chief operating decision-maker considers the Display Module Segment and the Display Segment individual operating segments.

#### a. Segment revenue and operating results

The income and operating results of the consolidated company are analyzed as follows based on the reporting segments:

For the three months ended March 31, 2024

	<u>LCD Module Segment</u>	<u>Display Module Segment</u>	<u>Total</u>
Revenue from external customers	\$ 640,159	\$ 221,227	\$ 861,386
Inter-segment income	<u>2,009</u>	<u>1,111</u>	<u>3,120</u>
Segment revenue	642,168	222,338	864,506
Eliminations	( <u>2,009</u> )	( <u>1,111</u> )	( <u>3,120</u> )
Consolidated revenue	<u>\$ 640,159</u>	<u>\$ 221,227</u>	<u>\$ 861,386</u>
Segment income	<u>\$ 55,666</u>	<u>\$ 24,865</u>	\$ 80,531
Interest income			1,819
Other income			1,138
Other gains and losses			( 3,169 )
Finance cost			( 857 )
Share of profit or loss of associates			<u>1,355</u>
Profit before tax			<u>\$ 80,817</u>

For the three months ended March 31, 2023

	LCD Module Segment	Display Module Segment	Total
Revenue from external customers	\$ 820,934	\$ 248,665	\$ 1,069,599
Inter-segment revenue	<u>1,967</u>	<u>130</u>	<u>2,097</u>
Segment revenue	822,901	248,795	1,071,696
Eliminations	( <u>1,967</u> )	( <u>130</u> )	( <u>2,097</u> )
Consolidated revenue	<u>\$ 820,934</u>	<u>\$ 248,665</u>	<u>\$ 1,069,599</u>
Segment income	<u>\$ 91,575</u>	<u>\$ 25,392</u>	\$ 116,967
Interest income			790
Other income			1,632
Other gains and losses			( 5,672 )
Finance cost			( 1,891 )
Share of profit or loss of associates			<u>802</u>
Profit before tax			<u>\$ 112,628</u>

Inter-segment sales are calculated at market prices.

Segment profit refers to the profit earned by each segment, excluding share of profit or loss of associates, interest income, other income, net currency exchange (loss) gain, valuation gain (loss) of financial instruments, finance costs, and income tax expenses. This measured amount is provided to the chief operating decision-maker for allocating resources to segments and evaluating their performance.

b. Segment total assets and liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Segment assets</u>			
LCD Module Segment	\$ 2,223,537	\$ 1,559,354	\$ 1,957,407
Display Module Segment	1,701,258	1,656,122	1,669,164
Unallocated assets	<u>66,679</u>	<u>68,289</u>	<u>68,660</u>
Consolidated total assets	<u>\$ 3,991,474</u>	<u>\$ 3,283,765</u>	<u>\$ 3,695,231</u>
<u>Segment liabilities</u>			
LCD Module Segment	\$ 1,026,810	\$ 652,530	\$ 1,205,694
Display Module Segment	251,622	185,056	204,323
Unallocated liabilities	<u>143,392</u>	<u>132,220</u>	<u>187,679</u>
Consolidated total liabilities	<u>\$ 1,421,824</u>	<u>\$ 969,806</u>	<u>\$ 1,597,696</u>

To monitor segment performance and allocate resources among various departments:

- (1) Assets other than investments accounted for using the equity method and current and deferred tax assets are allocated to the reporting segments. Goodwill is allocated to reporting segments. Assets used jointly by reporting segments are allocated based on the income earned by each reporting segment; and
- (2) Liabilities other than the credit balance of investments accounted for using the equity method and current and deferred tax liabilities are allocated to reporting segments. The

liabilities borne jointly by reporting segments are allocated based on the segment asset proportion.

Data Image Corporation and Its Subsidiaries  
Endorsements/Guarantees Provided  
For the three months ended March 31, 2024  
(In Thousands of New Taiwan Dollars)

Table 1

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	Data Image (Suzhou) Corporation	A wholly-owned subsidiary through Data Image (MAURITIUS) Corporation	\$ 354,569	\$ 32,000	\$ 32,000	\$ -	\$ -	1.81%	\$ 886,423	Yes	No	Yes

Note: The total amount of the Company's endorsements /guarantees is limited to 50% of the Company's net worth as stated in its latest financial statements. The endorsements/guarantees provided to a single enterprise are limited to 20% of its net worth, as stated in its latest financial statements.

Data Image Corporation and Its Subsidiaries  
 Marketable securities held  
 March 31, 2024  
 (In Thousands of New Taiwan Dollars)

Table 2

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	End of the year				Note
				Number of shares	Carrying amount	Percentage of Ownership	Fair value	
DIVA Laboratories, Ltd.	<u>Stocks</u>							
	Insight Genomics Inc.	—	Financial assets at fair value through other comprehensive income - Non-current	600,000	\$ 2,820	6.40%	\$ 2,820	
	Renown Information Technology Corp.	—	Financial assets at fair value through other comprehensive income - Non-current	240,000	2,282	4.80%	2,282	
	Pharmally International Holding Company Limited	—	Financial assets at fair value through profit or loss - Non-current	150,000	-	-	(Note)	

Note: Pharmally International Holding Company Limited was delisted on April 1, 2021. Due to the assessment that the fair value of the marketable securities may be extremely low and a reasonable valuation price was unable to be obtained, the entire amount was recognized as a valuation loss.

Data Image Corporation and Its Subsidiaries

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, 2024

(In Thousands of New Taiwan Dollars)

Table 3

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/sales	Amount	% of Total (Note 1)	Payment Terms	Unit price	Payment Terms	Ending Balance	% of Total	
The Company	Data Image (Suzhou) Corporation	Subsidiary	Processing fees	(\$ 249,993)	( 49)	To be determined subject to the capital status	Based on the agreed prices	To be determined subject to the capital status	(\$ 350,069)	( 71)	
Data Image (Suzhou) Corporation	The Company	Parent company	Processing income	249,993	28	To be determined subject to the capital status	Based on the agreed prices	To be determined subject to the capital status	350,069	55	

Note 1: The processing fees are calculated as a percentage of the total manufacturing expenses.

Note 2: Transactions between consolidated companies have been fully written off when preparing the consolidated financial statements.

Data Image Corporation and Its Subsidiaries  
 Receivables from Related Parties Amounting to at least NT\$100 million or 20% of the Paid-in Capital  
 March 31, 2024  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 4

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Data Image (Suzhou) Corporation	The Company	Parent company	\$ 350,069	3.04	\$ -	—	\$ 95,311	\$ -

Note: Transactions between consolidated companies have been fully written off when preparing the consolidated financial statements.

Data Image Corporation and Its Subsidiaries  
Intercompany relationships and significant Intercompany transactions  
For the three months ended March 31, 2024  
(In Thousands of New Taiwan Dollars)

Table 5

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	The Company	Data Image (Suzhou) Corporation	1	Accounts payable from related parties	(\$ 350,069)	Notes 2 and 3	9%
				Commissioned processing fees	249,993	Note 2	29%
1	Data Image (Suzhou) Corporation	The Company	2	Gain on exchange	( 5,038)	Note 4	1%
				Processing income	( 244,955)	Note 2	28%
				Accounts receivable from related parties	350,069	Notes 2 and 3	9%

Note 1: There are two types of relationships with the trader: 1. The Company to a subsidiary; 2. a subsidiary to the Company; 3. a subsidiary to another subsidiary.

Note 2: The Company sells raw materials and semi-finished products to Data Image (Suzhou) Corporation, and then it purchases partial finished products and semi-finished products from the company to sell to customers. As the processing is without imported materials, the related sales income is expressed as a net amount. In addition, after offsetting the relevant amounts receivable and payable, collection and payment will be made based on the capital status of Data Image (Suzhou) Corporation.

Note 3: Refer to the balance after offsetting of receivables and payables.

Note 4: This is the exchange gain or loss arising from exchange rate fluctuations related to processing fees..

Note 5: Transactions between consolidated companies have been fully written off when preparing the consolidated financial statements.

Note 6: Business relationships and significant transactions that reach at least 1% of the consolidated operating income or total assets of the consolidated company shall be disclosed.

Data Image Corporation and Its Subsidiaries  
Information on Investees  
For the three months ended March 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 6

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2024	March 31, 2023	Number of shares	Ratio (%)	Carrying amount			
The Company	Data Image (MAURITIUS) Corporation	Mauritius	Investment	\$ 518,381	\$ 518,381	20,215,000	100.00	\$ 495,490	\$ 13,046	\$ 13,046	—
	DIVA Laboratories, Ltd.	Taiwan	Medical equipment manufacturing and sales	625,680	625,680	20,856,000	35.55	604,200	24,371	7,036	Note 1
	DMC Components International, LLC	Orlando, USA	Sales agency	24,304	24,304	300,000	30.00	10,124	1,739	521	Note 2
DIVA Laboratories, Ltd.	DIVA Laboratories GmbH	Germany	Sales of monitor	25,092	25,092	-	100.00	1,141	( 53)	( 53)	-
	DIVA Laboratories U.S., LLC	USA	Sales of monitor	35,858	35,858	-	100.00	16,297	1,186	1,186	-
	Panoramic Imaging Solutions Inc.	Taiwan	Sales of monitor	24,600	24,600	2,500,000	100.00	25,518	1,349	1,352	Notes 3 and 7
	Diva Capital Inc.	Samoa	Reinvestment	52,908	52,908	-	100.00	9,834	( 9)	( 9)	Note 4
	The Linden Group Corp.	USA	Sales of monitor	30,015	30,015	-	19.00	( 737)	4,388	834	Notes 5 and 6
Diva Capital Inc. Qubyx Limited	Diva Holding Inc.	Samoa	Reinvestment	52,598	52,598	-	100.00	9,829	( 9)	Note 8	-

Note 1: The difference between the profit and loss of the investee recognized based on the shareholding ratio in the current year and the investment gain or loss recognized in the current year is the effect of the fair value of the investee's assets being higher than the book value of the amortization.

Note 2: The carrying amount deducted the unrealized gain on downstream transactions of \$1,367 thousand.

Note 3: The recognized investment gain is the reversal of the unrealized gross profit of \$3 thousand from the upstream transactions at the beginning of the year. The carrying amount deducted the unrealized gain on downstream transactions of \$74 thousand.

Note 4: The carrying amount deducted the unrealized gain on downstream transactions of \$13 thousand.

Note 5: The carrying amount deducted the unrealized gain on downstream transactions of \$1,732 thousand.

Note 6: The Company had accumulated \$25,787 thousand of impairment loss on the investment in The Linden Group Corp. accounted for using the equity method.

Note 7: DIVA Laboratories, Ltd. had accumulated a goodwill impairment loss of \$5,183 thousand and a patent impairment loss of \$1,377 thousand related to Panoramic Imaging Solutions Inc..

Note 8: The profit or loss of the investee has been included in its investees. To avoid confusion, it is not expressed otherwise presented in these financial statements.

Note 9: The investment gain or loss between investees, the long-term equity investment of the investees, and the net worth of the equity of the investees were fully written off when the consolidated financial statements were prepared.

Data Image Corporation and Its Subsidiaries  
Information on Investments in Mainland China  
For the three months ended March 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 7

Investee Company	Main Businesses and Products	Paid-in capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan at the Beginning of Period	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan at the End of Period	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 1)	Carrying Amount at the End of Period (Note 1)	Accumulated Repatriation of Investment Income at the End of Period
					Outward	Inward						
Data Image (Suzhou) Corporation	Manufacturing, processing, and sale of LCD touch modules and LCD modules	\$ 534,081 (USD 16,300 thousand)	An investee in Mainland China through investment in the establishment of Data Image (MAURITIUS) Corporation in a third region	\$ 511,884 (USD 15,654 thousand)	\$ -	\$ -	\$ 511,884 (USD 15,654 thousand)	\$ 12,988 (RMB 2,967 thousand)	100%	\$ 12,988	\$ 494,003	\$ -
Suzhou Diva Lab. Inc.	Medical equipment wholesale, import and export business	52,643 (USD 1,725 thousand)	Diva Capital Inc., a 100% owned third region subsidiary, reinvested in a third region company Diva Holding Inc., and reinvested in a mainland China company	52,643 (USD 1,725 thousand)	-	-	52,643 (USD 1,725 thousand)	( 9 ) (RMB 2 thousand)	100%	( 9 ) (RMB 2 thousand)	9,799 (RMB 2,212 thousand)	-

Investor	Accumulated Outward Remittance for Investments in Mainland China at the end of the period	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Company	USD 15,654 thousand	USD 16,952 thousand	\$1,063,707 (Note 2)
DIVA Laboratories, Ltd.	USD 1,725 thousand	USD 2,000 thousand	\$591,109 (Note 3)

Note 1: It was recognized based on the financial statements reviewed by the parent company's CPAs in Taiwan for the same period.

Note 2: The calculation is based on the limit of 60% of the net worth, according to Tou-Shen-Zi No. 09704604680.

Note 3: The calculation is based on a limit of 60% of the consolidated net value of DIVA Laboratories, Ltd., according to Tou-Shen-Zi No. 09704604680.

Note 4: The investment gain or loss between investees, the long-term equity investment of the investees, and the net worth of the equity of the investees were fully written off when the consolidated financial statements were prepared.

Data Image Corporation and Its Subsidiaries  
Significant Transactions with Investee Companies in Mainland China, Either Directly or Indirectly through a Third Party, and Their Prices, Payment Terms, and Unrealized Gains or Losses  
For the three months ended March 31, 2024  
(In Thousands of New Taiwan Dollars,)

Table 8

Investee Company	Transaction type	Purchases/sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transaction	Ending Balance	%		
Data Image (Suzhou) Corporation	Sales	\$ 2,884	-	Processed at a price before mark-up	To be determined subject to the capital status	To be determined subject to the capital status	\$ -	-	\$ -	(Note 1)
Data Image (Suzhou) Corporation	Processing fee	249,993	49%	Made at the general purchase price	To be determined subject to the capital status	To be determined subject to the capital status	( 350,069)	71%	-	(Note 1)

Note 1: The Company sells raw materials and semi-finished products to Data Image (Suzhou) Corporation, and then it purchases partial finished products and semi-finished products from the company to sell to customers. As the processing is without imported materials, the related sales income and cost are expressed at a net amount. In addition, after offsetting the relevant accounts receivable and payable, collection and payment will be made based on its capital status and the balance after offsetting accounts receivable and payable on March 31, 2024.

Note 2: Transactions between consolidated companies have been fully written off when preparing the consolidated financial statements.

Data Image Corporation and Its Subsidiaries

Information on Major Shareholders

March 31, 2024

Table 9

Name of major shareholders	Shares	
	Number of Shares	Ownership(%)
Qisda Corporation	20,000,000	25.61%
Fu-Chi Teng	4,041,366	5.17%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current year. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.