

# **E Ink Holdings Inc. 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  
E Ink Holdings Inc.

### Introduction

We have reviewed the accompanying consolidated balance sheets of E Ink Holdings Inc. and its subsidiaries (collectively, the “Group”) 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 then ended, and the related notes to the consolidated financial statements, including material accounting policy information (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 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 Notes 14 and 15 to the consolidated financial statements, the financial statements of some non-significant subsidiaries and investments accounted for using the equity method included in the consolidated financial statements for the same reporting periods were not reviewed. As of March 31, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT\$1,145,504 thousand and NT\$1,888,077 thousand, respectively, representing 1% and 3%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$97,967 thousand and NT\$470,389 thousand, respectively, representing 0.3% and 2%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2024 and 2023, the amounts of combined comprehensive income or loss of these non-significant subsidiaries were NT\$5,437 thousand and NT\$(5,561) thousand, respectively, representing 0.1% and (0.4%), respectively, of the consolidated total comprehensive income or loss. As of March 31, 2024 and 2023, the carrying amounts of the above-mentioned investments accounted for using the equity method were NT\$1,283,760 thousand and NT\$1,410,625 thousand, respectively; for the three months ended March 31, 2024 and 2023, the amounts of combined

comprehensive income or loss of investments accounted for using the equity method were NT\$(19,262) thousand and NT\$(11,258) thousand, respectively.

### **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 and investments accounted for using the equity method as described in the preceding paragraph and the related information of these non-significant subsidiaries as disclosed in Note 35 to the consolidated financial statements been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months then ended 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 Hui-Min Huang and Ya-Ling Wong.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 10, 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.*

## E INK HOLDINGS INC. AND 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 (Note 4)</b>						
Cash and cash equivalents (Note 6)	\$ 12,417,154	15	\$ 9,687,937	13	\$ 11,551,821	17
Financial assets at fair value through profit or loss (Note 7)	3,490,280	4	1,888,265	3	1,742,899	3
Financial assets at fair value through other comprehensive income (Notes 8 and 11)	341,534	1	267,502	-	-	-
Financial assets at amortized cost (Notes 9, 11 and 32)	8,376,254	10	8,266,473	11	6,632,760	10
Contract assets (Note 23)	42,404	-	15,883	-	51,178	-
Accounts receivable (Notes 10, 23 and 31)	2,921,424	4	2,717,486	4	3,725,600	5
Other receivables (Note 31)	338,674	-	469,887	1	270,046	-
Inventories (Note 12)	3,353,419	4	2,851,650	4	3,643,083	5
Prepayments (Note 31)	375,731	1	335,578	-	448,543	1
Other current assets	16,043	-	15,029	-	4,496	-
Total current assets	<u>31,672,917</u>	<u>39</u>	<u>26,515,690</u>	<u>36</u>	<u>28,070,426</u>	<u>41</u>
<b>NON-CURRENT ASSETS (Note 4)</b>						
Financial assets at fair value through profit or loss (Note 7)	1,397,257	2	2,749,468	4	2,310,184	4
Financial assets at fair value through other comprehensive income (Notes 8, 11 and 31)	25,146,405	31	22,601,622	30	17,084,381	25
Financial assets at amortized cost (Notes 9, 11 and 32)	1,664,855	2	2,175,413	3	1,524,413	2
Investments accounted for using the equity method (Note 15)	1,283,760	2	1,307,285	2	1,410,625	2
Property, plant and equipment (Notes 16, 28 and 31)	9,462,204	12	9,149,833	12	8,292,606	12
Right-of-use assets (Notes 17 and 31)	1,026,793	1	1,049,987	1	1,006,054	2
Goodwill (Note 18)	7,403,506	9	7,134,748	9	7,081,827	10
Other intangible assets (Note 18)	466,454	-	472,709	1	531,180	1
Deferred tax assets	1,294,340	2	1,203,325	2	924,155	1
Other non-current assets (Note 31)	102,066	-	96,153	-	114,882	-
Total non-current assets	<u>49,247,640</u>	<u>61</u>	<u>47,940,543</u>	<u>64</u>	<u>40,280,307</u>	<u>59</u>
<b>TOTAL</b>	<u>\$ 80,920,557</u>	<u>100</u>	<u>\$ 74,456,233</u>	<u>100</u>	<u>\$ 68,350,733</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES (Note 4)</b>						
Short-term borrowings (Notes 19 and 32)	\$ 6,516,363	8	\$ 4,350,437	6	\$ 6,043,238	9
Short-term bills payable (Note 19)	5,014,503	6	4,965,853	7	1,578,988	2
Financial liabilities at fair value through profit or loss (Note 7)	10,141	-	622	-	50,232	-
Contract liabilities (Note 23)	373,056	-	630,179	1	1,153,808	2
Notes and accounts payable (Note 31)	3,109,876	4	2,544,280	3	1,968,171	3
Other payables (Notes 20, 28 and 31)	7,305,015	9	2,753,862	4	7,526,656	11
Current tax liabilities	1,521,519	2	1,385,091	2	1,947,980	3
Long-term borrowings - current portion (Note 19)	-	-	-	-	150,000	-
Other current liabilities (Notes 17 and 31)	559,297	1	403,519	-	448,760	-
Total current liabilities	<u>24,409,770</u>	<u>30</u>	<u>17,033,843</u>	<u>23</u>	<u>20,867,833</u>	<u>30</u>
<b>NON-CURRENT LIABILITIES (Note 4)</b>						
Long-term borrowings (Note 19)	5,569,839	7	5,621,615	7	4,951,840	7
Deferred tax liabilities	1,468,693	2	1,178,834	2	731,526	1
Lease liabilities (Notes 17 and 31)	994,736	1	1,013,776	1	984,043	2
Net defined benefit liabilities	28,145	-	30,431	-	94,931	-
Other non-current liabilities (Note 31)	29,822	-	29,262	-	19,456	-
Total non-current liabilities	<u>8,091,235</u>	<u>10</u>	<u>7,873,918</u>	<u>10</u>	<u>6,781,796</u>	<u>10</u>
Total liabilities	<u>32,501,005</u>	<u>40</u>	<u>24,907,761</u>	<u>33</u>	<u>27,649,629</u>	<u>40</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 22 and 27)</b>						
Share capital	11,423,937	14	11,411,033	15	11,404,047	17
Advance receipts for share capital	136,309	-	87,141	-	-	-
Capital surplus	10,962,023	14	10,878,525	15	10,764,258	16
Retained earnings	16,998,043	21	20,696,630	28	14,405,482	21
Other equity	8,222,745	10	5,834,492	8	3,553,384	5
Total equity attributable to owners of the Company	<u>47,743,057</u>	<u>59</u>	<u>48,907,821</u>	<u>66</u>	<u>40,127,171</u>	<u>59</u>
<b>NON-CONTROLLING INTERESTS (Note 22)</b>	<u>676,495</u>	<u>1</u>	<u>640,651</u>	<u>1</u>	<u>573,933</u>	<u>1</u>
Total equity	<u>48,419,552</u>	<u>60</u>	<u>49,548,472</u>	<u>67</u>	<u>40,701,104</u>	<u>60</u>
<b>TOTAL</b>	<u>\$ 80,920,557</u>	<u>100</u>	<u>\$ 74,456,233</u>	<u>100</u>	<u>\$ 68,350,733</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 10, 2024)

# E INK HOLDINGS INC. AND 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 4, 23 and 31)	\$ 5,642,777	100	\$ 7,229,676	100
OPERATING COSTS (Notes 12, 24 and 31)	<u>2,968,939</u>	<u>52</u>	<u>3,676,286</u>	<u>51</u>
GROSS PROFIT	<u>2,673,838</u>	<u>48</u>	<u>3,553,390</u>	<u>49</u>
OPERATING EXPENSES (Notes 24 and 31)				
Selling and marketing expenses	206,314	4	221,998	3
General and administrative expenses	708,884	13	639,664	9
Research and development expenses	<u>925,533</u>	<u>16</u>	<u>879,275</u>	<u>12</u>
Total operating expenses	<u>1,840,731</u>	<u>33</u>	<u>1,740,937</u>	<u>24</u>
INCOME FROM OPERATIONS	<u>833,107</u>	<u>15</u>	<u>1,812,453</u>	<u>25</u>
NON-OPERATING INCOME AND EXPENSES				
Share of loss of associates and joint ventures (Note 15)	(30,366)	(1)	(32,993)	(1)
Interest income (Notes 24 and 31)	365,154	7	207,687	3
Royalty income (Notes 4 and 23)	81,650	1	188,720	3
Dividend income	7,076	-	22,482	-
Other income (Notes 13, 24 and 31)	25,633	-	58,528	1
Net gain (loss) on foreign currency exchange (Note 34)	496,593	9	(32,749)	-
Net gain (loss) on fair value change of financial assets and liabilities at fair value through profit or loss	28,878	1	111,533	1
Interest expenses (Notes 16 and 31)	(80,481)	(1)	(67,988)	(1)
Other expenses	<u>(14,766)</u>	<u>-</u>	<u>(3,253)</u>	<u>-</u>
Total non-operating income and expenses	<u>879,371</u>	<u>16</u>	<u>451,967</u>	<u>6</u>
INCOME BEFORE INCOME TAX	1,712,478	31	2,264,420	31
INCOME TAX EXPENSE (Notes 4 and 25)	<u>379,399</u>	<u>7</u>	<u>498,245</u>	<u>7</u>
NET INCOME FOR THE PERIOD	<u>1,333,079</u>	<u>24</u>	<u>1,766,175</u>	<u>24</u>

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# E INK HOLDINGS INC. AND SUBSIDIARIES

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

	<b>For the Three Months Ended March 31</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>OTHER COMPREHENSIVE INCOME (Note 4)</b>				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 1,807,042	32	\$ 363,110	5
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 25)	<u>(261,873)</u>	<u>(5)</u>	<u>(26,240)</u>	<u>-</u>
	<u>1,545,169</u>	<u>27</u>	<u>336,870</u>	<u>5</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	981,689	18	(567,125)	(8)
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	(4,087)	-	1,496	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method (Note 15)	11,104	-	21,735	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 25)	<u>(687)</u>	<u>-</u>	<u>(5,696)</u>	<u>-</u>
	<u>988,019</u>	<u>18</u>	<u>(549,590)</u>	<u>(8)</u>
Other comprehensive (loss) income for the period, net of income tax	<u>2,533,188</u>	<u>45</u>	<u>(212,720)</u>	<u>(3)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>\$ 3,866,267</u>	<u>69</u>	<u>\$ 1,553,455</u>	<u>21</u>
<b>NET INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 1,324,306	24	\$ 1,755,071	24
Non-controlling interests	<u>8,773</u>	<u>-</u>	<u>11,104</u>	<u>-</u>
	<u>\$ 1,333,079</u>	<u>24</u>	<u>\$ 1,766,175</u>	<u>24</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 3,830,423	68	\$ 1,566,747	21
Non-controlling interests	<u>35,844</u>	<u>1</u>	<u>(13,292)</u>	<u>-</u>
	<u>\$ 3,866,267</u>	<u>69</u>	<u>\$ 1,553,455</u>	<u>21</u>

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# E INK HOLDINGS INC. AND SUBSIDIARIES

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

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	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 1.16</u>		<u>\$ 1.54</u>	
Diluted	<u>\$ 1.15</u>		<u>\$ 1.52</u>	

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

(With Deloitte & Touche review report dated May 10, 2024)

(Concluded)

**E INK HOLDINGS INC. AND SUBSIDIARIES**

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

	Equity Attributable to Owners of the Company								Other Equity		Total	Non-controlling Interests	Total Equity
	Share Capital		Advance Receipts for Share Capital	Capital Surplus	Retained Earnings				Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at FVTOCI			
	Shares (In Thousands)	Amount			Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
BALANCE AT JANUARY 1, 2023	1,140,405	\$ 11,404,047	\$ -	\$ 10,748,007	\$ 2,972,064	\$ 70,678	\$ 14,780,047	\$ 17,822,789	\$ (752,482)	\$ 4,464,627	\$ 43,686,988	\$ 576,216	\$ 44,263,204
Appropriation of 2022 earnings													
Cash dividends	-	-	-	-	-	-	(5,131,821)	(5,131,821)	-	-	(5,131,821)	-	(5,131,821)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	(822)	-	-	-	-	-	-	(822)	-	(822)
Net income for the three months ended March 31, 2023	-	-	-	-	-	-	1,755,071	1,755,071	-	-	1,755,071	11,104	1,766,175
Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	-	-	(518,431)	330,107	(188,324)	(24,396)	(212,720)
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	1,755,071	1,755,071	(518,431)	330,107	1,566,747	(13,292)	1,553,455
Actual acquisition of partial interests in subsidiaries	-	-	-	-	-	-	(10,994)	(10,994)	-	-	(10,994)	10,994	-
Share-based payments	-	-	-	17,073	-	-	-	-	-	-	17,073	15	17,088
Disposal of investments in equity instruments designated at FVTOCI	-	-	-	-	-	-	(29,563)	(29,563)	-	29,563	-	-	-
BALANCE AT MARCH 31, 2023	<u>1,140,405</u>	<u>\$ 11,404,047</u>	<u>\$ -</u>	<u>\$ 10,764,258</u>	<u>\$ 2,972,064</u>	<u>\$ 70,678</u>	<u>\$ 11,362,740</u>	<u>\$ 14,405,482</u>	<u>\$ (1,270,913)</u>	<u>\$ 4,824,297</u>	<u>\$ 40,127,171</u>	<u>\$ 573,933</u>	<u>\$ 40,701,104</u>
BALANCE AT JANUARY 1, 2024	1,141,103	\$ 11,411,033	\$ 87,141	\$ 10,878,525	\$ 4,019,252	\$ 70,678	\$ 16,606,700	\$ 20,696,630	\$ (1,189,487)	\$ 7,023,979	\$ 48,907,821	\$ 640,651	\$ 49,548,472
Appropriation of 2023 earnings													
Cash dividends	-	-	-	-	-	-	(5,140,772)	(5,140,772)	-	-	(5,140,772)	-	(5,140,772)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	(2,285)	-	-	15	15	-	-	(2,270)	-	(2,270)
Net income for the three months ended March 31, 2024	-	-	-	-	-	-	1,324,306	1,324,306	-	-	1,324,306	8,773	1,333,079
Other comprehensive income for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	-	-	-	991,435	1,514,682	2,506,117	27,071	2,533,188
Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	-	1,324,306	1,324,306	991,435	1,514,682	3,830,423	35,844	3,866,267
Share-based payments	-	-	-	11,546	-	-	-	-	-	-	11,546	-	11,546
Exercise of employee share options	1,290	12,904	49,168	74,237	-	-	-	-	-	-	136,309	-	136,309
Disposal of investments in equity instruments designated at FVTOCI	-	-	-	-	-	-	117,864	117,864	-	(117,864)	-	-	-
BALANCE AT MARCH 31, 2024	<u>1,142,393</u>	<u>\$ 11,423,937</u>	<u>\$ 136,309</u>	<u>\$ 10,962,023</u>	<u>\$ 4,019,252</u>	<u>\$ 70,678</u>	<u>\$ 12,908,113</u>	<u>\$ 16,998,043</u>	<u>\$ (198,052)</u>	<u>\$ 8,420,797</u>	<u>\$ 47,743,057</u>	<u>\$ 676,495</u>	<u>\$ 48,419,552</u>

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

(With Deloitte & Touche auditors' report dated May 10, 2024)



# E INK HOLDINGS INC. AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,712,478	\$ 2,264,420
Adjustments for		
Depreciation expenses	325,422	259,201
Amortization expenses	30,829	50,702
Expected credit loss	44	15
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(28,878)	(111,533)
Interest expenses	80,481	67,988
Interest income	(365,154)	(207,687)
Dividend income	(7,076)	(22,482)
Compensation costs of share-based payments	11,546	17,088
Share of loss of associates and joint ventures accounted for using the equity method	30,366	32,993
Net gain on disposal of property, plant and equipment	(814)	-
Net loss on disposal of intangible assets	60	17
Write-down of inventories	44,849	731
Net unrealized gain on foreign currency exchange	(335,414)	(73,263)
Other revenue	(358)	(33,440)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	1,401
Contract assets	(26,201)	(24,629)
Accounts receivable	(34,996)	1,066,932
Other receivables	139,841	36,604
Inventories	(447,054)	717,355
Prepayments	(38,701)	53,023
Other current assets	(619)	1,505
Financial liabilities held for trading	(10,934)	(24,415)
Contract liabilities	(263,142)	718,361
Notes and accounts payable	424,674	(9,947)
Other payables	(495,586)	(712,135)
Other current liabilities	154,583	36,716
Net defined benefit liabilities	(2,343)	(11,253)
Cash generated from operations	897,903	4,094,268
Income tax paid	(292,048)	(419,495)
Net cash generated from operating activities	<u>605,855</u>	<u>3,674,773</u>

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# E INK HOLDINGS INC. AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	\$ (1,151,903)	\$ (537,767)
Proceeds from sale of financial assets at fair value through other comprehensive income	501,410	446,284
Acquisition of financial assets at amortized cost	(4,244,506)	(5,486,143)
Proceeds from disposal of financial assets at amortized cost	5,073,880	3,712,099
Acquisition of financial assets at fair value through profit or loss	(193,490)	(356,760)
Proceeds from sale of financial assets at fair value through profit or loss	1,211	52,422
Acquisition for property, plant and equipment	(562,441)	(730,817)
Proceeds from disposal of property, plant and equipment	855	-
Acquisition for other intangible assets	(7,249)	(4,015)
Increase in other non-current assets	(2,663)	(16,527)
Interest received	386,686	188,927
Dividends received	6	-
Net cash used in investing activities	<u>(198,204)</u>	<u>(2,732,297)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	2,127,682	1,708,444
Increase in short-term bills payable	48,650	924,456
Repayment of long-term borrowings	(51,776)	(649,388)
Repayment of the principal portion of lease liabilities	(19,820)	(17,503)
Decrease in other non-current liabilities	(306)	(2,033)
Proceeds from treasury shares transferred to employees	136,309	-
Interest paid	(70,907)	(67,854)
Net cash generated from financing activities	<u>2,169,832</u>	<u>1,896,122</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>151,734</u>	<u>(121,843)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,729,217	2,716,755
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>9,687,937</u>	<u>8,835,066</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 12,417,154</u>	<u>\$ 11,551,821</u>

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

(With Deloitte & Touche review report dated May 10, 2024)

(Concluded)

# E INK HOLDINGS INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

E Ink Holdings Inc. (the “Company”) was incorporated in June 1992 in the Hsinchu Science Park. The Company’s shares have been listed on the Taipei Exchange (TPEX) Mainboard since March 30, 2004. The Company mainly researches, develops, manufactures and sells electronic paper display panels.

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group”, are presented in New Taiwan dollars, the functional currency of the Company.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The Group’s consolidated financial statements were approved by the Company’s board of directors on May 10, 2024.

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

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

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

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

<u>New, Amended or 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 Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: 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.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the above 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 MATERIAL ACCOUNTING POLICY INFORMATION**

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 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

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an 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). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. 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.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Refer to Note 14 and Tables 7 and 8 for detailed information on subsidiaries (including the percentages of ownership and main 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) 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.

2) 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.

When developing material accounting estimates, the Group considers the possible impact of climate change and related government policies and regulations on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

For the summary of material accounting judgments and key sources of estimation uncertainty, refer 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	\$ 771	\$ 666	\$ 1,858
Checking accounts and demand deposits	4,244,951	4,583,142	6,107,247
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	6,221,242	2,165,925	4,586,723
Repurchase agreements collateralized by notes	<u>1,950,190</u>	<u>2,938,204</u>	<u>855,993</u>
	<u>\$ 12,417,154</u>	<u>\$ 9,687,937</u>	<u>\$ 11,551,821</u>

The market rate intervals of demand deposits, time deposits and repurchase agreements collateralized by notes at the end of the reporting periods were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Demand deposits	0.01%-5.50%	0.01%-5.39%	0.01%-4.80%
Time deposits	1.80%-5.90%	1.80%-5.90%	0.25%-6.00%
Repurchase agreements collateralized by notes	1.26%-5.50%	1.25%-5.50%	1.05%-5.00%

## 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 classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ -	\$ 30,771	\$ -
Non-derivative financial assets			
Perpetual bonds	3,236,025	1,379,114	1,742,899
Foreign investment - listed stocks	<u>254,255</u>	<u>478,380</u>	<u>-</u>
	<u>\$ 3,490,280</u>	<u>\$ 1,888,265</u>	<u>\$ 1,742,899</u>

### Financial assets - non-current

Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	\$ 671,766	\$ 621,295	\$ 626,199
Perpetual bonds	-	1,660,549	1,572,948
Straight corporate bonds	298,444	283,891	-
Foreign investment - listed stocks	263,085	30,839	-
Hybrid financial assets			
Convertible preferred shares	<u>163,962</u>	<u>152,894</u>	<u>111,037</u>
	<u>\$ 1,397,257</u>	<u>\$ 2,749,468</u>	<u>\$ 2,310,184</u>

(Continued)

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<u>Financial liabilities - current</u>			
Held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 10,141</u>	<u>\$ 622</u>	<u>\$ 50,232</u> (Concluded)

At the end of the reporting period, the outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>March 31, 2024</u>			
Sell	USD/KRW	2024.4-2024.10	USD25,000/KRW33,062,350
<u>December 31, 2023</u>			
Sell	USD/KRW	2024.2-2024.5	USD40,000/KRW52,662,850
Sell	USD/RMB	2024.2	USD9,000/RMB64,376
<u>March 31, 2023</u>			
Sell	USD/KRW	2023.6-2023.10	USD65,000/KRW82,443,000
Sell	USD/NTD	2023.4-2023.5	USD31,000/NTD931,135
Sell	USD/RMB	2023.5-2023.6	USD7,000/RMB47,576

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<u>Current</u>			
Investments in debt instruments at FVTOCI	<u>\$ 341,534</u>	<u>\$ 267,502</u>	<u>\$ -</u>
<u>Non-current</u>			
Investments in equity instruments at FVTOCI	\$ 21,387,485	\$ 19,754,781	\$ 15,776,099
Investments in debt instruments at FVTOCI	<u>3,758,920</u>	<u>2,846,841</u>	<u>1,308,282</u>
	<u>\$ 25,146,405</u>	<u>\$ 22,601,622</u>	<u>\$ 17,084,381</u>

a. Investments in equity instruments at FVTOCI

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<u>Non-current</u>			
Domestic investments			
Listed shares and emerging market shares	\$ 12,305,032	\$ 11,242,056	\$ 10,359,932
Unlisted shares	<u>27,114</u>	<u>24,952</u>	<u>23,450</u>
	<u>12,332,146</u>	<u>11,267,008</u>	<u>10,383,382</u>
Foreign investments			
Listed shares	8,645,968	8,140,839	5,052,831
Unlisted shares	<u>409,371</u>	<u>346,934</u>	<u>339,886</u>
	<u>9,055,339</u>	<u>8,487,773</u>	<u>5,392,717</u>
	<u>\$ 21,387,485</u>	<u>\$ 19,754,781</u>	<u>\$ 15,776,099</u>

The Group holds the above investments in equity instruments for long-term strategic purposes and expects to gain profit through long-term investments. Accordingly, the management elected to designate these investments in equity instruments as 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.

b. Investments in debt instruments at FVTOCI

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<u>Current</u>			
Foreign investments			
Straight corporate bonds			
3-year	\$ 278,017	\$ 267,502	\$ -
5-year	<u>63,517</u>	<u>-</u>	<u>-</u>
	<u>\$ 341,534</u>	<u>\$ 267,502</u>	<u>\$ -</u>
Coupon rates	4.63%-7.78%	7.78%	-
Effective interest rates	3.61%-5.22%	5.21%-5.25%	-
<u>Non-current</u>			
Foreign investments			
Straight corporate bonds			
4-year	\$ 558,460	\$ 539,128	\$ -
5-year	283,763	334,280	58,919
6-year	378,837	185,948	-
7-year	286,011	-	-
10-year	515,033	490,446	461,987
10.5-year	276,613	260,280	256,484
11-year	493,419	294,137	244,260
30-year	494,116	292,008	-
34.75-years	<u>472,668</u>	<u>450,614</u>	<u>286,632</u>
	<u>\$ 3,758,920</u>	<u>\$ 2,846,841</u>	<u>\$ 1,308,282</u>

(Continued)



	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Coupon rates	3.10%-8.11%	3.10%-8.10%	3.10%-5.75%
Effective interest rates	2.00%-7.82%	2.00%-8.49%	2.00%-8.49%
			(Concluded)

Refer to Note 11 for information relating to the credit risk management and impairment assessment of investments in debt instruments at FVTOCI.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 6,918,389	\$ 7,548,013	\$ 3,413,931
Pledged time deposits (b)	<u>1,457,865</u>	<u>718,460</u>	<u>3,218,829</u>
	<u>\$ 8,376,254</u>	<u>\$ 8,266,473</u>	<u>\$ 6,632,760</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year (c)	\$ 1,053,152	\$ 1,574,150	\$ 806,457
Pledged time deposits (b)	12,622	3,546	132,464
Foreign straight corporate bonds (d)	<u>599,081</u>	<u>597,717</u>	<u>585,492</u>
	<u>\$ 1,664,855</u>	<u>\$ 2,175,413</u>	<u>\$ 1,524,413</u>

- a. The market rate intervals for time deposits with original maturities of more than 3 months were 5.38%-6.44%, 2.80%-6.44% and 3.10%-6.30% per annum, as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
- b. The market rate intervals for time deposits pledged as security were 0.55%-6.26%, 0.01%-5.90% and 0.16%-5.85% per annum as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.
- c. The market rate intervals for time deposits with original maturities of more than 1 year were 5.74%-5.85%, 3.99%-5.85% and 3.99% per annum as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
- d. The Group bought 10-year foreign corporate bonds in March 2022 with a coupon rate and an effective rate were 4.10%-4.90% for all on March 31, 2024, December 31, 2023 and March 31, 2023.
- e. Refer to Note 11 for information relating to the credit risk and impairment assessment of investments in financial assets at amortized cost.

## 10. ACCOUNTS RECEIVABLE

	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable	\$ 2,860,272	\$ 2,678,381	\$ 3,405,662
Less: Loss allowance	<u>(12,082)</u>	<u>(12,038)</u>	<u>(24,894)</u>
	<u>2,848,190</u>	<u>2,666,343</u>	<u>3,380,768</u>
Accounts receivable from related parties (Note 31)	93,091	70,197	363,728
Less: Loss allowance	<u>(19,857)</u>	<u>(19,054)</u>	<u>(18,896)</u>
	<u>73,234</u>	<u>51,143</u>	<u>344,832</u>
	<u>\$ 2,921,424</u>	<u>\$ 2,717,486</u>	<u>\$ 3,725,600</u>

The Group recognizes impairment loss when there is actual credit loss from an individual client. In addition, the Group recognizes impairment loss based on the rate of expected credit loss by reference to past default experience of the debtor, an analysis of the debtor's current financial position, general economic conditions of the industry in which the debtor operates and past due status.

The following table details the loss allowance for accounts receivables:

### March 31, 2024

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	77%	
Gross carrying amount	\$ 2,627,066	\$ 285,004	\$ 41,293	\$ 2,953,363
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(31,939)</u>	<u>(31,939)</u>
Amortized cost	<u>\$ 2,627,066</u>	<u>\$ 285,004</u>	<u>\$ 9,354</u>	<u>\$ 2,921,424</u>

### December 31, 2023

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	100%	
Gross carrying amount	\$ 2,691,433	\$ 26,069	\$ 31,076	\$ 2,748,578
Less: Loss allowance	<u>-</u>	<u>(16)</u>	<u>(31,076)</u>	<u>(31,092)</u>
Amortized cost	<u>\$ 2,691,433</u>	<u>\$ 26,053</u>	<u>\$ -</u>	<u>\$ 2,717,486</u>

March 31, 2023

	Not Past Due	Past Due in 1-90 Days	Past Due over 90 Days	Total
Expected credit loss rate	0%	0%	94%	
Gross carrying amount	\$ 3,605,367	\$ 117,291	\$ 46,732	\$ 3,769,390
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(43,790)</u>	<u>(43,790)</u>
Amortized cost	<u>\$ 3,605,367</u>	<u>\$ 117,291</u>	<u>\$ 2,942</u>	<u>\$ 3,725,600</u>

The movements of the loss allowance were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 31,092	\$ 44,591
Net remeasurement of loss allowance	(16)	-
Effects of foreign currency exchange differences	<u>863</u>	<u>(801)</u>
Balance at March 31	<u>\$ 31,939</u>	<u>\$ 43,790</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, the amount of individual client exceed 10% of the account balance were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Customer B	\$ 652,679	\$ 829,318	\$ 964,797
Customer A	508,484	482,894	508,796
Customer I	412,131	45,364	57,688
Customer E	389,714	322,244	-
Customer D	149,815	83,837	858,723
Customer C	<u>-</u>	<u>60,811</u>	<u>439,367</u>
	<u>\$ 2,112,823</u>	<u>\$ 1,824,468</u>	<u>\$ 2,829,371</u>

## 11. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments of the Group in debt instruments classified as at FVTOCI and as at amortized cost were as follows:

March 31, 2024

	At FVTOCI	At Amortized Cost
Gross Carrying amount	\$ 4,175,454	\$ 10,042,084
Less: Allowance for impairment loss	<u>(5,067)</u>	<u>(975)</u>
Amortized cost	4,170,387	<u>\$ 10,041,109</u>
Adjustment to fair value	<u>(69,933)</u>	
	<u>\$ 4,100,454</u>	

December 31, 2023

	<b>At FVTOCI</b>	<b>At Amortized Cost</b>
Gross Carrying amount	\$ 3,185,069	\$ 10,442,988
Less: Allowance for impairment loss	<u>(4,880)</u>	<u>(1,102)</u>
Amortized cost	3,180,189	<u>\$ 10,441,886</u>
Adjustment to fair value	<u>(65,846)</u>	
	<u>\$ 3,114,343</u>	

March 31, 2023

	<b>At FVTOCI</b>	<b>At Amortized Cost</b>
Gross Carrying amount	\$ 1,487,045	\$ 8,157,969
Less: Allowance for impairment loss	<u>(1,735)</u>	<u>(796)</u>
Amortized cost	1,485,310	<u>\$ 8,157,173</u>
Adjustment to fair value	<u>(177,028)</u>	
	<u>\$ 1,308,282</u>	

The Group only invests in debt instruments that meet or exceed the investment-grade standard and have low credit risk for impairment assessment, as provided by independent rating agencies. The Group continuously monitors external rating information to supervise changes in the credit risk of the invested debt instruments. Additionally, the Group reviews other information, such as the bond yield curve and significant news about the debtor, to evaluate whether there has been a significant increase in credit risk since the initial recognition of the debt instrument investment. This evaluation is critical to ensuring the Group's investments remain viable and profitable.

The Group considers historical default rates associated with each rating provided by external rating agencies, the current financial condition of debtors, and the future outlook of the industry when measuring the expected credit loss for debt instrument investments over the next 12 months or the expected credit loss over the investment's remaining period.

The Group's current credit risk grading mechanism is as follows:

<u>Credit Rating</u>	<u>Description</u>	<u>Basis for Recognizing Expected Credit Losses (ECLs)</u>
Performing	The counterparty has a low risk of default and sufficient capability to meet contractual cash flows.	12-month ECLs

The gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates were as follows:

March 31, 2024

<b>Credit Rating</b>	<b>Expected Loss Rate</b>	<b>Gross Carrying Amount</b>	
		<b>At FVTOCI</b>	<b>At Amortized Cost</b>
Performing	0.06%-0.27%	<u>\$ 4,175,454</u>	<u>\$ 10,042,084</u>

December 31, 2023

<b>Credit Rating</b>	<b>Expected Loss Rate</b>	<b>Gross Carrying Amount</b>	
		<b>At FVTOCI</b>	<b>At Amortized Cost</b>
Performing	0.1%-0.3%	<u>\$ 3,185,069</u>	<u>\$ 10,442,988</u>

March 31, 2023

<b>Credit Rating</b>	<b>Expected Loss Rate</b>	<b>Gross Carrying Amount</b>	
		<b>At FVTOCI</b>	<b>At Amortized Cost</b>
Performing	0.06%-0.21%	<u>\$ 1,487,045</u>	<u>\$ 8,157,969</u>

a. The movements of the allowance for impairment loss of investments in debt instruments at FVTOCI were as follows:

	<b>Credit Rating</b>
	<b>Performing</b>
	<b>(12-month</b>
	<b>ECLs)</b>
Balance at January 1, 2024	\$ 4,880
New financial assets purchased	578
Change in exchange rates or others	<u>(391)</u>
Balance at March 31, 2024	<u>\$ 5,067</u>
Balance at January 1, 2023	\$ 1,720
New financial assets purchased	100
Change in exchange rates or others	<u>(85)</u>
Balance at March 31, 2023	<u>\$ 1,735</u>

For the three months ended March 31, 2024 and 2023, the Group's investment in foreign corporate bonds at FVTOCI increased by \$839,359 thousand and \$89,060 thousand, and correspondingly the loss allowance for investments rated as performing increased by \$578 thousand and \$100 thousand, respectively.

- b. The movements of the allowance for impairment loss of investments in debt instruments at amortized cost were as follows:

	<u>Credit Rating</u> <u>Performing</u> <u>(12-month</u> <u>ECLs)</u>
Balance at January 1, 2024	\$ 1,102
Change in exchange rates or others	<u>(127)</u>
Balance at March 31, 2024	<u>\$ 975</u>
Balance at January 1, 2023	\$ 796
Change in exchange rates or others	<u>-</u>
Balance at March 31, 2023	<u>\$ 796</u>

## 12. INVENTORIES

	<b>March 31,</b> <b>2024</b>	<b>December 31,</b> <b>2023</b>	<b>March 31,</b> <b>2023</b>
Finished goods	\$ 624,731	\$ 518,336	\$ 862,747
Semi-finished goods	1,333,118	1,255,704	1,258,071
Work in progress	398,196	120,607	486,057
Raw materials	<u>997,374</u>	<u>957,003</u>	<u>1,036,208</u>
	<u>\$ 3,353,419</u>	<u>\$ 2,851,650</u>	<u>\$ 3,643,083</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2024 and 2023 included a write-down of inventories of \$44,849 thousand and \$731 thousand, respectively.

## 13. NON-CURRENT ASSETS HELD FOR SALE

In November 2019, the subsidiary Yangzhou Huaxia Integrated O/E System Co., Ltd. signed an expropriation and compensation agreement with Yangzhou Economic and Technological Development Zone's Demolition Placement Management Office, disposing of the land use rights of 182.77 mus, along with the building's accessories and related subsidies, with an amount of RMB328,986 thousand. Due to the sale price is expected to exceed the carrying amount of the related net assets, the Group did not recognize impairment loss when the land use rights, plant and equipment were reclassified as non-current assets held for sale. The Group had received all payments in October 2020 and recognized gains on disposal of non-current assets held for sale of NT\$367,945 thousand (RMB85,436 thousand) and deferred revenue of NT\$962,015 thousand (RMB220,400 thousand). The Group had recognized revenue from government grants (included in other income) in the amount of \$33,440 thousand (RMB7,402 thousand) for the three months ended March 31, 2023 based on the progress the performance obligation is satisfied.

## 14. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
E Ink Holdings Inc.	E Ink Technology B.V. YuanHan Materials Inc.	Investment	100.00	100.00	100.00	.
		Manufacture and sale of Chemical Materials and Optical Films	100.00	100.00	100.00	
	New Field e-Paper Co., Ltd. Dream Universe Ltd. Prime View Communications Ltd. Linfiny Corporation	Investment	100.00	100.00	100.00	
		Trading	100.00	100.00	100.00	
		Trading	100.00	100.00	100.00	
		Research, development and sale of electronic paper products	23.00	23.00	23.00	
YuanHan Materials Inc.	E Ink Japan Inc. Linfiny Corporation	Development of electronic paper products	100.00	100.00	100.00	b.
		Research, development and sale of electronic paper products	77.00	77.00	77.00	
Linfiny Corporation	Linfiny Japan Inc.	Research, development and sale of electronic paper products	100.00	100.00	100.00	
E Ink Corporation	E Ink California, LLC	Research of electronic ink	-	-	100.00	c.
E Ink Technology B.V.	PVI International Corp. Ruby Lustre Ltd.	Trading	100.00	100.00	100.00	
		Investment	100.00	100.00	100.00	
PVI International Corp.	E Ink Netherlands B.V. Transyork Technology Yangzhou Ltd. Transcend Optronics (Yangzhou) Co., Ltd.	Investment	100.00	100.00	100.00	a.
		Assembly and sale of display panels	55.61	55.61	55.61	
		Research, assembly and sale of display panels	100.00	100.00	100.00	
		Assembly and sale of display panels	100.00	100.00	100.00	
Ruby Lustre Ltd.	Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	100.00	100.00	100.00	
E Ink Netherlands B.V.	Hydis Technologies Co., Ltd. E Ink Corporation	Patent licensing and investment in financial instruments	94.73	94.73	94.73	
		Research, development and manufacture of electronic inks	100.00	100.00	100.00	
Transcend Optronics (Yangzhou) Co., Ltd.	Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	44.39	44.39	44.39	

- Transcend Optronics (Yangzhou) Co., Ltd. increased its capital by US\$70,000 thousand and using its own earnings in June 2022, November 2022, and May 2023.
- In order to follow the operating plan of the Group, the Company acquired all shares of Linfiny Corporation that Sony Semiconductor Solutions held; therefore, the Group's comprehensive proportionate interest was 100% in March 2023.
- In response to the restructuring of the Group's organizational structure, the merger of E Ink California, LLC and E Ink Corporation was carried out by the Group. The merger date was October 1, 2023.

Subsidiaries included in the consolidated financial statements for the three months ended March 31, 2024 and 2023, were calculated based on the financial statements that have not been reviewed, except for E Ink Corporation, Hydis Technologies Co., Ltd., E Ink Netherlands B.V., PVI International Corp., E Ink Technology B.V., Prime View Communications Ltd., Transcend Optronics (Yangzhou) Co., Ltd., Rich Optronics (Yangzhou) Co., Ltd., Transyork Technology Yangzhou Ltd., YuanHan Materials Inc. and New Field e-Paper Co., Ltd. were calculated based on the financial statements that have been reviewed.

## 15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2024	December 31, 2023	March 31, 2023
Associates and joint ventures that are not individually material			
Investments in associates	\$ 1,146,965	\$ 1,179,563	\$ 1,284,030
Investments in joint ventures	<u>136,795</u>	<u>127,722</u>	<u>126,595</u>
	<u>\$ 1,283,760</u>	<u>\$ 1,307,285</u>	<u>\$ 1,410,625</u>

Refer to Tables 7 and 8 for the nature of activities, principal place of business and country of incorporation of the associates.

## Aggregate Information of Associates and Joint Ventures That Are Not Individually Material

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
The Group's share of:		
Net loss for the period	\$ (30,366)	\$ (32,993)
Other comprehensive gain	<u>11,104</u>	<u>21,735</u>
Total comprehensive loss	<u>\$ (19,262)</u>	<u>\$ (11,258)</u>

In January 2022, the subsidiary YuanHan Materials Inc. converted the convertible bonds of Nuclera Limited (originally named Nuclera Nucleics Ltd.) to equity and participated in its cash capital increase with \$55,470 thousand (US\$2,000 thousand). As a result of the conversion, YuanHan Materials Inc. and E Ink Corporation jointly owned 23.29% of the shares of Nuclera Limited. In June 2022 and January 2024, the subsidiaries YuanHan Materials Inc. and E Ink Corporation did not participate in the cash capital increase of Nuclera Limited, resulting in a reduction of the Group's shareholding in Nuclera Limited to 20.73%.

In order to strengthen the layout and development of the e-paper ecosystem, the Group participated in the private placement for the ordinary shares of Integrated Solutions Technology, Inc. amounting to \$199,770 thousand in November 2022 and acquired 35.24% of its equity. Subsequently, Integrated Solutions Technology, Inc. converted the Group's employee stock options, leading to a change in the shareholding ratio. As of March 31, 2024 and 2023, the Group had a shareholding ratio of 34.93% and 35.12%.

The share of profit or loss and other comprehensive income (loss) of associates and joint ventures that are not individually material were based on unreviewed financial statements.

## 16. PROPERTY, PLANT AND EQUIPMENT

<u>Cost</u>	<b>Land</b>	<b>Buildings</b>	<b>Machinery</b>	<b>Other Equipment</b>	<b>Construction in Progress and Prepayments for Equipment</b>	<b>Total</b>
Balance at January 1, 2023	\$ 417,816	\$ 4,497,146	\$ 7,601,233	\$ 5,025,043	\$ 1,939,534	\$ 19,480,772
Additions	-	1,433	50,228	12,132	458,432	522,225
Disposals	-	-	-	(344)	-	(344)
Reclassifications	58,719	4,416	352,023	54,548	(474,415)	(4,709)
Effects of foreign currency exchange differences	<u>(3,431)</u>	<u>(2,972)</u>	<u>(1,442)</u>	<u>(9,916)</u>	<u>(2,551)</u>	<u>(20,312)</u>
Balance at March 31, 2023	<u>\$ 473,104</u>	<u>\$ 4,500,023</u>	<u>\$ 8,002,042</u>	<u>\$ 5,081,463</u>	<u>\$ 1,921,000</u>	<u>\$ 19,977,632</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2023	\$ -	\$ 2,262,254	\$ 5,785,907	\$ 3,399,321	\$ -	\$ 11,447,482
Depreciation expenses	-	54,753	106,449	76,946	-	238,148
Disposals	-	-	-	(344)	-	(344)
Effects of foreign currency exchange differences	<u>-</u>	<u>1,719</u>	<u>1,737</u>	<u>(3,716)</u>	<u>-</u>	<u>(260)</u>
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 2,318,726</u>	<u>\$ 5,894,093</u>	<u>\$ 3,472,207</u>	<u>\$ -</u>	<u>\$ 11,685,026</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 417,816</u>	<u>\$ 2,234,892</u>	<u>\$ 1,815,326</u>	<u>\$ 1,625,722</u>	<u>\$ 1,939,534</u>	<u>\$ 8,033,290</u>
Carrying amount at March 31, 2023	<u>\$ 473,104</u>	<u>\$ 2,181,297</u>	<u>\$ 2,107,949</u>	<u>\$ 1,609,256</u>	<u>\$ 1,921,000</u>	<u>\$ 8,292,606</u>

(Continued)



	Land	Buildings	Machinery	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<u>Cost</u>						
Balance at January 1, 2024	\$ 490,340	\$ 6,121,421	\$ 8,529,395	\$ 3,561,449	\$ 2,733,592	\$ 21,436,197
Additions	-	-	1,103	3,591	411,072	415,766
Disposals	-	-	(47,046)	(1,355)	-	(48,401)
Reclassifications and adjustments	-	-	57,854	15,946	(77,437)	(3,637)
Effects of foreign currency exchange differences	20,681	190,157	127,529	56,870	43,088	438,325
Balance at March 31, 2024	<u>\$ 511,021</u>	<u>\$ 6,311,578</u>	<u>\$ 8,668,835</u>	<u>\$ 3,636,501</u>	<u>\$ 3,110,315</u>	<u>\$ 22,238,250</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2024	\$ -	\$ 3,317,052	\$ 6,271,021	\$ 2,698,291	\$ -	\$ 12,286,364
Depreciation expenses	-	72,525	154,742	74,846	-	302,113
Disposals	-	-	(47,046)	(1,314)	-	(48,360)
Reclassifications and adjustments	-	-	825	(255)	-	570
Effects of foreign currency exchange differences	-	97,339	87,708	50,312	-	235,359
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 3,486,916</u>	<u>\$ 6,467,250</u>	<u>\$ 2,821,880</u>	<u>\$ -</u>	<u>\$ 12,776,046</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 490,340</u>	<u>\$ 2,804,369</u>	<u>\$ 2,258,374</u>	<u>\$ 863,158</u>	<u>\$ 2,733,592</u>	<u>\$ 9,149,833</u>
Carrying amount at March 31, 2024	<u>\$ 511,021</u>	<u>\$ 2,824,662</u>	<u>\$ 2,201,585</u>	<u>\$ 814,621</u>	<u>\$ 3,110,315</u>	<u>\$ 9,462,204</u>

(Concluded)

Information about capitalized interest were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Capitalized interest	<u>\$ 7,733</u>	<u>\$ 6,244</u>
Capitalization rate intervals	1.55%-1.78%	1.69%-1.73%

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20-56 years
Clean rooms and plumbing construction	25-30 years
Employee dormitories	20 years
Others	2-20 years
Machinery	1-11 years
Other equipment	1-26 years

## 17. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<u>Carrying amount</u>			
Land	\$ 823,859	\$ 842,367	\$ 875,433
Buildings	200,938	205,052	128,959
Other equipment	<u>1,996</u>	<u>2,568</u>	<u>1,662</u>
	<u>\$ 1,026,793</u>	<u>\$ 1,049,987</u>	<u>\$ 1,006,054</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2024</b>	<b>2023</b>
Additions to right-of-use assets		<u>\$ 774</u>	<u>\$ 11,497</u>
Depreciation charge for right-of-use assets			
Land		\$ 12,154	\$ 12,083
Buildings		10,582	8,482
Other equipment		<u>573</u>	<u>488</u>
		<u>\$ 23,309</u>	<u>\$ 21,053</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2024 and 2023.

### b. Lease liabilities

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<u>Carrying amount</u>			
Current (included in other current liabilities)	<u>\$ 75,287</u>	<u>\$ 75,451</u>	<u>\$ 59,965</u>
Non-current	<u>\$ 994,736</u>	<u>\$1,013,776</u>	<u>\$ 984,043</u>

Discount rate intervals for lease liabilities are as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Land	0.58%-4.92%	0.58%-4.92%	0.58%-4.92%
Buildings	1.50%-5.10%	1.50%-5.10%	0.60%-2.83%
Other equipment	0.61%-2.50%	0.61%-2.50%	0.60%-2.50%

c. Material lease-in activities and terms

The Group leased certain land in the Hsinchu Science Park from the Hsinchu Science Park Bureau of the Ministry of Science and Technology from July 1, 2014 to December 31, 2033. The rental amount is calculated on the basis of the mutual agreement. The lessor may adjust the rent at any time on the basis of changes in announced land values and related laws and regulations. At the end of the lease terms, the Group has renewal options if the Group does not violate the lease agreements during the rental period.

The Group also leased certain land and buildings as its plants and offices, with a lease term of 2 to 20 years. Among them, some land lease agreements include annual adjustments of lease payments based on the percentage increase in announced land values, with the right of preemption to purchase upon lease expiration. The lease contracts for land and buildings in the United States contain extension options and rights of preemption to purchase, which provide more operational flexibility for the Group. These terms are not reflected in measuring lease liabilities if the options are not reasonably certain to be exercised.

The Group is prohibited from subleasing or transferring all or any portion of the underlying assets, changing their use, or using them illegally.

d. Other lease information

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Expenses relating to short-term leases	<u>\$ 13,011</u>	<u>\$ 9,070</u>
Expenses relating to low-value asset leases	<u>\$ 109</u>	<u>\$ 113</u>
Total cash outflow for leases	<u>\$ 40,413</u>	<u>\$ 32,342</u>

The Group's leases of other equipment qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 18. GOODWILL AND OTHER INTANGIBLE ASSETS

	<b>Goodwill</b>	<b>Patents</b>	<b>Others</b>	<b>Total</b>
Balance at January 1, 2023	\$ 7,135,786	\$ 488,421	\$ 88,725	\$ 7,712,932
Additions	-	2,317	1,698	4,015
Disposals	-	(17)	-	(17)
Amortization expenses	-	(32,729)	(17,973)	(50,702)
Reclassifications	-	-	4,553	4,553
Effects of foreign currency exchange differences	<u>(53,959)</u>	<u>(4,273)</u>	<u>458</u>	<u>(57,774)</u>
Balance at March 31, 2023	<u>\$ 7,081,827</u>	<u>\$ 453,719</u>	<u>\$ 77,461</u>	<u>\$ 7,613,007</u>

(Continued)

	<b>Goodwill</b>	<b>Patents</b>	<b>Others</b>	<b>Total</b>
Balance at January 1, 2024	\$ 7,134,748	\$ 418,100	\$ 54,609	\$ 7,607,457
Additions	-	2,249	5,000	7,249
Disposals	-	(60)	-	(60)
Amortization expenses	-	(18,031)	(12,798)	(30,829)
Reclassifications	-	-	4,793	4,793
Effects of foreign currency exchange differences	<u>268,758</u>	<u>10,467</u>	<u>2,125</u>	<u>281,350</u>
Balance at March 31, 2024	<u>\$ 7,403,506</u>	<u>\$ 412,725</u>	<u>\$ 53,729</u>	<u>\$ 7,869,960</u> (Concluded)

The Group recognized goodwill in acquiring the patented technologies of electronic ink and electronic paper, which are mainly used in researching and manufacturing consumer electronics and Internet of Things applications. The carrying amount of goodwill was allocated to the cash-generating units of these two products, and the recoverable amount of each cash-generating unit was determined based on a value in use calculation. The recoverable amount was determined by management based on financial budgets covering a 5-year period and discount rates per annum for the years ended December 31, 2023 and 2022, respectively. The cash flows beyond that 5-year period have been extrapolated using a steady annual growth rate. Other key assumptions included budgeted revenue and budgeted gross profit. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.

Discount rates per annum were as follows:

	<u>For the Year Ended December 31</u>	
	<b>2023</b>	<b>2022</b>
Consumer electronics	13.91%	12.99%
Internet of Things applications	14.10%	13.19%

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

Patents	6-20 years
Others	1-5 years

## 19. BORROWINGS

### a. Short-term borrowings

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Unsecured borrowings	\$ 5,120,000	\$ 3,670,000	\$ 2,900,000
Secured borrowings (Note 32)	<u>1,396,363</u>	<u>680,437</u>	<u>3,143,238</u>
	<u>\$ 6,516,363</u>	<u>\$ 4,350,437</u>	<u>\$ 6,043,238</u>
Foreign currency included USD (in thousands)	<u>\$ 43,638</u>	<u>\$ 22,160</u>	<u>\$ 103,229</u>
Interest rate intervals	1.68%-6.16%	1.62%-5.82%	1.73%-5.45%

b. Short-term bills payable

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Commercial paper	\$ 5,020,000	\$ 4,970,000	\$ 1,580,000
Less: Discounts on bills payable	<u>(5,497)</u>	<u>(4,147)</u>	<u>(1,012)</u>
	<u>\$ 5,014,503</u>	<u>\$ 4,965,853</u>	<u>\$ 1,578,988</u>
Interest rate intervals	1.40%-1.79%	1.41%-1.74%	1.32%-1.65%

c. Long-term borrowings

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Syndicated loans	\$ 3,394,288	\$ 3,393,676	\$ 3,791,840
Unsecured borrowings	2,175,551	2,227,939	1,310,000
Less: Listed as current portion	<u>-</u>	<u>-</u>	<u>(150,000)</u>
	<u>\$ 5,569,839</u>	<u>\$ 5,621,615</u>	<u>\$ 4,951,840</u>
Interest rate intervals	1.30%-2.13%	1.30%-1.99%	0.65%-1.99%

Long-term unsecured borrowings will expire in October 2030, and interests are repaid on a monthly basis.

To enrich medium-term working capital, the Group entered into a syndicated loan agreement with syndicate of seven banks led by Mega International Commercial Bank Co., Ltd. on December 15, 2020, and the total credit facility is \$6,800,000 thousand. The duration period is within 5 years from the first drawdown date (August 2021). As of March 31, 2024, and December 31, 2023, and March 31, 2023, the drawdown was as follows:

	<b>Currency (In Thousands)</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Long-term borrowings	NTD	<u>\$ 3,400,000</u>	<u>\$ 3,400,000</u>	<u>\$ 3,800,000</u>

The Group promises that during the credit period, its semi-annual reviewed current ratio shall not be less than 100%, debt ratio shall not exceed 200%, interest coverage ratio shall not be less than 5 times, and tangible net worth shall not be less than \$15,000,000 thousand. The Group should meet certain financial ratios based on audited consolidated annual financial statements and reviewed consolidated financial statements for the six months.

## 20. OTHER PAYABLES

	March 31, 2024	December 31, 2023	March 31, 2023
Payables for dividends	\$ 5,140,772	\$ -	\$ 5,131,821
Payables for salaries or bonuses	1,443,997	1,818,111	1,568,662
Payables for construction and equipment	112,853	257,846	194,824
Payable for professional service fees	76,304	92,873	111,517
Payables for utilities	28,789	29,218	22,910
Payables for labors and health insurances	21,025	20,278	61,995
Payables for pensions	20,162	15,734	35,768
Others	<u>461,113</u>	<u>519,802</u>	<u>399,159</u>
	<u>\$ 7,305,015</u>	<u>\$ 2,753,862</u>	<u>\$ 7,526,656</u>

## 21. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

The employees of the Group's subsidiaries in China are members of a state-managed retirement benefit plan operated by the government of China.

### b. Defined benefit plans

The defined benefit plan adopted, by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The defined benefit plan adopted by Hydix Technologies Co., Ltd. in accordance with the law is operated by the government of South Korea.

Employee benefit expenses in respect of the Group's defined benefit retirement plans were \$1,308 thousand and \$1,573 thousand for the three months ended March 31, 2024 and 2023, respectively, which were calculated using the actuarially determined pension cost rate as of December 31, 2023 and 2022, respectively.

## 22. EQUITY

### a. Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Number of shares authorized (in thousands)	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Amount of shares authorized	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,142,393</u>	<u>1,141,103</u>	<u>1,140,405</u>
Amount of shares issued	<u>\$ 11,423,937</u>	<u>\$ 11,411,033</u>	<u>\$ 11,404,047</u>

For the three months ended March 31, 2024 and December 31, 2023, the Company's employees exercised their rights under the ESOP to purchase 1,290 thousand and 698 thousand of the Company's ordinary shares, respectively. The changes of registration were completed before March 31, 2024 and December 31, 2023, respectively.

For the three months ended March 31, 2024 and December 31, 2023, the Group's employees exercised their rights under the ESOP to purchase 2,039 thousand and 1,209 thousand of the Group's ordinary shares, generating total proceeds of \$136,309 thousand and \$87,141 thousand, respectively. The effective dates for these transactions are set for May 20 and March 8, 2024. They are recorded as advance receipts for shares.

### b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)			
Issuance of shares	\$ 9,677,977	\$ 9,586,395	\$ 9,531,318
Conversion of bonds	525,200	525,200	525,200
Treasury share transactions	260,084	260,084	260,084
Expired employee share options	57,694	57,448	57,448
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interests in associates (2)	252,016	254,301	248,271
Unclaimed dividends extinguished by prescription	95	95	81
<u>May not be used for any purpose</u>			
Employee share options	<u>188,957</u>	<u>195,002</u>	<u>141,856</u>
	<u>\$ 10,962,023</u>	<u>\$ 10,878,525</u>	<u>\$ 10,764,258</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

2) Such capital surplus arises from the effect of changes in ownership interest in associates resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of associates accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with at least 50% of any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to Note 24.

The Company's Articles of Incorporation also stipulate a dividends policy that allows previous accumulated undistributed earnings to be distributed. The distribution of dividends to shareholders is allowed to be in cash or by the issuance of shares. In principle, cash dividends should be at least 10% of the total dividends distributed.

The shareholders of the Company held their regular meeting on June 18, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation. The amendments explicitly stipulate that the board of directors are authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholder's meeting.

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

Items referred to under Rule No. 1010012865 issued by the FSC (Rule No. 1090150022 issued by the FSC was adopted in appropriations of earnings since 2021) and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2023 and 2022 were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Legal reserve	<u>\$ 800,566</u>	<u>\$ 1,047,188</u>
Cash dividends	<u>\$ 5,140,772</u>	<u>\$ 5,131,821</u>
Dividends per share (NT\$)	<u>\$ 4.5</u>	<u>\$ 4.5</u>

The above appropriation for cash dividends had been resolved by the Company's board of directors on February 23, 2024 and 2023, respectively; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 29, 2024. The appropriations of earnings for 2022 were approved in the shareholders' meeting on June 29, 2023.



d. Special reserve

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at the beginning and the end of the period	<u>\$ 70,678</u>	<u>\$ 70,678</u>

If a special reserve of \$70,678 thousand appropriated on the first-time adoption of IFRSs relates to the exchange differences on translating the financial statements of foreign operations, the special reserve will be reversed proportionately on the Company's disposal of the foreign operations; on the Company's loss of significant influence; however, the entire special reserve will be reversed. An additional special reserve should be appropriated for the amount equal to the difference between the net debit balance of the reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and may thereafter be distributed.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ (1,189,487)	\$ (752,482)
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	980,331	(540,166)
Share of associates and joint ventures accounted for using the equity method	<u>11,104</u>	<u>21,735</u>
Balance at March 31	<u>\$ (198,052)</u>	<u>\$ (1,270,913)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 7,023,979	\$ 4,464,627
Recognized during the period		
Unrealized gain (loss)		
Equity instruments	1,519,238	334,179
Debt instruments	(4,556)	(4,072)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	<u>(117,864)</u>	<u>29,563</u>
Balance at March 31	<u>\$ 8,420,797</u>	<u>\$ 4,824,297</u>

f. Non-controlling interests

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 640,651	\$ 576,216
Share of profit for the period	8,773	11,104
Other comprehensive income (loss) during the period		
Unrealized gain (loss) on financial assets at FVTOCI		
Equity instruments	25,931	2,691
Debt instruments	(218)	(128)
Exchange differences on translating the financial statements of foreign operations	1,358	(26,959)
Actual acquisition of partial interest in subsidiaries	-	10,994
Share-based payment	-	15
Balance at March 31	<u>\$ 676,495</u>	<u>\$ 573,933</u>

In March 2023, the Company acquired the entire equity interest in Linfiny Corporation from Sony Semiconductor Solutions, and the Company's equity interest in Linfiny Corporation increased from 81% to 100%.

Because the above transactions did not change the Company's control over these subsidiaries, the Company was treated as equity transactions.

	<b>Linfiny Corporation</b>
Consideration paid	\$ -
The carrying amount of the subsidiary's net assets should be transferred from noncontrolling interests based on the relative changes in equity.	<u>10,994</u>
Equity trading differences	<u>\$(10,994)</u>
<u>Adjustment to equity trading differences</u>	
Retained earnings	<u>\$(10,994)</u>

## 23. REVENUE

a. Revenue from contracts with customers

<b>Type of Revenue</b>	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Revenue from sale of goods		
Internet of Things applications	\$ 2,276,181	\$ 4,425,055
Consumer electronics	3,366,596	2,772,616
Others	-	32,005
	<u>\$ 5,642,777</u>	<u>\$ 7,229,676</u>
Royalty income	<u>\$ 81,650</u>	<u>\$ 188,720</u>

b. Contract balances

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>	<b>January 1, 2023</b>
Accounts receivable (Note 10)	\$ <u>2,921,424</u>	\$ <u>2,717,486</u>	\$ <u>3,725,600</u>	\$ <u>4,700,178</u>
Contract assets - current				
Royalty	\$ <u>42,404</u>	\$ <u>15,883</u>	\$ <u>51,178</u>	\$ <u>27,566</u>
Contract liabilities - current				
Royalty	\$ 32,676	\$ 70,799	\$ 160,590	\$ 316,235
Sale of goods	<u>340,380</u>	<u>559,380</u>	<u>993,218</u>	<u>121,207</u>
	<u>\$ 373,056</u>	<u>\$ 630,179</u>	<u>\$ 1,153,808</u>	<u>\$ 437,442</u>

The changes in the balances of contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment. Revenue recognized for the period from the beginning balance of the contract liabilities was as follows:

<b>Type of Revenue</b>	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Revenue from sale of goods	\$ 428,913	\$ 120,994
Royalty income	<u>59,258</u>	<u>176,033</u>
	<u>\$ 488,171</u>	<u>\$ 297,027</u>

**24. NET INCOME**

a. Interest income

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Financial assets at amortized cost	\$ 150,984	\$ 74,082
Bank deposits	108,472	75,338
Financial assets at FVTPL	58,054	48,222
Others	<u>47,644</u>	<u>10,045</u>
	<u>\$ 365,154</u>	<u>\$ 207,687</u>

b. Other income

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Rental income	\$ 3,281	\$ 2,044
Government grants	358	33,440
Others	<u>21,994</u>	<u>23,044</u>
	<u>\$ 25,633</u>	<u>\$ 58,528</u>

c. Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Property, plant and equipment	\$ 302,113	\$ 238,148
Other intangible assets	30,829	50,702
Right-of-use assets	<u>23,309</u>	<u>21,053</u>
	<u>\$ 356,251</u>	<u>\$ 309,903</u>
 An analysis of depreciation by function		
Operating costs	\$ 184,533	\$ 130,418
Operating expenses	<u>140,889</u>	<u>128,783</u>
	<u>\$ 325,422</u>	<u>\$ 259,201</u>
 An analysis of amortization by function		
Operating costs	\$ 1,434	\$ 1,546
Operating expenses	<u>29,395</u>	<u>49,156</u>
	<u>\$ 30,829</u>	<u>\$ 50,702</u>

d. Employee benefits expense

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Post-employment benefits (Note 21)		
Defined contribution plans	\$ 31,169	\$ 32,273
Defined benefit plans	<u>1,308</u>	<u>1,573</u>
	32,477	33,846
Share-based payments		
Equity-settled	11,546	17,088
Other employee benefits	<u>1,573,475</u>	<u>1,518,219</u>
Total employee benefits expense	<u>\$ 1,617,498</u>	<u>\$ 1,569,153</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 438,263	\$ 443,750
Operating expenses	<u>1,179,235</u>	<u>1,125,403</u>
	<u>\$ 1,617,498</u>	<u>\$ 1,569,153</u>

e. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues employees' compensation at the rates of no less than 1% as well as remuneration of directors at the rates of no higher than 1%, respectively, of net income before income tax, employees' compensation and remuneration of directors, net of accumulated deficit, if any. The estimated employees' compensation and remuneration of directors for the three months ended March 31, 2024 and 2023, were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Employees' compensation	<u>\$ 28,975</u>	<u>\$ 27,500</u>
Remuneration of directors	<u>\$ 10,000</u>	<u>\$ 11,000</u>

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

The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on February 23, 2024 and 2023, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Employees' compensation	<u>\$ 88,990</u>	<u>\$ 111,550</u>
Remuneration of directors	<u>\$ 35,900</u>	<u>\$ 40,000</u>

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

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

## 25. INCOME TAXES

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

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax		
In respect of the current period	\$ 413,889	\$ 358,013
Adjustments for the prior years	<u>(6,294)</u>	<u>10,758</u>
	<u>407,595</u>	<u>368,771</u>
Deferred tax		
In respect of the current period	(28,196)	129,474
Adjustments for the prior years	<u>-</u>	<u>-</u>
	<u>(28,196)</u>	<u>129,474</u>
Income tax expense recognized in profit or loss	<u>\$ 379,399</u>	<u>\$ 498,245</u>

b. Income tax recognized directly in equity

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax		
Disposal of investments in equity instruments as at FVTOCI	\$ 32,875	\$ 6,171
Deferred tax		
Disposal of investments in equity instruments as at FVTOCI	<u>(32,875)</u>	<u>(6,171)</u>
Income tax recognized directly in equity	<u>\$ -</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
In respect of the current period		
Fair value changes of financial assets at FVTOCI		
Equity instruments	\$ 261,873	\$ 26,240
Debt instruments	<u>687</u>	<u>5,696</u>
	<u>\$ 262,560</u>	<u>\$ 31,936</u>

d. Income tax assessments

Income tax assessments of the Group were as follows:

<u>Company</u>	<u>Latest Assessment Year</u>
The Company	2021
YuanHan Materials Inc.	2019
New Field e-Paper Co., Ltd.	2022
Linfiny Corporation	2022

e. Pillar Two income tax legislation

In December 2023, the governments of certain countries where subsidiaries are incorporated, including the Netherlands, South Korea, and Japan, enacted the Pillar Two income tax legislation, effective from January 1, 2024, January 1, 2024 and April 1, 2024, respectively. As of March 31, 2024, there has been no significant impact on the Group's current tax.

## 26. EARNINGS PER SHARE

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Basic earnings per share (NT\$)	<u>\$ 1.16</u>	<u>\$ 1.54</u>
Diluted earnings per share (NT\$)	<u>\$ 1.15</u>	<u>\$ 1.52</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

### Net Income for the Period

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Net income for the period attributable to owners of the Company	<u>\$ 1,324,306</u>	<u>\$ 1,755,071</u>

### Number of Shares

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Weighted average number of ordinary shares (in thousands) used in the computation of basic earnings per share	1,142,740	1,140,405
Effect of potentially dilutive ordinary shares (in thousands)		
Employees' compensation	349	474
Share-based payment arrangements	<u>11,499</u>	<u>11,943</u>
Weighted average number of ordinary shares (in thousands) used in the computation of diluted earnings per share	<u>1,154,588</u>	<u>1,152,822</u>

The Group may settle compensation paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 27. SHARE-BASED PAYMENT ARRANGEMENTS

### Employee Share Options Plan

To attract and retain the professional talents needed by the Company, improve the employees' cohesion and sense of belonging to the Company, and jointly create the interests of the Company and shareholders, the board of directors of the Company resolved to issue 10,000 units of employee share options, the total is 20,000 units in May 2021 and December 2020, respectively. Each option entitles the holder to subscribe to 1,000 ordinary shares. The eligible participants in share options are the full-time employees of the Company and subsidiaries. The duration of the share options is 6 years that will expire on August 10, 2027.

Information about employee share options issued was as follows:

<b>Share Options Grant Period</b>	<b>Percentage Exercisable (%) (Cumulative)</b>
Over 2 years	40
Over 3 years	70
Over 4 years	100

	<b>For the Three Months Ended March 31</b>			
	<b>2024</b>		<b>2023</b>	
<b>Employee Share Options</b>	<b>Unit</b>	<b>Weighted Average Exercise Price (NT\$)</b>	<b>Unit</b>	<b>Weighted Average Exercise Price (NT\$)</b>
Balance at January 1	17,266	\$ 69-77.2	19,525	\$ 69-77.2
Options granted	-		-	
Options forfeited	(45)		-	
Options exercised	<u>(2,039)</u>		<u>-</u>	
Balance at March 31	<u>15,182</u>		<u>19,525</u>	

The Company uses the Black-Scholes-Merton option evaluation model, the inputs to the models were as follows:

	<b>August 2021</b>	<b>October 2021</b>
Grant date share price (NT\$)	\$77.2	\$69
Exercise price (NT\$)	\$77.2	\$69
Expected volatility	40.50%-43.77%	40.28%-42.73%
Expected life	2-4 year	2-4 year
Expected dividend yield	3.77%	3.77%
Risk-free interest rate	0.760-0.765%	0.760-0.765%
Weighted-average fair value of options granted (NT\$)	\$14.7-19.8	\$13.2-17.2

The Company has an exercise price adjustment formula for the changes in ordinary shares, and the exercise price per share was adjusted from \$77.2 to \$74.14 and from \$69 to \$66.26, effective July 6, 2023, which serves as the ex-dividend date.

Compensation costs recognized were \$11,546 thousand and \$17,088 thousand, respectively, for the three months ended March 31, 2024 and 2023.

## 28. NON-CASH TRANSACTIONS

For the three months ended March 31, 2024 and 2023, the Group entered into the following non-cash investing activities:

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	\$ 415,766	\$ 522,225
Decrease in payables for construction and equipment (included in other payables)	<u>146,675</u>	<u>208,592</u>
Net cash paid	<u>\$ 562,441</u>	<u>\$ 730,817</u>



## 29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged in the future.

The Group's risk management committee reviews the capital structure on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on the committee's recommendations, the Group expects to balance its capital structure through the payment of dividends, the issue of new shares and private ordinary shares or the payment of old debt.

## 30. FINANCIAL INSTRUMENTS

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

#### 1) Fair value hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets				
Mutual funds	\$ 483,197	\$ -	\$ 188,569	\$ 671,766
Perpetual bonds	-	3,236,025	-	3,236,025
Straight corporate bonds	-	298,444	-	298,444
Foreign listed stocks	517,340	-	-	517,340
Hybrid financial assets				
Convertible preferred shares	-	-	163,962	163,962
	<u>\$ 1,000,537</u>	<u>\$ 3,534,469</u>	<u>\$ 352,531</u>	<u>\$ 4,887,537</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares				
	\$ 20,951,000	\$ -	\$ -	\$ 20,951,000
Domestic and overseas unlisted shares				
	-	-	436,485	436,485
Investment in debt instruments				
Overseas straight corporate bonds				
	-	4,100,454	-	4,100,454
	<u>\$ 20,951,000</u>	<u>\$ 4,100,454</u>	<u>\$ 436,485</u>	<u>\$ 25,487,939</u>

(Continued)

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 10,141	\$ -	\$ 10,141
				(Concluded)

December 31, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Derivate financial assets				
Foreign exchange forward contracts	\$ -	\$ 30,771	\$ -	\$ 30,771
Non-derivative financial assets				
Mutual funds	445,076	-	176,219	621,295
Perpetual bonds	-	3,039,663	-	3,039,663
Straight corporate bonds	-	283,891	-	283,891
Foreign listed stocks	509,219	-	-	509,219
Hybrid financial assets				
Convertible preferred shares	-	-	152,894	152,894
	<u>\$ 954,295</u>	<u>\$ 3,354,325</u>	<u>\$ 329,113</u>	<u>\$ 4,637,733</u>

Financial assets at FVTOCI

Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares	\$ 19,382,895	\$ -	\$ -	\$ 19,382,895
Domestic and overseas unlisted shares	-	-	371,886	371,886
Investment in debt instruments				
Overseas straight corporate bonds	-	3,114,343	-	3,114,343
	<u>\$ 19,382,895</u>	<u>\$ 3,114,343</u>	<u>\$ 371,886</u>	<u>\$ 22,869,124</u>

Financial liabilities at FVTPL

Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 622	\$ -	\$ 622

March 31, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets				
Mutual funds	\$ 325,418	\$ -	\$ 300,781	\$ 626,199
Perpetual bonds	-	3,315,847	-	3,315,847
Hybrid financial assets				
Convertible preferred shares	-	-	111,037	111,037
	<u>\$ 325,418</u>	<u>\$ 3,315,847</u>	<u>\$ 411,818</u>	<u>\$ 4,053,083</u>

Financial assets at FVTOCI

Investments in equity instruments				
Domestic and overseas listed shares and emerging market shares				
	\$ 15,412,763	\$ -	\$ -	\$ 15,412,763
Domestic and overseas unlisted shares				
	-	-	363,336	363,336
Investment in debt instruments				
Overseas straight corporate bonds				
	-	1,308,282	-	1,308,282
	<u>\$ 15,412,763</u>	<u>\$ 1,308,282</u>	<u>\$ 363,336</u>	<u>\$ 17,084,381</u>

Financial liabilities at FVTPL

Derivative financial liabilities				
Foreign exchange forward contracts				
	\$ -	\$ 50,232	\$ -	\$ 50,232

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2024 and 2023.

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

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 700,999	\$ 736,214
Recognized in profit or loss	24,629	32,458

(Continued)

	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
Recognized in other comprehensive income (loss) (recognized in unrealized gain (loss) on financial assets at FVTOCI)	\$ 50,608	\$ (46,154)
Reclassifications (Note)	-	95,490
Disposal	(1,211)	(44,750)
Exchange differences on translating the financial statements of foreign operations	<u>13,991</u>	<u>1,896</u>
Balance at March 31	<u>\$ 789,016</u>	<u>\$ 775,154</u> (Concluded)

Note: In December 2022, the Group invested in Millennium real estate income trust capital offshore access fund SPC and prepaid the investment. The actual investment was completed in February 2023, and it was reclassified to financial assets at fair value through profit or loss.

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

Derivatives - foreign exchange forward contracts were evaluated by the discounted cash flow method. Future cash flows are estimated based on observable forward exchange rates and contracted exchange rates at the end of the reporting period, discounted at a rate that reflects the credit risk of each counterparty.

Non-derivatives - the fair value of perpetual bonds and straight corporate bonds was determined by quoted market prices provided by the third party.

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

a) Domestic and overseas unlisted shares were evaluated by the market approach, referring to the market share prices and situations of companies with similar conditions. Unobservable input used by the Group was discount for lack of marketability, which was 11%-20%, 9%-20% and 14%-20% as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively. If the discount for lack of marketability increased by 1% while all other variables were held constant, the fair value would have decreased by \$4,743 thousand, \$3,980 thousand and \$4,026 thousand, respectively.

b) The fair value of convertible preferred shares was determined using the Binomial Option Pricing Model and Black-Scholes Model. The significant unobservable input used is share price volatility. The share price volatility used was 54.57%, 60.47% and 62.30% as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

c) The foreign private funds held by the Group were valued using the asset-based approach and were based on the net asset value measured at fair value.

b. Categories of financial instruments

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<u>Financial assets</u>			
FVTPL	\$ 4,887,537	\$ 4,637,733	\$ 4,053,083
Amortized cost (Note 1)	25,718,361	23,317,196	23,704,640
<u>FVTOCI</u>			
Equity instruments	21,387,485	19,754,781	15,776,099
Debt instruments	4,100,454	3,114,343	1,308,282
<u>Financial liabilities</u>			
FVTPL	10,141	622	50,232
Amortized cost (Note 2)	27,515,596	20,236,047	22,218,893

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable and other receivables.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable, other payables and long-term borrowings (include current portion).

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, accounts receivable, notes and accounts payable, borrowings and lease liabilities. The Group's Corporate Treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to foreign currency risk, interest rate risk and other price risk.

There have been no changes to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company and its several subsidiaries had foreign-currency-denominated sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy by utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign-currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting periods are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar (USD).

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (NTD), renminbi (RMB) against USD. The sensitivity analysis included only outstanding foreign-currency-denominated monetary items and adjusts their translation at the end of the reporting periods for a 1% change in foreign currency rates. For a 1% strengthening of NTD and RMB against USD, pre-tax income would increase (decrease) as follows:

	<b>NTD to USD</b>		<b>RMB to USD</b>	
	<b>For the Three Months</b>		<b>For the Three Months</b>	
	<b>March 31</b>		<b>March 31</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Profit or loss	<u>\$ (59,716)</u>	<u>\$ (44,846)</u>	<u>\$ (72,350)</u>	<u>\$ (51,212)</u>

b) Interest rate risk

The carrying amount of the Group's financial assets, financial liabilities and lease liabilities with exposure to interest rates at the end of the reporting periods were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Fair value interest rate risk			
Financial assets	<u>\$ 18,212,541</u>	<u>\$ 15,546,015</u>	<u>\$ 13,601,234</u>
Financial liabilities	<u>\$ 17,100,705</u>	<u>\$ 14,937,905</u>	<u>\$ 12,724,066</u>
Lease liabilities	<u>\$ 1,070,023</u>	<u>\$ 1,089,227</u>	<u>\$ 1,044,008</u>
Cash flow interest rate risk			
Financial assets	<u>\$ 4,244,951</u>	<u>\$ 4,583,142</u>	<u>\$ 6,107,247</u>

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting periods. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represented management's assessment of the reasonably possible change in interest rates. The effective interest rates of floating rate financial assets and financial liabilities will change when the market rates change, which will result in fluctuations in future cash flows.

If interest rates had been 50 basis points higher, the Group's pre-tax cash inflows for the three months ended March 31, 2024 and 2023 would increase by \$5,306 thousand and \$7,634 thousand, respectively, which was attributable to the Group's floating rate on its financial assets, and if interest rates had been 50 basis points lower, there would be an equal and opposite impact on pre-tax cash flows.

c) Other price risk

The Group was exposed to instrument price risk and equity price risk through its investments in mutual funds, equity securities and debt instruments. Equity investments are held for strategic rather than for trading purposes, and the Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to price risks of mutual funds, debt instruments and equity securities at the end of the reporting periods.

If prices of mutual funds, debt instruments and equity securities had been 5% higher/lower, the income before income tax for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$244,377 thousand and \$202,654 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income or loss before income tax for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$1,274,397 thousand and \$854,219 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

Changes in the Group's sensitivity to price risk are mainly resulting from the increased/decreased investment in equity securities and debt investments.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting periods, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties, evaluated potential customers through an internal credit rating system and set the credit limit of customers to grasp the credit status of the counterparties and effectively control the credit exposure.

## 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group's unutilized bank borrowing facilities were \$25,201,445 thousand, \$22,427,021 thousand and \$13,423,325 thousand, respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay, including principal and estimated interest. Therefore, bank borrowings with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

### March 31, 2024

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 9,150	\$ 17,234	\$ 77,314	\$ 345,035	\$ 908,127
Fixed interest rate liabilities	<u>9,881,667</u>	<u>4,706,726</u>	<u>428,058</u>	<u>1,712,574</u>	<u>556,926</u>
	<u>\$ 9,890,817</u>	<u>\$ 4,723,960</u>	<u>\$ 505,372</u>	<u>\$ 2,057,609</u>	<u>\$ 1,465,053</u>

Additional information about the maturity analysis for lease liabilities was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 103,698</u>	<u>\$ 345,035</u>	<u>\$ 239,539</u>	<u>\$ 230,577</u>	<u>\$ 204,371</u>	<u>\$ 233,640</u>

December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 8,260	\$ 16,520	\$ 70,248	\$ 350,367	\$ 941,778
Fixed interest rate liabilities	<u>5,106,333</u>	<u>3,846,892</u>	<u>428,315</u>	<u>5,170,081</u>	<u>558,976</u>
	<u>\$ 5,114,593</u>	<u>\$ 3,864,412</u>	<u>\$ 498,563</u>	<u>\$ 5,520,448</u>	<u>\$ 1,500,754</u>

Additional information about the maturity analysis for lease liabilities was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 95,028</u>	<u>\$ 350,367</u>	<u>\$ 256,008</u>	<u>\$ 233,050</u>	<u>\$ 213,089</u>	<u>\$ 239,631</u>

March 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 7,515	\$ 15,030	\$ 56,699	\$ 258,592	\$ 954,498
Fixed interest rate liabilities	<u>3,719,792</u>	<u>3,960,407</u>	<u>162,660</u>	<u>4,984,143</u>	-
	<u>\$ 3,727,307</u>	<u>\$ 3,975,437</u>	<u>\$ 219,359</u>	<u>\$ 5,242,735</u>	<u>\$ 954,498</u>

Additional information about the maturity analysis for lease liabilities was as follows:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 79,244</u>	<u>\$ 258,592</u>	<u>\$ 232,849</u>	<u>\$ 231,818</u>	<u>\$ 232,227</u>	<u>\$ 257,604</u>



### 31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
NTX Electronics Yangzhou Co., Ltd.	Associate
Yuen Foong Yu Biotech Co., Ltd.	Associate
Integrated Solutions Technology, Inc.	Associate
Nuclera Corporation (originally named Nuclera Nucleics Corporation)	Associate
Plastic Logic HK Limited	Associate
PL Germany GmbH	Associate
YFY Inc.	Investor with significant influence over the Group
Arizon RFID Technology Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Japan Co., Ltd.	Subsidiary of investor with significant influence over the Group
Yuen Foong Shop Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Paper Enterprise (Nanjing) Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Paper Mfg. (Yangzhou) Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Packaging Inc.	Subsidiary of investor with significant influence over the Group
Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Corporate Advisory & Services Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Development Co., Ltd.	Subsidiary of investor with significant influence over the Group
Chung Hwa Pulp Corporation	Subsidiary of investor with significant influence over the Group
Sustainable Carbohydrate Innovation Co., Ltd.	Subsidiary of investor with significant influence over the Group
YFY Jupiter US, Inc.	Subsidiary of investor with significant influence over the Group
YFY Global Investment B.V.	Subsidiary of investor with significant influence over the Group
Jupiter Prestige Group North America Inc.	Subsidiary of investor with significant influence over the Group
Syntax Communication (H.K.) Limited	Subsidiary of investor with significant influence over the Group
Yuen Foong Yu Biotech (Kunshan) Co., Ltd.	Substantive related party
Yuen Foong Paper Co., Ltd.	Substantive related party
SinoPac Securities Corp	Substantive related party
SinoPac Financial Holdings Company Limited	Substantive related party
Hsin Yi Enterprise Co., Ltd.	Substantive related party
TGKW Management Limited	Substantive related party
Hsin Fan Precision Electronics (Yangzhou) Co., Ltd.	Substantive related party

b. Sales of goods

<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Associate	<u>\$ 10,770</u>	<u>\$ 6,239</u>

The sales price and collection terms are based on the agreements with the related parties.

c. Purchases of goods

<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Associate	\$ 265,077	\$ 462,093
Substantive related party	28	206
Subsidiary of investor with significant influence over the Group	<u>2</u>	<u>3,310</u>
	<u>\$ 265,107</u>	<u>\$ 465,609</u>

The purchase price and payment terms are based on the agreements with the related parties.

d. Manufacturing costs

<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Substantive related party	\$ 13,151	\$ 12,242
Subsidiary of investor with significant influence over the Group	3,136	-
Associate	<u>141</u>	<u>-</u>
	<u>\$ 16,428</u>	<u>\$ 12,242</u>

e. Operating expenses

<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Substantive related party	\$ 5,724	\$ 7,637
Subsidiary of investor with significant influence over the Group	1,458	1,116
Associate	<u>831</u>	<u>706</u>
	<u>\$ 8,013</u>	<u>\$ 9,459</u>

f. Non-operating income - other income

Related Party Category	For the Three Months Ended March 31	
	2024	2023
Associate	\$ 7,520	\$ 2,314
Others	<u>132</u>	<u>-</u>
	<u>\$ 7,652</u>	<u>\$ 2,314</u>

g. Non-operating income - interest income

Related Party Category	For the Three Months Ended March 31	
	2024	2023
Associate	\$ 456	\$ 554
Subsidiary of investor with significant influence over the Group	<u>24</u>	<u>23</u>
	<u>\$ 480</u>	<u>\$ 577</u>

h. Receivables from related parties

Line Items	Related Party Category	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable	Associate	\$ 85,379	\$ 62,836	\$ 356,429
	Less: Loss allowance	<u>(19,857)</u>	<u>(19,054)</u>	<u>(18,896)</u>
		65,522	43,782	337,533
	Subsidiary of investor with significant influence over the Group	<u>7,712</u>	<u>7,361</u>	<u>7,299</u>
		<u>\$ 73,234</u>	<u>\$ 51,143</u>	<u>\$ 344,832</u>
Other receivables	Associate	\$ 11,200	\$ 10,747	\$ 10,658
	Less: Loss allowance	(9,769)	(9,769)	(9,769)
	Effects of exchange rate changes	<u>(1,431)</u>	<u>(978)</u>	<u>(889)</u>
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The outstanding accounts receivables from related parties were unsecured.

i. Payables to related parties (recognized in notes and accounts payable and other payables)

<b>Related Party Category</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Associate	\$ 32,344	\$ 49,839	\$ 36,624
Subsidiary of investor with significant influence over the Group	9,685	10,207	12,610
Substantive related party	<u>6,810</u>	<u>4,780</u>	<u>10,508</u>
	<u>\$ 48,839</u>	<u>\$ 64,826</u>	<u>\$ 59,742</u>

The outstanding accounts payables to related parties were unsecured.

j. Prepayments and refundable deposits (recognized in other non-current assets)

<b>Related Party Category/Name</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Substantive related party			
Yuen Foong Yu Biotech (Kunshan) Co., Ltd.	\$ 50,874	\$ 48,901	\$ 49,983
Others	9	-	6,059
Subsidiary of investor with significant influence over the Group	5,941	5,820	5,773
Associate	<u>37</u>	<u>37</u>	<u>-</u>
	<u>\$ 56,861</u>	<u>\$ 54,758</u>	<u>\$ 61,815</u>

k. Construction in progress and prepayments for equipment (included in property, plant and equipment)

<b>Related Party Category/Name</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Subsidiary of investor with significant influence over the Group	<u>\$ 57,886</u>	<u>\$ 28,364</u>	<u>\$ 8,218</u>

l. Lease arrangements

The Group leased offices from a subsidiary of investor with significant influence over the Group and renewed the contract after the expiration in February 2021. The lease term is 2 years. In addition, the Group leased land from a subsidiary of an investor with significant influence over the Group in August 2022. The lease term is 20 years. The related amounts were as follows:

<b>Related Party Category/Name</b>	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Acquisition of right-of-use assets</u>		
Subsidiary of investor with significant influence over the Group	<u>\$ -</u>	<u>\$ 5,186</u>

<b>Line Item</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Right-of-use assets	<u>\$ 230,584</u>	<u>\$ 241,507</u>	<u>\$ 249,596</u>
Lease liabilities			
Current (included in other current liabilities)	\$ 5,997	\$ 6,198	\$ 5,843
Non-current	<u>232,565</u>	<u>241,100</u>	<u>248,736</u>
	<u>\$ 238,562</u>	<u>\$ 247,298</u>	<u>\$ 254,579</u>

<b>Line Item</b>	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Interest expenses	<u>\$ 2,912</u>	<u>\$ 3,071</u>

The lease contract between the Group and the related party was determined by reference to the market conditions and payment terms that were similar to those with the third parties.

m. Guarantee deposits received (recognized in other non-current liabilities)

<b>Related Party Category</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Associate	\$ 960	\$ 921	\$ 912
Substantive related party	<u>68</u>	<u>65</u>	<u>67</u>
	<u>\$ 1,028</u>	<u>\$ 986</u>	<u>\$ 979</u>

n. Acquisition of financial assets

For the three months ended March 31, 2023

<b>Related Party Category</b>	<b>Line Item</b>	<b>Number of Shares (In Thousands)</b>	<b>Underlying Assets</b>	<b>Purchase Price</b>
Substantive related party	Financial assets at fair value through other comprehensive income - non-current	25,324	Stock	\$ 379,859

o. Compensation of key management personnel

	<b>For the Three Months Ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 42,986	\$ 42,702
Post-employment benefits	476	402
Share-based payments	<u>1,979</u>	<u>2,267</u>
	<u>\$ 45,441</u>	<u>\$ 45,371</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

### 32. ASSETS PLEDGED AS COLLATERAL

The following demand deposits and time deposits (included in financial assets at amortized cost) were provided as collateral for short-term borrowings, line of credit for derivative instrument trading, tariff guarantee for imported inventories, lease deposits for plants and land, and deposits for provisional attachment:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current	\$ 1,457,865	\$ 718,460	\$ 3,218,829
Non-current	<u>12,622</u>	<u>3,546</u>	<u>132,464</u>
	<u>\$ 1,470,487</u>	<u>\$ 722,006</u>	<u>\$ 3,351,293</u>

### 33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. Unused letters of credit of the Group for purchase of machinery amounted to \$214,144 thousand, \$219,915 thousand and \$268,325 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
- b. Guaranteed notes issued for long-term and short-term borrowings and lines of credit for derivative instrument trading were \$21,017,000 thousand, \$21,437,000 thousand and \$15,030,000 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
- c. Guaranteed notes issued for syndicated loans were all \$6,800,000 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023.
- d. The board of directors of the subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., approved in March 2020 for an investment plan for the next three to five years. The content of the investment plan includes the construction of R&D buildings, capacity expansion and fundamental operating expenses, with expected investment amount from US\$50,000 thousand to US\$55,000 thousand. The source of funds is from the parent company's capital increase via cash and the subsidiary's proprietary funds. All investments have been completed as of December 31, 2023.

- e. To expand production capacity for operational needs, in May 2021, the board of directors of the Company resolved the project to construct new Hsinchu factory office building and multi-storey parking lot. The additional budget was approved by the board of directors on August 5, 2022, and the total amount of the construction is estimated at NT\$2.643 billion. As of March 31, 2024, the progress of implementation was approximately 59%.
- f. In response to the business development plan of Yangzhou City, the board of directors of the subsidiary, Transcend Optronics (Yangzhou) Co., Ltd., approved a high-end display service agreement with Yangzhou Economic and Technological Development Zone's management committee in June 2021. It planned to invest in the construction of factories on 420 acres of land in the area and develop electronic paper-related businesses. It planned to increase capital in installments before June 2023, and the total amount shall not exceed US\$61,000 thousand. As of December 31, 2023, the subsidiary Transcend Optronics (Yangzhou) Co., Ltd. has completed the capital increase of US\$61,000 thousand from retained earnings.
- g. On August 5, 2022, the board of directors of the Company resolved to construct new factory office buildings in Guanyin District, Taoyuan, on a leasehold basis. Further, on November 3, 2023, the Company resolved the project to construct a new production line and factory facilities, and the total amount of the overall construction and equipment is expected to be NT\$4.095 billion. As of March 31, 2024, the progress of implementation was approximately 1%.

### 34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

March 31, 2024

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 388,862	32.00 (USD:NTD)	\$ 12,443,584
USD	384,338	7.095 (USD:RMB)	12,298,816
Non-monetary items			
FVTPL			
USD	101,126	1,336.68 (USD:KRW)	3,236,025
FVTOCI			
USD	77,791	1,336.68 (USD:KRW)	2,489,309
USD	39,195	32.00 (USD:NTD)	1,254,254
EUR	137,847	34.46 (EUR:NTD)	4,750,193
<u>Foreign currency liabilities</u>			
Monetary items			
USD	202,249	32.00 (USD:NTD)	6,471,968
USD	158,243	7.095 (USD:RMB)	5,063,776

December 31, 2023

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 315,877	30.705 (USD:NTD)	\$ 9,699,033
USD	238,560	7.0827 (USD:RMB)	7,324,985
Non-monetary items			
FVTPL			
USD	98,995	1,284.191 (USD:KRW)	3,039,663
FVTOCI			
USD	71,893	1,284.191 (USD:KRW)	2,207,501
EUR	131,273	33.98 (EUR:NTD)	4,460,665
<u>Foreign currency liabilities</u>			
Monetary items			
USD	164,556	30.705 (USD:NTD)	5,052,692
USD	131,273	7.0827 (USD:RMB)	4,075,997

March 31, 2023

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 400,919	6.8717 (USD:RMB)	\$ 12,207,984
USD	346,796	30.45 (USD:NTD)	10,559,938
USD	51,433	1,292.445 (USD:KRW)	1,566,135
Non-monetary items			
FVTPL			
USD	108,895	1,292.445 (USD:KRW)	3,315,847
FVTOCI			
USD	34,661	1,292.445 (USD:KRW)	1,055,435
EUR	94,813	33.15 (EUR:NTD)	3,143,060
<u>Foreign currency liabilities</u>			
Monetary items			
USD	232,735	6.8717 (USD:RMB)	7,086,781
USD	199,518	30.45 (USD:NTD)	6,075,323

The Group's net realized and unrealized gains (losses) on foreign currency exchange were \$496,593 thousand and \$(32,749) thousand for the three months ended March 31, 2024 and 2023, respectively. It is impractical to disclose net gain or loss on foreign currency exchange by each significant foreign currency due to the variety of the foreign currency transactions and the functional currency of each entity in the Group.



### 35. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions:
  - 1) Financing provided to others (Table 1)
  - 2) Endorsements/guarantees provided (Table 2)
  - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
  - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
  - 9) Trading in derivative instruments (Note 7)
  - 10) Intercompany relationships and significant intercompany transactions (Table 9)
- b. Information on investees (Table 7)
- c. Information on investments in mainland China (Table 8)
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area.
  - 2) Any of 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:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

- e) The highest balance, ending balance, interest rate interval, and total interest for the current period with respect to financing of funds.
  - f) Other transactions that have a material effect on profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

### 36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the breakdown by region. The Group's reportable segments were classified into the ROC, Asia and Americas according to their geographic locations.

The profit or loss from the Group's operating segments is primarily measured by the segment profit or loss, which is used for the basis for assessment of performance. In addition, there are no significant differences between the accounting standards applied by the segments and the summary of material accounting policies as disclosed in Note 4.

The following was an analysis of the Group's revenue and results from operation by reportable segment:

	Segment Revenue		Segment Profit (Loss)	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2024	2023	2024	2023
ROC	\$ 3,767,269	\$ 6,011,243	\$ 43,796	\$ 937,285
Asia	4,207,588	4,817,687	845,277	814,184
America	1,427,284	1,020,293	93,205	225,893
Adjustment and eliminations	<u>(3,759,364)</u>	<u>(4,619,547)</u>	-	-
	<u>\$ 5,642,777</u>	<u>\$ 7,229,676</u>	982,278	1,977,362
Administration cost and remunerations to directors			(149,171)	(164,908)
Net gain (loss) on foreign currency exchange			496,593	(32,749)
Royalty income			81,650	188,720
Interest revenue			365,154	207,687
Net gain on fair value changes of financial assets and liabilities at FVTPL			28,878	111,533
Other non-operating income and expenses, net			(92,904)	(23,225)
Income before tax			<u>\$ 1,712,478</u>	<u>\$ 2,264,420</u>

Segment profit (loss) represents the income before income tax earned by each segment without allocation of administration costs and remuneration of directors, net gain (loss) on foreign currency exchange, royalty income, interest revenue, net gain on fair value changes of financial assets and liabilities at FVTPL, other non-operating income and expenses, net, and income tax expense, etc.

## E INK HOLDINGS INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance (Note 1)	Ending Balance (Note 1)	Amount Actually Drawn (Note 1)	Interest Rate Intervals (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	E Ink Holdings Inc.	YuanHan Materials Inc.	Other receivables	Yes	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	1.8	Short-term financing	\$ -	Working capital	\$ -	-	\$ -	\$ 4,774,306	\$ 19,097,223
1	E Ink Technology B.V.	New Field e-Paper Co., Ltd	Other receivables	Yes	480,000 (US\$ 15,000 thousand)	480,000 (US\$ 15,000 thousand)	480,000 (US\$ 15,000 thousand)	6.5	Short-term financing	-	Working capital	-	-	-	3,749,952 (US\$ 117,186 thousand)	14,999,744 (US\$ 468,742 thousand)
		E Ink Netherlands B.V.	Other receivables	Yes	134,400 (US\$ 4,200 thousand)	134,400 (US\$ 4,200 thousand)	134,400 (US\$ 4,200 thousand)	6.5	Short-term financing	-	Working capital	-	-	-	3,749,952 (US\$ 117,186 thousand)	14,999,744 (US\$ 468,742 thousand)
2	YuanHan Materials Inc.	Prime View Communications Ltd.	Other receivables	Yes	128,000 (US\$ 4,000 thousand)	128,000 (US\$ 4,000 thousand)	128,000 (US\$ 4,000 thousand)	6.0	Short-term financing	-	Working capital	-	-	-	1,014,785	4,059,139

Note 1: The amounts are translated at the exchange rate of US\$1=NT\$32 on March 31, 2024, except the maximum balance that is translated at the exchange rate at the end of each month for the period.

Note 2: The aggregate and individual financing limits of E Ink Holdings Inc., YuanHan Materials Inc. and E Ink Technology B.V. shall not exceed 40% and 10%, respectively, of the financing company's net equity per its latest financial statements.

Note 3: The above intercompany transactions have been eliminated upon consolidation.

## E INK HOLDINGS INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Endorsed/Guaranteed Party		Limit on Endorsement/Guarantee Amount Provided to Each Endorsed/Guaranteed Party (Note 1)	Maximum Balance (Note 2)	Ending Balance (Note 2)	Amount Actually Drawn (Note 2)	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable (Note 3)	Endorsement/Guarantee Provided by Parent Company	Endorsement/Guarantee Provided by Subsidiary	Endorsement/Guarantee to Subsidiary in Mainland China
		Name	Relationship										
0	E Ink Holdings Inc.	E Ink Corporation	Subsidiary	\$ 11,935,764	\$ 1,056,000 (US\$ 33,000 thousand)	\$ 1,056,000 (US\$ 33,000 thousand)	\$ -	\$ -	2.21	\$ 47,743,057	Yes	No	No
		YuanHan Materials Inc.	Subsidiary	11,935,764	600,000	600,000	-	-	1.26	47,743,057	Yes	No	No
		Linfiny Corporation	Subsidiary	11,935,764	250,000	250,000	40,000	-	0.52	47,743,057	Yes	No	No
		New Field e-Paper Co., Ltd.	Subsidiary	11,935,764	200,000	200,000	100,000	-	0.42	47,743,057	Yes	No	No

Note 1: The amount shall not exceed 25% of the net equity of the Company.

Note 2: The amounts are translated at the exchange rate of US\$1=\$32 on March 31, 2024, except the maximum balance is translated at the exchange rate of the end of each month for the period.

Note 3: The amount shall not exceed the net equity of the Company.

## E INK HOLDINGS INC. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

MARCH 31, 2024

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
E Ink Holdings Inc.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI - non-current	129,616,218	\$ 2,806,191	1.05	\$ 2,806,191	
	YFY Inc.	Investor with significant influence over the Company	Financial assets at FVTOCI - non-current	7,814,000	234,420	0.47	234,420	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the Company	Financial assets at FVTOCI - non-current	336,002	16,515	0.13	16,515	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	678,497	20,626	0.01	20,626	
	Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	8,638,146	350,277	0.06	350,277	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI - non-current	5,031,386	161,759	0.06	161,759	
	Asia Electronic Material Co., Ltd.	-	Financial assets at FVTOCI - non-current	9,765,000	218,736	9.94	218,736	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI - non-current	5,936,000	273,946	2.84	273,946	
	Daxin Materials Corporation	-	Financial assets at FVTOCI - non-current	400,000	60,800	0.39	60,800	
	IGNIS INNOVATION INC.	-	Financial assets at FVTPL - non-current	387,597	-	0.18	-	
	Soken Chemical & Engineering Co., Ltd.	-	Financial assets at FVTPL - non-current	177,700	121,207	2.15	121,207	
	<u>Preferred shares</u>							
	Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI - non-current	4,675,000	289,850	0.03	289,850	
	Cathay Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI - non-current	2,354,000	141,711	0.01	141,711	
	Taishin Financial Holding Co., Ltd. (E)	-	Financial assets at FVTOCI - non-current	2,293,000	118,548	0.02	118,548	
	<u>Convertible preferred shares</u>							
	MICAREO INC.	-	Financial assets at FVTPL - non-current	6,000,000	-	14.69	-	
	<u>Mutual funds</u>							
	Yuanta Japan Leaders Equity Fund - TWD (A)	-	Financial assets at FVTPL - non-current	10,193,680	117,737	-	117,737	
<u>Straight corporate bonds</u>								
Goldman sachs	-	Financial assets at FVTOCI - non-current	8,754,000	286,011	-	286,011		
Wells Fargo & Co.	-	Financial assets at FVTOCI - non-current	5,600,000	186,691	-	186,691		
New Field e-Paper Co., Ltd.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI - non-current	30,382,959	657,791	0.25	657,791	
	Taiflex Sciehtific Co., Ltd.	-	Financial assets at FVTOCI - non-current	2,085,000	96,223	1.00	96,223	
	Daxin Materials Corporation	-	Financial assets at FVTOCI - non-current	200,000	30,400	0.19	30,400	
	VusionGroup (originally named SES-imagotag)	-	Financial assets at FVTOCI - non-current	60,000	294,840	0.38	294,840	
	PRICER AB	-	Financial assets at FVTOCI - non-current	824,824	25,254	0.50	25,254	
	Soken Chemical & Engineering Co., Ltd.	-	Financial assets at FVTPL - non-current	175,000	119,365	2.11	119,365	
	<u>Straight corporate bonds</u>							
HSBC Holding plc, 7.336%	-	Financial assets at FVTOCI - non-current	4,710,000	155,031	-	155,031		
HSBC Holding plc, 7.39%	-	Financial assets at FVTOCI - non-current	5,650,000	192,147	-	192,147		
YuanHan Materials Inc.	<u>Ordinary shares</u>							
	SinoPac Financial Holding Company Limited	Substantive related party	Financial assets at FVTOCI - non-current	233,009,777	5,044,662	1.88	5,044,662	
	YFY Inc.	Investor with significant influence over the parent company	Financial assets at FVTOCI - non-current	16,000	480	0.00	480	
	Netronix Inc.	-	Financial assets at FVTOCI - non-current	5,309,198	490,039	6.07	490,039	
	VusionGroup (originally named SES-imagotag)	-	Financial assets at FVTOCI - non-current	906,666	4,455,353	5.68	4,455,353	
Fitipower Integrated Technology Inc.	-	Financial assets at FVTOCI - non-current	968,906	259,667	0.80	259,667		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Formolight Technologies, Inc.	-	Financial assets at FVTOCI - non-current	2,227,500	\$ 15,353	10.93	\$ 15,353	
	Ecrowd Media Inc.	-	Financial assets at FVTOCI - non-current	1,309,701	11,761	6.46	11,761	
	Mega Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	4,904,441	198,875	0.03	198,875	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	139,044	4,227	0.00	4,227	
	Daxin Materials Corporation	-	Financial assets at FVTOCI - non-current	1,138,000	172,976	1.11	172,976	
	Zenitron Corporation	-	Financial assets at FVTOCI - non-current	4,249,000	150,202	1.83	150,202	
	Ushine Photonics Corporation	-	Financial assets at FVTOCI - non-current	3,596,602	175,514	13.89	175,514	
	Taiwan Cement Corporation	-	Financial assets at FVTOCI - non-current	1,249,000	40,155	0.02	40,155	
	Yuen Foong Yu Consumer Products Co., Ltd.	Subsidiary of investor with significant influence over the parent company	Financial assets at FVTOCI - non-current	688	34	0.00	34	
	<u>Preferred shares</u>							
	Fubon Financial Holding Co., Ltd. (A)	-	Financial assets at FVTOCI - non-current	4,684,000	290,408	0.03	290,408	
	<u>Convertible preferred shares</u>							
	SigmaSense, LLC	-	Financial assets at FVTPL - non-current	72,916	163,962	1.30	163,962	
	<u>Straight corporate bonds</u>							
	FS KKR Capital Corp.	-	Financial assets at FVTOCI - current	2,000,000	63,517	-	63,517	
	NOMURA Holdings, Inc.	-	Financial assets at FVTOCI - non-current	1,950,000	55,578	-	55,578	
	Swiss Re Group	-	Financial assets at FVTOCI - non-current	9,950,000	315,280	-	315,280	
	<u>Mutual funds</u>							
	Millennium	-	Financial assets at FVTPL - non-current	4,721,397	188,569	-	188,569	
Transcend Optronics (Yangzhou) Co., Ltd.	<u>Ordinary shares</u>							
	Dke Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,255,500	RMB 25,104 thousand	2.73	RMB 25,104 thousand	
	Hanshow Technology Corporation	-	Financial assets at FVTOCI - non-current	2,880,000	RMB 65,664 thousand	0.76	RMB 65,664 thousand	
Hydis Technologies Co., Ltd.	<u>Ordinary shares</u>							
	SOLUM CO., LTD.	-	Financial assets at FVTOCI - non-current	527,432	KRW 13,080,314 thousand	1.08	KRW 13,080,314 thousand	
	Hana Financial Group Inc.	-	Financial assets at FVTOCI - non-current	972,642	KRW 56,121,443 thousand	0.34	KRW 56,121,443 thousand	
	KT&G Corporation	-	Financial assets at FVTOCI - non-current	355,202	KRW 33,211,387 thousand	0.31	KRW 33,211,387 thousand	
	LG Uplus Corp	-	Financial assets at FVTOCI - non-current	664,380	KRW 6,623,869 thousand	0.15	KRW 6,623,869 thousand	
	SAMSUNG CARD CO., LTD.	-	Financial assets at FVTOCI - non-current	549,455	KRW 20,796,872 thousand	0.51	KRW 20,796,872 thousand	
	SK Telecom Co., Ltd.	-	Financial assets at FVTOCI - non-current	395,491	KRW 20,763,277 thousand	0.19	KRW 20,763,277 thousand	
	HD Hyundai Co., Ltd.	-	Financial assets at FVTOCI - non-current	148,464	KRW 10,674,562 thousand	0.21	KRW 10,674,562 thousand	
	DS Dansuk Co., Ltd.	-	Financial assets at FVTPL - current	78,045	KRW 10,593,977 thousand	1.33	KRW 10,593,977 thousand	
	Soken Chemical & Engineering Co., Ltd.	-	Financial assets at FVTPL - non-current	32,700	KRW 938,023 thousand	0.39	KRW 938,023 thousand	
	<u>Mutual funds</u>							
	Term Liquidity Fund	-	Financial assets at FVTPL - non-current	95,558	KRW 15,227,516 thousand	-	KRW 15,227,516 thousand	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Hydis Technologies Co., Ltd.	<u>Perpetual bonds</u> JP Morgan Chase & Co., 4.625%	-	Financial assets at FVTPL - current	29,800,000	KRW 40,267,084 thousand	-	KRW 40,267,084 thousand	
	Citigroup Inc.	-	Financial assets at FVTPL - current	14,810,000	KRW 19,994,657 thousand	-	KRW 19,994,657 thousand	
	JP Morgan Chase & Co., 4.6%	-	Financial assets at FVTPL - current	18,700,000	KRW 24,794,790 thousand	-	KRW 24,794,790 thousand	
	Bank of America	-	Financial assets at FVTPL - current	37,900,000	KRW 49,777,836 thousand	-	KRW 49,777,836 thousand	
	<u>Straight corporate bonds</u> Standard Chartered PLC, 7.776%	-	Financial assets at FVTOCI - current	8,500,000	KRW 11,584,029 thousand	-	KRW 11,584,029 thousand	
	NOMURA Holdings, Inc.	-	Financial assets at FVTOCI - non-current	16,000,000	KRW 19,143,954 thousand	-	KRW 19,143,954 thousand	
	Barclays PLC, 4.836%	-	Financial assets at FVTOCI - non-current	8,490,000	KRW 11,105,137 thousand	-	KRW 11,105,137 thousand	
	Standard Chartered plc, 4.3%	-	Financial assets at FVTOCI - non-current	8,800,000	KRW 11,525,561 thousand	-	KRW 11,525,561 thousand	
	Swiss Re Group	-	Financial assets at FVTOCI - non-current	4,900,000	KRW 6,557,837 thousand	-	KRW 6,557,837 thousand	
	Societe Generale	-	Financial assets at FVTOCI - non-current	8,900,000	KRW 12,435,739 thousand	-	KRW 12,435,739 thousand	
	Barclays PLC, 7.325%	-	Financial assets at FVTOCI - non-current	8,500,000	KRW 11,735,140 thousand	-	KRW 11,735,140 thousand	
	Standard Chartered plc, 7.767%	-	Financial assets at FVTOCI - non-current	8,200,000	KRW 11,823,449 thousand	-	KRW 11,823,449 thousand	
	HSBC Holding plc, 6.254%	-	Financial assets at FVTOCI - non-current	5,500,000	KRW 7,810,362 thousand	-	KRW 7,810,362 thousand	
	Toronto-Dominion Bank	-	Financial assets at FVTPL - non-current	8,800,000	KRW 12,435,188 thousand	-	KRW 12,435,188 thousand	
	Fubon hyundai life	-	Financial assets at amortized cost - non-current	2,200,000	KRW 21,963,805 thousand	-	KRW 21,963,805 thousand	
Hanwha General Insurance	-	Financial assets at amortized cost - non-current	300,000	KRW 2,997,900 thousand	-	KRW 2,997,900 thousand		
Dream Universe Ltd.	<u>Straight corporate bonds</u> HSBC Holding plc, 7.336%	-	Financial assets at FVTOCI - non-current	3,700,000	US\$ 3,806 thousand	-	US\$ 3,806 thousand	
	HSBC Holding plc, 8.113%	-	Financial assets at FVTOCI - non-current	1,080,000	US\$ 1,233 thousand	-	US\$ 1,233 thousand	
	Nippon Life Insurance Co.	-	Financial assets at FVTOCI - non-current	5,870,000	US\$ 6,114 thousand	-	US\$ 6,114 thousand	

Note: Refer to Tables 7 and 8 for information on investments in subsidiaries and associates.

(Concluded)

## E INK HOLDINGS INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustments	Ending Balance	
					Units	Amount	Units	Amount	Units	Prices	Carrying Amount	Gain on Disposal		Units	Amount
Hydis Technologies Co., Ltd.	Ordinary shares Hana Financial Group Inc.	Financial assets at FVTOCI - non-current	-	-	1,239,279	KRW 53,784,709 thousand	84,484	KRW 3,497,260 thousand	351,121	KRW 20,979,084 thousand	KRW 15,238,651 thousand	KRW 5,740,433 thousand (Note 1)	KRW 14,078,125 thousand (Note 2)	972,642	KRW 56,121,443 thousand

Note 1: The disposal of investments in equity instruments designated as at FVTOCI was transferred to cumulative gain of retained earnings.

Note 2: Other adjustments were recognized in unrealized gain (loss) on financial assets at FVTOCI.



**E INK HOLDINGS INC. AND 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)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 1)	
E Ink Holdings Inc.	E Ink Corporation	Subsidiary	Purchase	\$ 1,408,222	56	By agreement	\$ -	-	\$ (716,917)	(18)	
	YuanHan Materials Inc.	Subsidiary	Purchase	171,653	7	By agreement	-	-	(114,251)	(3)	
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Purchase	228,912	9	By agreement	-	-	(3,015,684)	(76)	
	NTX Electronics Yangzhou Co., Ltd.	Associate	Purchase	234,004	9	By agreement	-	-	-	-	
YuanHan Materials Inc.	E Ink Holdings Inc.	Parent company	Sale	(171,653)	(58)	By agreement	-	-	114,251	85	
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	Sale	(228,912)	(50)	By agreement	-	-	3,015,684	100	
E Ink Corporation	E Ink Holdings Inc.	Parent company	Sale	(1,408,222)	(99)	By agreement	-	-	716,917	95	

Note 1: The calculation is based on each company's receivables from (payables to) related parties.

Note 2: The above intercompany transactions have been eliminated upon consolidation, except for NTX Electronics Yangzhou Co., Ltd.

## E INK HOLDINGS INC. AND 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)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (Times)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
E Ink Holdings Inc.	YuanHan Materials Inc.	Subsidiary	\$ 1,606,750	(Note 2)	\$ -	-	\$ 10,042	\$ -
	Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	2,285,903	(Note 1)	6,819	Collected	691,369	-
Transcend Optronics (Yangzhou) Co., Ltd.	E Ink Holdings Inc.	Parent company	3,015,684	(Note 1)	22,885	Collected	395,847	-
E Ink Corporation	E Ink Holdings Inc.	Parent company	716,917	7.96	5,491	Collected	473,489	-
YuanHan Materials Inc.	E Ink Holdings Inc.	Parent company	114,251	4.41	-	-	103,002	-

Note 1: Other receivables from materials delivered to subcontractors.

Note 2: Cash dividend receivables and other receivables from financing provided.

Note 3: The above intercompany transactions have been eliminated upon consolidation.

## E INK HOLDINGS INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		Balance as of March 31, 2024			Net Income (Loss) of Investee	Share of Profit (Loss) of Investee	Note
				March 31, 2024	December 31, 2023	Shares	Percentage of Ownership (%)	Carrying Amount			
E Ink Holdings Inc.	E Ink Technology B.V.	Eindhoven	Investment	\$ 12,510,056	\$ 12,510,056	437,536,259	100.00	\$ 37,499,387	\$ 989,883	\$ 989,883	(Note)
	New Field e-Paper Co., Ltd.	Taoyuan, Taiwan	Investment	2,488,349	2,488,349	177,217,132	100.00	2,004,972	50,767	50,767	(Note)
	YuanHan Materials Inc.	Taipei, Taiwan	Manufacture and sale of chemical materials and optical films	6,420,230	6,420,230	183,819,268	100.00	10,080,206	97,804	89,935	(Note)
	Dream Universe Ltd.	Mauritius	Trading	128,710	128,710	4,050,000	100.00	441,372	5,998	5,998	(Note)
	Prime View Communications Ltd.	Hong Kong	Trading	18,988	18,988	3,570,000	100.00	(106,590)	(2,940)	(2,940)	(Note)
	Enttek Co., Ltd.	Taichung, Taiwan	Manufacture and sale of consumer audio-visual systems	34,547	34,547	2,203,161	47.07	-	-	-	Under liquidation
	Linfiny Corporation	Taoyuan, Taiwan	Research, development and sale of electronic paper products	16,800	16,800	339,828	23.00	(5,540)	1,192	654	(Note)
	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	6,597	6,597	223,655	2.40	-	-	-	
	E Ink Japan Inc.	Tokyo, Japan	Development of electronic paper products	15,065	15,065	200	100.00	12,054	(1,753)	(1,753)	(Note)
	Integrated Solutions Technology, Inc.	Taipei, Taiwan	Technical services and trading business of integrated circuits and electronic circuit application design, etc.	148,743	148,743	9,896,402	26.01	132,690	(5,730)	(1,490)	
YuanHan Materials Inc.	Linfiny Corporation	Taoyuan, Taiwan	Research, development and sale of electronic paper products	323,400	323,400	1,137,686	77.00	10,129	1,192	918	(Note)
	Yuen Foong Yu Biotech Co., Ltd.	Taipei, Taiwan	Cultivation, processing and sale of agriculture and restaurant management	36,000	36,000	3,600,000	36.00	-	-	-	
	Kyoritsu Optronics Co., Ltd., Nuclera Limited (originally named Nuclera Nucleics Ltd.)	Taipei, Taiwan Cambridge, UK	Technology development, transfer and licensing of flat panels Protein, gene synthesis and digital microfluidics	18,860 306,491	18,860 306,491	1,050,000 461,365	25.65 6.10	- 247,700	- (255,609)	- (12,788)	
	Integrated Solutions Technology, Inc.	Taipei, Taiwan	Technical services and trading business of integrated circuits and electronic circuit application design, etc.	51,027	51,027	3,395,000	8.92	45,520	(5,730)	(511)	
Linfiny Corporation	Linfiny Japan Inc.	Tokyo, Japan	Research, development and sale of electronic paper products	11,088	11,088	4,000	100.00	23,232	349	349	(Note)
E Ink Corporation	Nuclera Limited (originally named Nuclera Nucleics Ltd.)	Cambridge, UK	Protein, gene synthesis and digital microfluidics	US\$ 25,691 thousand	US\$ 25,691 thousand	1,107,094	14.63	US\$ 22,532 thousand	US\$ (8,128) thousand	US\$ (611) thousand	
E Ink Technology B.V.	PVI International Corp.	British Virgin Islands	Trading	US\$ 169,300 thousand	US\$ 169,300 thousand	169,300,000	100.00	US\$ 349,171 thousand	US\$ 23,455 thousand	US\$ 23,455 thousand	(Note)
	E Ink Netherlands B.V.	Eindhoven	Investment	US\$ 330,123 thousand	US\$ 330,123 thousand	355,123,083	100.00	US\$ 745,471 thousand	US\$ 7,163 thousand	US\$ 7,163 thousand	(Note)
	Ruby Lustre Ltd.	British Virgin Islands	Investment	US\$ 30,000 thousand	US\$ 30,000 thousand	30,000,000	100.00	US\$ 35,389 thousand	US\$ 449 thousand	US\$ 449 thousand	(Note)
	North Diamond International Co., Ltd.	British Virgin Islands	Investment	US\$ 1,750 thousand	US\$ 1,750 thousand	1,750,000	35.00	-	-	-	
	Rock Pearl International Corp.	British Virgin Islands	Investment	US\$ 1,540 thousand	US\$ 1,540 thousand	1,540,000	35.00	-	-	-	
E Ink Netherlands B.V.	Hydis Technologies Co., Ltd.	South Korea	Patent licensing and investment in financial instruments	US\$ 27,612 thousand	US\$ 27,612 thousand	3,783,265	94.73	US\$ 380,007 thousand	US\$ 5,282 thousand	US\$ 5,003 thousand	(Note)
	E Ink Corporation	Boston, USA	Research, development and manufacture of electronic inks	US\$ 329,123 thousand	US\$ 329,123 thousand	2,282	100.00	US\$ 366,305 thousand	US\$ 2,330 thousand	US\$ 2,330 thousand	(Note)
Hydis Technologies Co., Ltd.	Plastic Logic HK Limited	Hong Kong	Research, development and manufacture of electronic paper display panels	KRW 2,942,500 thousand	KRW 2,942,500 thousand	2,500,000	26.79	-	-	-	

Note: All intercompany transactions have been eliminated upon consolidation.

**TABLE 8**

**E INK HOLDINGS INC. AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2024**

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

Investee Company	Main Business and Product	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024 (Note 1)	Net Income (Loss) of Investee (Note 2)	Direct or Indirect Percentage of Ownership (%)	Share of Profit (Loss) of Investee (Notes 2 and 3)	Carrying Amount as of March 31, 2024 (Note 1)	Accumulated Repatriation of Investment Income as of March 31, 2024
					Outward	Inward						
Transcend Optronics (Yangzhou) Co., Ltd.	Research and development, assembly and sale of display panels	\$ 7,657,600 (US\$ 239,300 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	\$ 3,771,040 (US\$ 117,845 thousand)	\$ -	\$ -	\$ 3,771,040 (US\$ 117,845 thousand)	\$ 760,759 (US\$ 24,191 thousand)	100.00	\$ 737,613 (US\$ 23,455 thousand)	\$ 11,166,496 (US\$ 348,953 thousand)	\$ -
Rich Optronics (Yangzhou) Co., Ltd.	Assembly and sale of display panels	960,000 (US\$ 30,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	960,000 (US\$ 30,000 thousand)	-	-	960,000 (US\$ 30,000 thousand)	14,120 (US\$ 449 thousand)	100.00	14,120 (US\$ 449 thousand)	1,132,448 (US\$ 35,389 thousand)	-
Transyork Technology Yangzhou Ltd.	Assembly and sale of display panels	1,181,792 (US\$ 36,931 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	8,334 (US\$ 265 thousand)	100.00	8,334 (US\$ 265 thousand)	930,368 (US\$ 29,074 thousand)	-
Yangzhou Huaxia Integrated O/E System Co., Ltd. (Liquidation)	Manufacture and sale of LED products	-	The Company indirectly owns the investee through an investment company registered in a third region	44,480 (US\$ 1,390 thousand)	-	-	44,480 (US\$ 1,390 thousand)	-	100.00	-	-	-
Dihao Electronics (Yangzhou) Co., Ltd. (Under liquidation)	Assembly of LCD backlight board display modules	160,000 (US\$ 5,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	56,000 (US\$ 1,750 thousand)	-	-	56,000 (US\$ 1,750 thousand)	-	35.00	-	-	-
NTX Electronics Yangzhou Co., Ltd.	Manufacture and sale of flat panels	180,409 (RMB 40,000 thousand)	The Company indirectly owns the investee through an investment company registered in a third region	-	-	-	-	7,747 (RMB 1,768 thousand)	49.00	3,796 (RMB 866 thousand)	136,795 (RMB 30,331 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2024 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 4,831,520 (US\$ 150,985 thousand)	\$ 11,652,320 (US\$ 364,135 thousand)	\$ 34,734,542

(Continued)

Note 1: The amounts are translated at the exchange rate of US\$1=NT\$32 and RMB1=NT\$4.51022 on March 31, 2024.

Note 2: The amounts are translated at the average exchange rate of US\$1=NT\$31.448 and RMB1=NT\$4.3825 for the three months ended March 31, 2024.

Note 3: The carrying amount and related investment income or loss were calculated based on unreviewed financial statements of the corresponding period, except Transcend Optronics (Yangzhou) Co., Ltd., Rich Optronics (Yangzhou) Co., Ltd. and Transyork Technology Yangzhou Ltd.

Note 4: Refer to Tables 5, 6 and 9, for information on the prices, payment terms and unrealized profit or loss of significant transactions with investee companies in mainland China.

Note 5: The above intercompany transactions have been eliminated upon consolidation, except for NTX Electronics Yangzhou Co., Ltd. and Dihao Electronics (Yangzhou) Co., Ltd.

(Concluded)

**E INK HOLDINGS INC. AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2024  
(In Thousands of New Taiwan Dollars)**

No	Company Name	Related Party	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	E Ink Holdings Inc.	E Ink Corporation	Subsidiary	Accounts payable to related parties	\$ 716,917	By agreement	0.9
		E Ink Corporation	Subsidiary	Cost of goods sold	1,408,222	By agreement	25.0
		YuanHan Materials Inc.	Subsidiary	Other receivables from related parties	1,597,789	By agreement	2.0
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts receivable from related parties	2,285,903	By agreement	2.8
		Transcend Optronics (Yangzhou) Co., Ltd.	Subsidiary	Accounts payable to related parties	3,015,684	By agreement	3.7

Note 1: The above intercompany transactions have been eliminated upon consolidation.

Note 2: Transactions amounts of \$500 million or more are disclosed in this table.

**E INK HOLDINGS INC.****INFORMATION ON MAJOR SHAREHOLDERS  
MARCH 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
YFY Inc.	133,472,904	11.66
S.C. Ho	80,434,300	7.02

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 and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. 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 Security 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.