

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2025
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report _____
For the transition period from _____ to _____

Commission file number: 000-51847

HIMAX TECHNOLOGIES, INC.

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

CAYMAN ISLANDS

(Jurisdiction of incorporation or organization)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class
Ordinary Shares, par value \$0.3 per ordinary share

Trading Symbol
HIMX

Name of each exchange on which registered
The NASDAQ Global Select Market Inc.*

* Not for trading, but only in connection with the listing on the NASDAQ Global Select Market, Inc. of American Depositary Shares representing such Ordinary Shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report. 348,851,828 Ordinary Shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

TABLE OF CONTENTS

	<u>Page</u>
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	1
CERTAIN CONVENTIONS	1
PART I	4
ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS	4
ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE	4
ITEM 3. KEY INFORMATION	4
3.A. [Reserved]	4
3.B. Capitalization and Indebtedness	4
3.C. Reason for the Offer and Use of Proceeds	4
3.D. Risk Factors	4
ITEM 4. INFORMATION ON THE COMPANY	19
4.A. History and Development of the Company	19
4.B. Business Overview	20
4.C. Organizational Structure	53
4.D. Property, Plants and Equipment	54
ITEM 4A. UNRESOLVED STAFF COMMENTS	54
ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS	54
5.A. Operating Results	54
5.B. Liquidity and Capital Resources	66
5.C. Research and Development	68
5.D. Trend Information	68
5.E. Critical Accounting Estimates	70
ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	71
6.A. Directors and Senior Management	71
6.B. Compensation	72
6.C. Board Practices	73
6.D. Employees	75
6.E. Share Ownership	78
6.F. Disclosure of a registrant's action to recover erroneously awarded compensation	78
ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	78
7.A. Major Shareholders	78
7.B. Related Party Transactions	79
7.C. Interests of Experts and Counsel	79
ITEM 8. FINANCIAL INFORMATION	79
8.A. Consolidated Statements and Other Financial Information	79
8.B. Significant Changes	81
ITEM 9. THE OFFER AND LISTING	81
9.A. Offer and Listing Details	81
9.B. Plan of Distribution	81
9.C. Markets	81
9.D. Selling Shareholders	81
9.E. Dilution	81
9.F. Expenses of the Issue	81

[Table of Contents](#)

ITEM 10. ADDITIONAL INFORMATION	81
10.A. Share Capital	81
10.B. Memorandum and Articles of Association	81
10.C. Material Contracts	82
10.D. Exchange Controls	82
10.E. Taxation	82
10.F. Dividends and Paying Agents	85
10.G. Statement by Experts	85
10.H. Documents on Display	85
10.I. Subsidiary Information	85
10.J. Annual Report to Security Holders	85
ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	86
ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES	86
12.A. Debt Securities	86
12.B. Warrants and Rights	86
12.C. Other Securities	86
12.D. American Depositary Shares	87
PART II	88
ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES	88
ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS	88
ITEM 15. CONTROLS AND PROCEDURES	88
ITEM 16. [RESERVED]	91
16.A. Audit Committee Financial Expert	91
16.B. Code of Ethics	91
16.C. Principal Accountant Fees and Services	91
16.D. Exemptions from the Listing Standards for Audit Committees	91
16.E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers	92
16.F. Change in Registrant's Certifying Accountant	92
16.G. Corporate Governance	92
16.H. Mine Safety Disclosure	93
16.I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	93
16.J. Insider Trading Policies	93
16.K. Cybersecurity	93
PART III	94
ITEM 17. FINANCIAL STATEMENTS	94
ITEM 18. FINANCIAL STATEMENTS	94
ITEM 19. EXHIBITS	95

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that involve significant risks and uncertainties. Although these forward-looking statements, which may include statements regarding our future results of operations, financial condition, or business prospects, are based on our own information and information from other sources we believe to be reliable, you should not place undue reliance on these forward-looking statements, which apply only as of the date of this annual report. The words “anticipate,” “believe,” “expect,” “intend,” “plan,” “estimate” and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. Our actual results of operations, financial condition or business prospects may differ materially from those expressed or implied in these forward-looking statements for a variety of reasons, including, among other things and not limited to, our anticipated growth strategies, our and our customers’ future business developments, results of operations and financial condition, our ability to develop new products, the future growth and pricing trend of the display driver markets, the future growth of end-use applications that use flat panel displays, particularly TFT-LCD panels, development of alternative flat panel display technologies, market acceptance and competitiveness of the driver and non-driver products developed by us, our ability to protect intellectual property, changes in customer relations and preference, shortage in supply of key components, our ability to collect accounts receivable and manage inventory, changes in economic and financial market conditions, and other factors. For a discussion of these risks and other factors, please see “Item 3.D. Key Information—Risk Factors.”

CERTAIN CONVENTIONS

Unless otherwise indicated, all translations from U.S. dollars to NT dollars in this annual report were made at a rate of \$1.00 to NT\$31.37, the exchange rates set forth in the H.10 weekly statistical release of the Federal Reserve System of the United States (the “Federal Reserve Board”) on December 31, 2025. No representation is made that the NT dollar amounts referred to herein could have been or could be converted into U.S. dollars at any particular rate or at all. On March 20, 2026, the noon buying rate was \$1.00 to NT\$31.91.

Unless otherwise indicated, in this annual report,

“ADSs” refers to our American depositary shares, each of which represents two ordinary shares;

“ADRs” refers to the American depositary receipts that evidence our ADSs;

“AIoT” refers to Artificial Intelligence & Internet of Things;

“AR” refers to the augmented reality;

“ASIC” refers to application specific integrated circuit;

“a-Si” refers to amorphous silicon;

“CMOS” refers to complementary metal oxide semiconductor;

“CPO” refers to Co-Packaged Optics (CPO), which integrates optical and electrical components in one package, enhancing speed, efficiency, and latency for AI, HPC, and data centers by reducing signal loss and power consumption;

“endpoint AI” is the practice of running applications and storing data on devices located at the edge of a network. The aim is to reduce latency and network bandwidth by performing processing and storage functions locally on the device. This approach can improve the performance, reliability, and security of applications and data.

“head-mounted-display” refers to a display device, worn on the head or as part of a helmet, that has a small display optic in front of one or each;

“Himax Taiwan” refers to Himax Technologies Limited, our wholly owned subsidiary in Taiwan and our predecessor;

[Table of Contents](#)

“IC” refers to integrated circuit;

“IFRS” refers to IFRS Accounting Standards as issued by the International Accounting Standards Board;

“IGZO” refers to indium gallium zinc oxide;

“Innolux” refers to Innolux Corporation, its predecessor and consolidated subsidiaries, unless the context otherwise requires;

“large-sized panels” refers to panels that are typically above ten inches in diagonal measurement; All sizes of TV, monitor and notebook displays are identified as large.

“LCoS” refers to liquid crystal on silicon;

“LED” refers to light-emitting diode;

“LTPS” refers to low temperature poly silicon;

“MEMS” refers to micro-electro mechanical systems;

“OLED” refers to organic light-emitting diode;

“Panel Manufacturer” refers to panel manufacturers of either TFT-LCD or OLED panels, as well as those that produce both types collectively;

“PRC” or “China” for purposes of this annual report refers to the People’s Republic of China, excluding the special administrative regions of Hong Kong and Macau;

“processed tape” refers to polyimide tape plated with copper foil that has a circuit formed within it, which is used in tape-automated bonding packaging;

“ROC” or “Taiwan” refers to the island of Taiwan and other areas under the effective control of the Republic of China;

“RSUs” refers to restricted share units;

“semiconductor manufacturing service providers” refers to third-party wafer fabrication foundries, gold bumping houses, and assembly and testing houses;

“shares” or “ordinary shares” refer to our ordinary shares, par value \$0.3 per share;

“SLiM” refers to Structured Light Imaging Module, which is Himax homegrown structured light-based 3D sensing total solution;

“small and medium-sized panels” refers to panels that are typically around ten inches or less in diagonal measurement. All sizes of smartphone, automotive and tablet displays are identified as small and medium;

“Structured Light” refers to a 3D infrared structure light projector, which is composed of a laser light source, a collimated lens and a diffractive optics element (DOE);

“TDDI” refers to touch display driver integrated circuit for advanced in cell touch display;

“TFT-LCD” refers to thin film transistor liquid crystal display that may adopt a-Si, IGZO or LTPS technologies;

“ToF” refers to a time-of-flight (ToF) 3D camera works by illuminating the scene with a modulated light source, and observing the reflected light;

[Table of Contents](#)

“WiseEye™ Ultralow power AI sensing” refers to Company’s WiseEye™ AI image sensing solution which includes Himax’s proprietary computer vision AI processor, ultralow power Always-On CMOS image sensor and CNN-based AI algorithms – all equipped with ultralow power design;

“VGA” refers to Video Graphics Array;

“VR” refers to the virtual reality;

“wafer level optics” or “WLO” are optical products manufactured using semiconductor process on wafers;

“we”, “us”, “our company”, “our”, “the Company” and “Himax” refers to Himax Technologies, Inc., its predecessor entities and subsidiaries;

“WiseEye AI Processor” refers to a Himax AI processor designed with power-efficient and multi-level power schemes for real-time motion detection, object detection and image processing, providing AI developers with possibilities of high performance and ultralow power. WiseEye1 is the first generation of WiseEye AI processor, where WiseEye2 is the second generation one.

All references to “New Taiwan dollars”, “NT dollars” and “NT\$” are to the legal currency of the ROC; and

All references to “dollars”, “U.S. dollars” and “\$” are to the legal currency of the United States.

On August 10, 2009, we effected: (i) a stock split in the form of a stock dividend of 5,999 ordinary shares for each ordinary share held by shareholders of record, followed by a consolidation of every 3,000 ordinary shares into one ordinary share; (ii) a change of the par value of our ordinary shares from \$0.0001 each to \$0.3 each; and (iii) a change in our ADS ratio from one ADS representing one ordinary share to one ADS representing two ordinary shares. See “Item 7.A. Major Shareholders and Related Party Transactions—Major Shareholders” for more information. Unless otherwise indicated, all shares, per share and share equity data in this annual report have been retroactively adjusted to reflect the effect of the stock split and the change in par value for all periods presented.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A. [Reserved]

3.B. Capitalization and Indebtedness

Not applicable.

3.C. Reason for the Offer and Use of Proceeds

Not applicable.

3.D. Risk Factors

Risks Relating to Our Financial Condition and Business

Our suppliers may have increasing bargaining power as a result of industry consolidation, which could result in an increase in our average unit cost and a decrease in our profit margin.

There may be industry consolidation among our suppliers. Merger and acquisition activities will likely increase the size and market power of the relevant suppliers and reduce the number of suppliers we could use under a simpler supplier chain. Therefore, suppliers could be in a better position to bargain for higher prices, longer contract terms, higher deposit and/or higher contract breach penalties for their services and products, which could result in an increase in our average unit cost and/or penalty expenses. If we are unable to transfer any increase in average unit cost to our customers, our gross margin and results of operations could be adversely affected.

We derive the majority of our net revenues from sales to the TFT-LCD and OLED panel industry, which is highly cyclical and subject to price fluctuations. Such cyclical and price fluctuations could negatively impact our business or results of operations.

In 2024 and 2025, 82.9% and 80.0% of our revenues, respectively, were attributable to display drivers that were incorporated into TFT-LCD and OLED panels. We expect to continue to substantially depend on sales to the TFT-LCD and OLED panel industry for the foreseeable future. The TFT-LCD and OLED panel industry is intensely competitive and is vulnerable to cyclical market conditions. The average selling prices of TFT-LCD and OLED panels generally decline with time as a result of, among other factors, drop in demand for end products that incorporate TFT LCD and OLED panels, new capacity ramp-up or factory utilization improvement, technological advancements and cost reduction with the exception of the new high end and high-resolution products.

The merger of certain of our major customers could result in an increase in their bargaining power and therefore subject us to additional downward pricing pressure. We cannot assure you that in such periods in which we experience significant downward pricing pressure, we could sufficiently reduce costs to completely offset the loss of revenues. In addition, a severe and prolonged industry downturn could also result in higher risks to the collectability of our accounts receivable, the marketability and valuation of inventories, the impairment of our long-term non-financial assets, which consist of property, plant and equipment and intangible assets, and the stability of our supply chain. As a result, the cyclical nature of the TFT-LCD and OLED panel industry could adversely affect our revenues, cost of revenues and results of operations.

Our strategy of expanding our product offerings to non-driver products may not be successful.

We have devoted, and intend to continue to devote, financial and management resources to non - driver products' development, manufacturing and marketing to further diversify our product portfolio and improve gross margin as non-driver products may have higher gross margin than our driver products. Our non-driver technologies cover Timing controller (TCON), LCoS microdisplay, CMOS image sensor, wafer level optics ("WLO"), 3D sensing and WiseEye ultralow power AI sensing, etc.

We offer TCON for TV, notebook, monitor, automotive display and OLED panels. For LCoS technology, it can be applied across industrial, consumer, gaming, sports, pico-projectors, AR/VR smart glasses, automotive head-up displays (HUDs), and other applications. For CMOS image sensor business, in addition to the current shipment for human vision applications, including notebook, multimedia and smart home cameras, we also extend the sensor business in machine vision application for the broad AI market. Our always-on CMOS image sensor is designed with proprietary architecture, readout circuitry, and pixel design, with corresponding algorithms tightly integrated to enable always-on functionality at extremely low power consumption. This allows support for a wide range of features, such as people/occupancy detection, eyeball tracking, and more. For the 3D sensing business, we provide comprehensive solutions including Structured Light and Time-of-Flight (ToF) 3D module solutions, as well as 3D decoder IC. These solutions target markets such as e-payment, access control, biomedical inspection devices, glasses-free 3D displays, eye tracking, and hand-gesture control applications. Himax's WiseEye ultralow power AI sensing business model is flexible, where we can provide total solutions, discrete key components, or modules to meet diverse application needs. Our WiseEye AI solution was adopted by Dell in 2022 and expanded to other leading notebook vendors, with some projects slated for production in 2027. In addition to notebook, WiseEye is also driving expanding adoption across a wide range of applications, including surveillance systems, access control devices, smart home solutions, and, more recently, AI and AR glasses. To further expand WiseEye's market reach, Himax offers ultralow power, compact WiseEye Modules designed to make AI simple and accessible, helping developers accelerate innovation and scale their products from prototype to commercial deployment. In June 2024, Himax, in partnership with FOCl Fiber Optic Communications, Inc. (FOCl), a world leader in silicon photonics connector, unveiled an industry-leading co-packaged optics (CPO) technology, leveraging Himax state-of-the-art WLO technology. This innovation integrates silicon photonic chips and optical connectors within multi-chip module (MCM), replacing traditional metal wire transmission with high-speed optical communication. The technology significantly enhances bandwidth, boosts data transmission rates, reduces signal loss and latency, lowers power consumption, and significantly minimizes the size and cost of MCM. Himax continues to make solid progress in collaboration with our strategic partner, FOCl. In addition, we are actively advancing multiple future generations of high-speed optical transmission technologies and advanced CPO architectures in collaboration with the leading global customer and partner to meet the explosive bandwidth demands of HPC and AI applications.

Developing and commercializing each of our non-driver products requires a significant amount of management, engineering and monetary resources. For example, we have established certain in-house facilities for key manufacturing processes of our non-driver products including LCoS microdisplay, WLO and 3D sensing. Numerous uncertainties exist in developing new products and we cannot assure you that we will be able to develop our non-driver products successfully. We may underestimate the amount of capital, personnel and other resources required to develop and commercialize our non-driver products. We may also overestimate the market potential of the end products that are utilizing or will utilize our non-driver products. The failure or delay in the development, production or commercialization of any of our non-driver products, the occurrence of any product defects or design flaws, or the low market acceptance of or demand for either of our products or the end devices using our products may adversely affect the impairment of our long-term non-financial assets, which consist of property, plant and equipment and intangible assets, for non-driver products, our results of operations and growth prospects. The lower capacity utilization rate of our factories will negatively affect our gross margin and our results of operations. Moreover, we will be subject to higher ramp-up expenses in the early stage of mass production of our non-driver products.

The concentration of our revenues and accounts receivable and the extension of payment terms for certain of our customers exposes us to increased credit risk and could harm our operating results and cash flows.

In 2025, Customer A and its affiliates accounted for 24.0% of our revenues. Our two largest customers together accounted for over 33% of our revenues in 2025. See “Item 5.A. Operating Results—Description of Certain Statements of Profit or Loss Line Items—Revenues” for our revenues description. Our results of operations and financial condition would be significantly linked to the success and purchase policy of any such customer. As of December 31, 2025, our accounts receivable from Customer A and its affiliates were \$57.8 million, which represented approximately 28.8% of our accounts receivable, net. The concentration of our accounts receivable exposes us to increased credit risk. Moreover, we have at times agreed to extend the payment terms for certain of our customers. As a result, any loss of or a sharp reduction in any such customer’s sales, a default by any such customer, a prolonged delay in the payment of accounts receivable or the extension of payment terms for our customers could adversely affect our cash flow, liquidity and operating results.

Our customers may experience a decline in profitability or may not be profitable at all, which could adversely affect our results of operations and financial condition.

Panel Manufacturers, including our customers, experience significant pressure on prices and profit margins, due largely to growing industry capacity and fluctuations in demand for TFT-LCD and OLED panels. Some panel manufacturers have greater access to capital or greater production, research and development, intellectual property, marketing or other resources than our customers, who may not be able to compete and sustain their market positions. Furthermore, our customers’ business performance may fluctuate significantly due to a number of factors, many of which are beyond their control, including and not limited to: (1) changes in consumer demand and deteriorating general economic conditions, such as geopolitical tensions and increasing tariffs; (2) the cyclical nature of the TFT-LCD and OLED industry in average selling price fluctuations, as well as its downstream industries; (3) the speed at which Panel Manufacturers expand production capacity; (4) brand companies’ continued needs for original equipment manufacturing services provided by Panel Manufacturers; (5) access to raw materials, components, equipment and utilities on a timely and economical basis; (6) technological changes; (7) the rescheduling and cancellation of large orders; (8) access to funding on satisfactory terms; and (9) fluctuations in the currencies of TFT-LCD and OLED panels exporting countries against the U.S. dollar.

We depend on sales of display drivers used in TFT-LCD and OLED panels, and the limited potential for further growth in both the market size of display drivers and the market share of our display drivers or the absence of continued market acceptance of our display drivers could limit our growth in revenues or harm our business.

In 2024 and 2025, 82.9% and 80.0% of our revenues, respectively, were from the sale of display drivers used for large, small and medium-sized applications, and we expect to continue to derive a substantial portion of our revenues from these or related products. As the display driver industry is relatively mature, there may be limited potential for the overall display drivers market to grow and for us to further grow our market share and revenues.

Failure to grow our unit shipments for display drivers, coupled with a general decline in the average selling prices, could adversely and materially affect our results of operations. See also “—Risks Relating to Our Industry—The average selling prices of our products could decrease rapidly, which may negatively impact our revenues and operating results”. Therefore, the continued market acceptance of our display drivers is critical to our future success. Failure to grow or maintain our revenues generated from the sales of display drivers could adversely and materially affect our results of operations and financial condition.

We face risks related to public health epidemics, including the novel coronavirus outbreaks.

Our financial condition and results of operations may be adversely affected if a public health epidemic, such as the global Covid-19 pandemic, interferes with our ability, or that of our employees, suppliers, customers and other business partners to fulfill our and their respective responsibilities and obligations related to the conduct of our business. The outbreak of Covid-19 has caused significant disruption not only to the financial markets but also to global supply chains, which can substantially depress global business activities, restrict access to capital and result in a long-term economic downturn that would negatively affect our operating results.

Extra export licenses may be needed for certain product or technology for certain customers. These licenses are regulated by Export Administration Regulations (EAR) which are administered by the U.S. Department of Commerce's Bureau of Industry and Security (BIS).

Our business is subject to various international laws and legal requirements from the U.S. Export Administration Regulations and other jurisdictions' applicable executive orders in packaging, product content, labor and import/export regulations, etc. These laws, regulations and orders are complex, may change frequently and with limited notice, have generally become more rigorous and have intensified under the current U.S. administration, especially in recent geopolitical tensions with China. We may be required to incur significant expense to comply with, or to remedy violations of, these regulations. In addition, if our customers fail to comply with these regulations or our customers are sanctioned, or added to the Entity List of EAR by BIS, we may be required to suspend sales to these customers, which could damage our reputation and materially and adversely impact our results of operations. If our foundry, tape, assembly and testing suppliers fail to comply with these regulations or our suppliers are sanctioned or added to the Entity List of EAR by BIS, we may suspend their services and have to obtain alternative services in a timely manner. Considering the amount of time, it usually takes to qualify assembly and testing houses, we may experience significant delays in product shipments. Any problems that we may encounter with the delivery, quality or cost of our products could damage our reputation and result in a loss of customers and orders. Moreover, the scarcity and importance of services may necessitate us making investments in foundry, tape, assembly and testing service providers in order to secure capacity, which would require us to substantially increase our capital outlays and possibly raise additional capital, which may not be available to us on satisfactory terms, if at all.

Technological innovation may reduce the number of display drivers typically required for each panel, thereby reducing the number of display drivers we are able to sell per panel. If such a reduction in demand is not offset by the general growth of the industry, our market share or average selling prices, or our revenues may decline.

In order to reduce costs, Panel Manufacturers generally seek to have display drivers with higher channel counts and new panel designs to reduce the number of display drivers required for each panel. We have been developing such innovative and cost-effective display driver solutions in order to grow our market share, attract additional customers, increase our average selling prices and capture new design wins. However, we cannot assure you that we will successfully achieve these goals. If we fail to do so and the number of display drivers typically required per panel decreases thereby reducing our unit shipments, our revenues may decline. Panel Manufacturers have developed several panel designs to reduce the usage of display drivers, including gate in panel, or GIP, amorphous silicon gate, or ASG, or simply gateless designs, which integrate the gate driver function onto the glass and eliminate the need for gate drivers, as well as dual gate and triple gate panel designs, which would largely reduce the usage of source drivers. If such designs or technologies become widely adopted, demand for our display drivers may decrease significantly, which would adversely and materially affect our results of operations. The strategic relationships between certain of our competitors and their customers and the development of in-house capabilities by Panel Manufacturers may limit our ability to expand our customer base and our growth prospects.

Certain of our competitors have established or may establish strategic or strong relationships with Panel Manufacturers that are also our existing or potential customers. Marketing our display drivers to such Panel Manufacturers that have established relationships with our competitors may be difficult. Moreover, several Panel Manufacturers have in-house design capabilities and therefore may not need to source semiconductor products from us. If our customers successfully develop in-house capabilities to design and develop semiconductors that can substitute for our products, they would likely reduce or stop purchasing our products. To sell new products, we will likely need to target new market segments and new customers with whom we do not have current relationships, which may require different strategies and may present difficulties that we have not encountered before. Failure to broaden our customer base and attract new customers may limit our growth prospects.

[Table of Contents](#)

As OLED offers brighter color, near-perfect-black, less power consumption and is thinner and lighter than TFT-LCD, it gradually penetrates the mid to high-end TFT-LCD market. The marketplace is increasing the adoption of the OLED display for smartphone and other electronics areas, including notebook, tablet, TV, monitor and automotive. We continue to gear up for the OLED driver IC development in partnership with major Chinese, Japan and Korean panel makers. Himax's OLED offerings include driver ICs, TCON and touch controller ICs. For tablet, we are seeing adoptions on the rise for premium models that adopt advanced OLED display, of which Himax offers both DDIC and TCON and has commenced production to certain leading brands. For automotive OLED display, we continue to win project awards for our OLED driver IC, TCON, and touch controller IC with both conventional and EV/NEV customers. Specifically, Himax's advanced OLED on-cell touch controllers are setting new industry standards with an impressive touch signal-to-noise ratio of over 45 dB, ensuring reliable performance even under challenging conditions such as glove-wearing or wet-finger operations. The OLED on-cell touch controller for automotive applications entered production in 2024 and adoption is expanding across the board. Meanwhile, our OLED display drivers for smartphones began ramping up at the end of 2025 and progress has also been made in OLED for notebook applications. The growth momentum in OLED solution is promising, however, we could not assure you of the success of our OLED driver IC as we are unable to penetrate into the mass volume existing Japan, Korean and China supplier chain and/or find new OLED panel manufactures to design-wins our solutions into. OLED process maturity for the new manufactures and the possible specification change due to the immaturity of the OLED will also be a hurdle to our OLED driver share gain and success.

We depend primarily on third-party foundries to manufacture our wafers, and any failure to obtain sufficient foundry capacity or loss of any of the foundries we use could significantly delay our ability to ship our products, causing us to lose revenues and damage customer relationships.

Access to foundry capacity is crucial to our business because we do not manufacture our own wafers, instead relying primarily on third-party foundries. The ability of a foundry to manufacture our semiconductor products is limited by its available capacity. Access to capacity is especially important due to the limited availability of the high-voltage CMOS process technology required for the manufacture of wafers used in display drivers. If the primary third-party foundries that we rely upon are not able to meet our required capacity, or if our business relationships with these foundries are adversely affected, we would not be able to obtain the required capacity to meet increasing demand for our products. We may have to seek alternative foundries, which may not be available on commercially reasonable terms, or which may expose us to qualifying-new-foundry risks, as further discussed below.

We use several foundries for different semiconductor products, and certain of our products are manufactured at only one of these foundries. If any one of the foundries is unable to provide the required capacity to us, or does not deliver in a timely manner, or the quality or pricing terms are not acceptable to us, or any of the foundries experience financial difficulties or insolvency risks due to the impact of the global economic turmoil or any company-specific reasons or otherwise, if their operations are damaged or if there is any other disruption, directly or indirectly, of their foundry operations and we cannot qualify an alternative foundry in a timely manner, we could experience significant delays in receiving the product being manufactured by that foundry or incur additional costs to obtain substitutes, or interruption in our supply of the affected products. If we choose to use a new foundry or process technology for a particular semiconductor product, it will take us several quarters to qualify the new foundry or process before we can begin shipping. If we cannot qualify a new foundry in a timely manner, we may experience and incur damages as above mentioned and harm our customer relationships.

As a result of outsourcing the manufacturing of our wafers, we face several significant risks, including: (1) failure to secure manufacturing capacity, or being able to obtain required capacity only at higher costs; (2) risks of our proprietary information leaking to our competitors through the foundries we use; (3) limited control of delivery schedules, quality assurance and control, manufacturing yields and wafer costs; (4) the unavailability of, or potential delays in obtaining access to, key process technologies; and (5) financial risks of certain of our foundry suppliers.

To manufacture our display drivers used in TFT-LCD and OLED panels, we require foundries with high-voltage CMOS manufacturing process capacity. As a result, our dependence on high-voltage CMOS foundries presents the following, additional risks: (1) potential capacity constraints faced by the limited number of high-voltage CMOS foundries and the lack of investment in new and existing high-voltage CMOS foundries; (2) difficulty in attaining consistently high manufacturing yields from high-voltage CMOS foundries; (3) delay and time required to qualify and ramp up production at new high-voltage CMOS foundries; and (4) price increases.

[Table of Contents](#)

As a result, we may be required to use foundries with which we have no established relationships, which could expose us to potentially unfavorable pricing, unsatisfactory quality or insufficient capacity allocation. Moreover, the scarcity of high-voltage foundry capacity may necessitate us making investments in foundries in order to secure capacity, which would require us to substantially increase our capital outlays and possibly raise additional capital, which may not be available to us on satisfactory terms, if at all.

We generally do not enter long - term agreements with our foundry partners that guarantee production capacity, prices, lead times, or delivery schedules. However, since 2020, due to the pandemic lockdown, the work-from-home and learn-from-home new lifestyles triggered increasing demands for display and display drivers related products. The surging demand in display drivers caused the severe foundry capacity shortage, while the industry has no major expansion plan especially on the mature nodes we are primarily anchored to. To address the potential foundry capacity shortage worldwide, we had entered into strategic agreements with our foundry partners in order to secure capacity to fulfill our business needs. Under these strategic agreements, we are committed to purchasing a specific volume at fixed or variable prices. However, for both pricing agreements, there can be no assurance that these prices provided in the strategic agreements with our foundry partners will always remain competitive during the contract term. For example, in the event that the global semiconductor market changes due to foundry capacity expansion and/or shrunken customer demand, the fixed prices we agree to pay our foundry partners may become significantly higher than the then prevailing market price. The situation could materially adversely impact our pricing strategies, competitive position, profitability and results of operation. We may also be subject to contractual penalties if we are unable to purchase the committed volume from our foundry partners. In addition, since these strategic agreements with our foundry partners typically require us to make prepayments or refundable deposits to such foundry partners, our cash flow, liquidity and financial condition could be adversely affected.

Our inability to secure sufficient capacity from any of our third-party tape, assembly and testing houses at competitive prices could disrupt our shipments, harm customer relationships and reduce sales.

Access to third-party tape, assembly and testing capacity is critical to our business because we do not have in-house tape, assembly and testing capabilities for commercial production and instead rely on third-party service providers. Access to these services is especially important to our business because display drivers require specialized tape, assembly and testing services. A limited number of third-party tape, assembly and testing houses tape, assemble and test substantially all of our current products. Therefore, suppliers could be in a better position to bargain for higher prices, longer contract terms, higher deposit and/or higher contract breach penalties for their services and products, which could result in an increase in our average unit cost and/or penalty expenses. If the primary tape, assembly and testing service providers that we rely upon are not able to meet our requirements in price, quality, and service, or if our business relationships with these service providers were adversely affected, we would not be able to obtain the required capacity and would have to seek alternative providers, which may not be available on commercially reasonable terms, or at all. As a result, we do not directly control our product delivery schedules, tape, assembly and testing costs, and quality assurance and control. If any of these third-party tape, assembly and testing houses experiences capacity constraints, financial difficulties, suffers any damage to its facilities or if there is any disruption of its assembly and testing capacity, we may not be able to obtain alternative assembly and testing services in a timely manner. Because of the amount of time, we usually take to qualify assembly and testing houses, we may experience significant delays in product shipments if we are required to find alternative sources. Any problems that we may encounter with the delivery, quality or cost of our products could damage our reputation and result in a loss of customers and orders. Moreover, the scarcity and importance of tape, assembly and testing services may necessitate us making investments in tape, assembly and testing service providers in order to secure capacity, which would require us to substantially increase our capital outlays and possibly raise additional capital, which may not be available to us on satisfactory terms, if at all. In case of capacity shortage of third-party tape, assembly and testing houses, we may need to enter contractual agreements with such suppliers for securing capacity. We may also be subject to contractual penalties if we are unable to purchase the committed volume from our partners. In addition, since these strategic agreements with our partners typically require us to make prepayments or refundable deposits to such partners, our cash flow, liquidity and financial condition could be adversely affected.

Shortages of key components for our customers' products could decrease demand for our products.

Shortages of components and other materials that are critical to the design and manufacture of our customers' products may limit our sales. These components and other materials include, but are not limited to, color filters, backlight modules, polarizers, printed circuit boards and glass substrates. In the past, companies that use our products in their production have experienced delays in the availability of key components from other suppliers. In addition, component manufacturers may not be able to increase or maintain their component supply because of labor shortage and may shut down certain of their capacity from time to time because of weak demand, which may increase the instability of timely delivery and the risk of shortage of components. Such shortages of components and other materials critical to the design and manufacture of our customers' products may cause a slowdown in demand for our products, resulting in a decrease in our sales and adversely affecting our results of operations. In addition, as a result of uncertain demand conditions, our customers may hesitate to build inventory on hand and tend to release orders on short notice.

We rely on the services of our key personnel, and if we are unable to retain our current key personnel and hire additional personnel, our ability to design, develop and successfully market our products could be harmed.

We rely upon the continued service and performance of a relatively small number of key personnel, including Jordan Wu, our president and chief executive officer, and Dr. Biing-Seng Wu, our chairman, and certain engineering, technical and senior management personnel, in particular, who are critical to our corporate management, business operation strategy, operation execution, future technological and product innovations. Competition for these personnel is intense in the semiconductor industry in Taiwan. Moreover, our future success depends on the expansion of our senior management team and the retention of key employees. Any of our key employees could leave our company with little or no prior notice in applicable jurisdictions and could then work with a competitor. In addition, we do not have "key person" life insurance policies covering any of our employees. The loss of any key personnel or our inability to attract or retain qualified personnel, whether engineers or others, could delay the development and introduction of new products and would have a material adverse effect on our ability to sell our products and may impact our overall business and growth. We may also incur increased operating expenses and be required to divert the attention of other senior executives away from their original duties to recruiting replacements for key personnel. We also rely on our employees to carry out our operating objectives. Although we have implemented internal code of conduct to guide the actions of our employees, we do not have control over the actions of our employees, and any misbehavior of our employees could adversely affect our reputation and business.

If we fail to forecast customer demand accurately, we may have excess or insufficient inventory, which may increase our operating costs and harm our business.

The lead time required by the semiconductor manufacturing service providers is typically longer than the lead time that our customers provide for delivery of our products to them. To ensure availability of our products for our customers, we will typically ask our semiconductor manufacturing service providers to start manufacturing our products based on forecasts provided by our customers in advance of receiving their purchase orders. However, these forecasts are not binding purchase commitments, and we do not recognize revenues until they are delivered to customers. Moreover, for the convenience of our customers, we may agree to ship our inventory to warehouses located near our customers, so that our products can be delivered to customers more quickly. In such cases, we will not recognize revenues until the control over a product is given to our customers based on the shipping terms. Hence, we incur inventory and manufacturing costs in advance of anticipated revenues.

The anticipated demand for our products may not materialize; therefore, manufacturing based on customer forecasts exposes us to risks such as high inventory carrying costs, increased product obsolescence, erosion of the products' market value as well as penalties incurred from unfulfillment of committed orders from capacity agreements with the Company's foundries and backend suppliers. If we overestimate demand for our products or if purchase orders are cancelled or shipments delayed, we may incur charges from agreements entered with foundries and backend suppliers for securing capacity, excess inventory that we cannot sell, or may have to sell at low profit margins or even at a loss, which would harm our financial results. Conversely, if we underestimate demand, we may not have sufficient inventory and may lose market share and damage customer relationships, which also could harm our business. These inventory risks are exacerbated by the high level of customization of our products, which limits our ability to sell excess inventory to other customers, which could eventually lead to write-down of these excess inventories.

If we do not achieve additional design wins in the future, our ability to grow will be limited.

Our future success depends on our customers designing our products into their products. To achieve design wins, we must design and deliver cost-effective, innovative, reliable and integrated products for our customers' needs. A panel manufacturer may be reluctant to change its source of components due to the significant costs and time associated with qualifying a new supplier. A design win is not a binding commitment by a customer to purchase our products and may not result in large volume orders of our products. Rather, it is a decision by a customer to use our products in the design process of that customer's products. Accordingly, our failure to successfully design, develop and introduce new products and product enhancements could harm our business, financial condition and results of operations.

Our products are complex and may require modifications to resolve undetected errors or failures in order for them to function with panels at the desired specifications, which could lead to higher costs, customer dispute, a loss of customers or a delay in market acceptance of our products.

Our products are highly complex and may contain undetected errors or failures. Our products must operate according to specifications with the other components used by our customers in their product manufacturing process. If our products are delivered with errors or defects, we could incur additional development, repair or replacement costs, and our credibility and the market acceptance of our products could be harmed along with possible liability indemnification for defective product, customer disputes and lawsuits against us or our customers.

Our highly integrated products are difficult to manufacture without defects. The existence of defects in our products could increase our costs, decrease our sales and damage our customer relationships and our reputation.

The manufacture of our products that incorporate mixed analog and digital signal processing and embedded memory technology is complex and it is difficult for semiconductor foundries to manufacture them completely without defects. Minor deviations in the manufacturing process could cause substantial reduction in yield and quality.

Defective products can be caused by design, defective materials or component parts, or manufacturing difficulties. Thus, quality problems can be identified only by analyzing and testing our display drivers in a system after they have been manufactured. Difficulties in achieving defect-free products due to the increasing complexity of display drivers and the panel system may result in an increase in our costs and expenses, and delays in the availability of our products. In addition, if the foundries that we use fail to deliver products of satisfactory quality in the volume and at the price required, we will be unable to meet our customers' demand or to sell those products at an acceptable profit margin, which could adversely affect our sales and margins and damage our customer relationships and our reputation.

We may not have long-term purchase commitments from our customers, which may result in significant uncertainty and volatility with respect to our revenues and could materially and adversely affect our results of operations and financial condition.

We may not have long-term purchase commitments from our customers; our sales are made on the basis of individual purchase orders. Our customers may also cancel or defer purchase orders. Our customers' purchase orders may vary significantly from period-to-period, and it is difficult to forecast future order quantities. In the event of a cancellation, postponement, or reduction of an order, we would likely not be able to reduce operating expenses sufficiently so as to minimize the impact of the lost revenues. Alternatively, subject to real ever-changing circumstances over the periods, we may have excess inventory that we cannot sell, which would harm our operating results. In addition, changes in our customers' business may adversely affect the quantity of purchase orders that we receive by reducing or canceling their orders of our products, and/or requesting higher-than-usual price concessions. We cannot assure you that any of our customers will continue to place purchase orders with us in the future. We also cannot assure you that the volume of our customers' purchase orders will be consistent with our expectations when we plan our expenditures. Our results of operations and financial condition may thus be materially and adversely affected. Additionally, purchase order unissued, cancellations or negative alternation by customers may lead to a reduction in future earnings or cash flows subject to each event.

Our corporate actions are substantially controlled by officers, directors and affiliated entities who may take actions that are not in, or may conflict with, our or our public shareholders' interests.

As of February 28, 2026, Jordan Wu and Dr. Biing-Seng Wu (who are brothers) beneficially owned approximately 2.2% and 22.0% of our ordinary shares, respectively. For information relating to the beneficial ownership of our ordinary shares, see “Item 7.A. Major Shareholders and Related Party Transactions—Major Shareholders.” These shareholders, acting together, could exert substantial influence over matters requiring approval by our shareholders, including electing directors and approving mergers or other business combination transactions. This concentration of ownership may also discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and might reduce the price of our ADSs. Actions may be taken even if they were opposed by our other shareholders.

Assertions against us by third parties, including for infringement of their intellectual property rights could result in significant costs and cause our operating results to suffer.

The semiconductor industry is characterized by vigorous protection and pursuit of intellectual property rights and positions, which results in protracted and expensive litigation for many companies. We have received, and expect to continue to receive, notices of infringement of third-party intellectual property rights. We may receive claims from various industry participants alleging infringement of their patents, trade secrets or other intellectual property rights in the future. Any lawsuit resulting from such allegations could subject us to significant liability for damages and invalidate our proprietary rights. These lawsuits, regardless of their success, would likely be time-consuming and expensive to resolve and would divert management time and attention. Any potential intellectual property litigation also could force us to do one or more of the following: (1) desist and stop selling products or using technology or manufacturing processes that contain the allegedly infringing intellectual property; (2) pay damages to the party claiming infringement; (3) attempt to obtain a license for the relevant intellectual property, which may not be available on commercially reasonable terms or at all; and (4) attempt to redesign those products that contain the allegedly infringing intellectual property with non-infringing intellectual property, which may not be possible.

The outcome of a dispute or a lawsuit in regard of the allegedly infringing intellectual property either against defendant party or the non-party its involvement cannot be full foreseen with certainty and the ultimate amount cannot be ascertained until the relevant cases are closed. Those may result in our need to develop non-infringing technology or enter into royalty or licensing agreements. We have to undertake the contractual obligations, product liabilities and tort liabilities in applicable law jurisdictions, and we have agreed to indemnify certain customers for certain claims of infringement arising out of the sale of our products. Any intellectual property litigation could have a material adverse effect on our business, operating results or financial condition.

We may from time to time become subject to various litigation, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including but not limited to various disputes with or claims from our suppliers, customers, contractors, business partners and other third parties that we engage for our business operations. Such proceedings may divert our management's attention and consume their time and our other resources, and may have a material adverse effect on our business operations and financial results.

Our ability to compete will be harmed if we are unable to protect our intellectual property rights adequately.

We believe that the protection of our intellectual property rights is, and will continue to be, important to the success of our business. We rely primarily on a combination of patents, trademarks, trade secrets and copyright laws and contractual restrictions to protect our intellectual properties. These afford only limited protection. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to obtain, copy or use information that we regard as proprietary, such as product design and manufacturing process expertise. Our pending patent applications and any future applications may not result in issued patents or may not be sufficiently broad to protect our proprietary technologies. Moreover, policing any unauthorized use of our products is difficult and costly, and we cannot be certain that the measures which we have implemented will prevent misappropriation or unauthorized use of our technologies, particularly in foreign jurisdictions where the laws may not protect our proprietary rights as fully as the laws of the United States. Others may independently develop substantially equivalent intellectual properties or otherwise gain access to our trade secrets or intellectual properties. Our failure to protect our intellectual properties effectively could harm our business.

We may undertake acquisitions or investments to expand our business that may pose risks to our business and dilute the ownership of our existing shareholders, and we may not realize the anticipated benefits of these acquisitions or investments.

As part of our growth and product diversification strategy, we will continue to evaluate opportunities to acquire or invest in other businesses, intellectual property or technologies that would complement our current offerings, expand the breadth of markets we can address or enhance our technical capabilities. Acquisitions or investments that we have completed or potentially may make in the future entail a number of risks that could materially and adversely affect our business, operating and financial results, including: (1) problems integrating the acquired key employees, operations, technologies or products into our existing business and products; (2) diversion of management's time and attention from our core business; (3) adverse effects of losses of the acquired target upon our financial condition and results of operations; (4) adverse effects on existing business relationships with customers; (5) the need for financial resources above our planned investment levels; (6) dilution of share ownership of current shareholders under share swap transactions; (7) risks associated with entering markets in which we lack experience; (8) potential write-offs of acquired assets; and (9) potential impairment charges related to the goodwill acquired.

We may also face challenges in international acquisitions, such as compliance with local law and regulation, limited access to target companies and cultural assimilation challenges. Our failure to address these risks successfully may have a material adverse effect on our financial condition and results of operations. Any such acquisition or investment may require a significant amount of capital investment, which would decrease the amount of cash available for working capital or capital expenditures. In addition, if we use our equity securities to pay for acquisitions, the value of our ADSs and the underlying ordinary shares may be diluted. If we borrow funds to finance acquisitions, such debt instruments may contain restrictive covenants that can, among other things, restrict us from distributing dividends.

System security risks, data protection breaches or unexpected system outages or failures could impact our business.

Our computer systems and networks are vulnerable to damage or interruption from earthquakes, fires, power loss, telecommunications failures, cyber-attacks, computer viruses or other malicious attempts. The reliability and safety of our information technology infrastructure / software, and the ability to continually expand and update technologies / software in response to dynamic changing needs and cybersecurity threats, are critical to our business. In recent years, there are increasing and evolving risks to cybersecurity and privacy, including criminal hackers, state-sponsored intrusions, industrial espionage, employee malfeasance and human / technological errors. Additionally, increasing use of AI by our employees and in our internal systems may create new attack surfaces or methods for malicious actors, and may increase the risk of unintended or inadvertent transmission of our proprietary or confidential information. All of the above could result in the loss of our intellectual property, the leak of commercially sensitive information, and the misappropriation of confidential information of our employees, customers and suppliers, and therefore could cause the interruption of our business. Failures to protect the privacy of employees, customers or suppliers' confidential data against breaches of network security could result in the loss of existing or potential customers, other financial loss, and damage to our reputation. In addition, the operational cost and consequences against breaches and remedial measures could be significant. While we seek to annually review and assess our cybersecurity policies and procedures to ensure their adequacy and effectiveness, we still cannot guarantee that we will not be susceptible to new and emerging risks and attacks in the evolving landscape of cybersecurity threats. As of February 28, 2026, we are not aware of any material cyberattacks or incidents that had or would be expected to have a materially adverse effect on our business and operations, nor had we been involved in any legal proceedings or regulatory investigations related thereto.

Our data centers are subject to the risk of break-ins and sabotage. Our disaster recovery plan cannot account for all eventualities. Consequently, the occurrence of a natural disaster or other unanticipated problems at our data centers could result in loss of production capabilities and lengthy interruptions in our services and business. Some of our system services are based on public cloud services, which are also subject to interruption due to cloud service providers' unexpected downtimes, cyberattacks or any type of failure, telecommunication failure and/or other unidentified problems while connecting to cloud. These cloud services interruptions could result in loss of production capabilities and lengthy interruptions in our services and business. Cloud cybersecurity breaches could result in adverse effects on our customers, employees, suppliers, reputation, and business.

Risks Relating to Our Industry

The average selling prices of our products could decrease rapidly, which may negatively impact our revenues and operating results.

The price of each semiconductor product typically declines over its product life cycle, reflecting product obsolescence, decreased demand as customers shift to more advanced products, decreased unit costs due to advanced designs or improved manufacturing yields, excess inventory destocking amidst low market demand, and increased competition as more semiconductor suppliers are able to offer similar products. We may experience substantial period-to-period fluctuations in future operating results if our average selling prices decline. We may reduce the average unit price of our products in response to competitive pricing pressures, new product introductions by us or our competitors, and other factors. We expect that these factors will create downward pressure on our average selling prices and operating results. If we are unable to offset any reductions in our average selling prices by increasing our sales volumes and corresponding production cost reductions, or if we fail to develop and introduce new products and enhancements on a timely basis, our revenues and operating results will suffer.

The semiconductor industry, in particular semiconductors used in flat panel displays, is highly competitive, and we cannot assure that we will be able to compete successfully against our competitors.

Increased competition in the semiconductor industry may result in pricing pressure, reduced profitability and loss of market share, any of which could seriously harm our revenues and results of operations. We continually face intense competition from fabless display driver companies and integrated device manufacturers. Also in recent years, policies adopted by Chinese mainland panel manufacturers to actively introduce domestic IC suppliers have posed significant challenges to our business and may continue to intensify competition in the markets in which we operate. In addition, some of our competitors have substantially greater financial and other resources to pursue engineering, manufacturing, marketing and distribution of their products. As a result, they may be able to respond more quickly to changing customer demands or devote greater resources to the development, promotion and sales of their products. Some of our competitors are affiliated with, or are subsidiaries of, our panel manufacturer customers. These relationships may also give our competitors significant advantages such as early access to product roadmaps and design-in priorities, which would allow them to respond more quickly to changing customer demands and achieve more design-wins than we can. We cannot assure you that we will be able to increase or maintain our revenues and market share or compete successfully against our competitors in the semiconductor industry.

Our business could be materially and adversely affected if we fail to anticipate changes in evolving industry standards, fail to achieve and maintain technological leadership in our industry or fail to develop and introduce new and enhanced products.

Our products are generally based on industry standards, which are continually evolving. The emergence of new industry standards could render our products or those of our customers unmarketable or obsolete and may require us to incur substantial unanticipated costs to comply with any such new standards. Our past sales and profitability have resulted, to a significant extent, from our ability to anticipate changes in technology and industry standards, and to develop and introduce new and enhanced products in a timely fashion. If we do not anticipate these changes in technologies and rapidly develop and introduce new and innovative technologies, we may not be able to provide advanced display semiconductors on competitive terms, and some of our customers may buy products from our competitors instead of from us. Our continued ability to adapt to such changes and anticipate future standards will be a significant factor in maintaining or improving our competitive position and our growth prospects. We cannot assure you that we will be able to anticipate evolving industry standards, successfully complete the design of our new products, have these products manufactured at acceptable manufacturing yields, or obtain significant purchase orders for these products to meet new standards or technologies. If we fail to anticipate changes in technology and to introduce new products that achieve market acceptance, our business and results of operations could be materially and adversely affected.

Risks Relating to Our Holding Company Structure

Our ability to receive dividends and other payments or funds from our subsidiaries may be restricted by commercial, statutory and legal restrictions, and thereby materially and adversely affect our ability to grow, fund investments, make acquisitions, pay dividends and otherwise fund and conduct our business.

We are a holding company and our assets consist mainly of our 100% ownership interest in Himax Taiwan. We receive cash from Himax Taiwan through intercompany borrowings. Himax Taiwan has not paid us cash dividends in the past. Nonetheless, dividends and interest on shareholder loans that we receive from our subsidiaries in Taiwan, if any, will be subject to withholding tax under ROC law. The ability of our subsidiaries to provide us with loans, pay dividends, repay any shareholder loans from us or make other distributions to us is restricted by, among other things, the availability of funds, the terms of various credit arrangements entered into by our subsidiaries, as well as statutory and other legal restrictions. Any limitation on dividend payments by our subsidiaries could materially and adversely affect our ability to grow, finance capital expenditures, make acquisitions, pay dividends, and otherwise fund and conduct our business.

Political, Geographical and Economic Risks

Climate change and natural disasters could adversely affect our business.

There is increasing concern that a gradual increase in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere has, and will continue to, cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters. Changes in weather patterns and an increased frequency, intensity and duration of extreme weather conditions could, among other things, impair our production capabilities, disrupt the operation of our supply chain, and impact our customers and their demand for our services. There are inherent climate-related risks regardless of where we conduct our business. Climate-change-related weather events could negatively impact any of our locations or the locations of our customers, and may cause us to experience project delays, financial losses and/or additional costs to resume operations, including increased insurance costs or loss of coverage, legal liability and reputational losses.

Climate change concerns have also led to international legislative and regulatory initiatives directed at limiting carbon dioxide and other greenhouse gas emissions. Proposed and existing efforts to address climate change by reducing greenhouse gas emissions could directly or indirectly affect our costs of compliance, including costs associated with changes to manufacturing processes or the procurement of raw materials used in manufacturing processes, increased capital expenditures to improve facilities and equipment, and higher compliance and energy costs to reduce emissions, as well as increased indirect costs resulting from our customers, suppliers or both incurring additional compliance costs that are passed on to us, which could harm our business and financial results by increasing our expenses or requiring us to alter our operations and product design activities.

In addition, climate change could cause certain natural disasters to occur more frequently or with greater intensity. Most of our operations, and the operations of many of our semiconductor manufacturing service providers, suppliers and customers are located in Taiwan, which is vulnerable to natural disasters, in particular, earthquakes and typhoons. Our principal foundries, tape and assembly and testing houses upon which we have relied to manufacture substantially all of our display drivers are located in Taiwan. As a result of this geographic concentration, disruption of operations at our facilities or the facilities of our semiconductor manufacturing service providers and suppliers for any reason, including work stoppages, power outages, water supply shortages, fire, typhoons, earthquakes or other natural disasters, could cause delays in production and shipments of our products. In addition, shortages or interruptions in electricity supply could further be exacerbated by changes in the energy policy of the government, such as to make Taiwan a nuclear-free country. Any delays or disruptions could result in our customers seeking to source products from our competitors. If such disruptions of operation occur at our customers' facilities and our customers may be required to shut down temporarily or to substantially reduce the operations of their fabs, these events would seriously affect demand for our products.

Disruptions in Taiwan's political environment could negatively affect our business and ADSs market price.

Our principal executive offices and a substantial amount of our assets are located in Taiwan, and a substantial portion of revenues is derived from operations in Taiwan. Our business, financial condition and results of operations and our ADSs market price may be affected by changes in ROC policies, taxation, inflation or interest rates, and by social instability and diplomatic issues that are outside of our control.

[Table of Contents](#)

Taiwan has a unique international political status. Since 1949, Taiwan and the PRC have been separately governed. The government of the PRC claims that it is the sole government in China and that Taiwan is part of China. Although significant economic and cultural relations have been established during recent years between Taiwan and the PRC, the PRC government has refused to renounce the possibility that it may at some point use force to gain control over Taiwan. Furthermore, the PRC government adopted an anti-secession law relating to Taiwan. Relations between the ROC and the PRC governments have been strained in recent years for a variety of reasons, including the PRC government's position on the "One China" policy and tensions concerning arms sales to Taiwan by the United States government. Any tension between the ROC and the PRC, or between the United States and the PRC, could materially and adversely affect our ADSs market prices.

A substantial portion of our sales are made to customers in the PRC, which may expose us to additional political, regulatory, and economic risks.

We have been increasingly selling our products to customers in the PRC. In 2024 and 2025, approximately 73.4% and 73.8% of our revenues, respectively, were from customers headquartered in the PRC. We expect to continue to increase our sales to customers in the PRC in the future. With regional customer concentration, we are particularly subject to economic and political events and other developments that affect our customers in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including the structure, level of government involvement, level of development, foreign exchange control and allocation of resources. The PRC economy has been transitioning from a planned economy to a more market-oriented economy and is growing rapidly. For the past two decades, the PRC government has implemented economic reform measures emphasizing utilization of market forces in the development of the economy and also adjusted its macroeconomic control policies from time to time. These policies have led and may continue to lead to changes in market conditions. Further, if new, US sanctions are imposed on China and any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated, such changes could have an adverse effect on our customers or suppliers in China. We cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our customers in the PRC. In addition, the interpretation of PRC laws and regulations involves uncertainties. We cannot assure you that changes in such laws and regulations, or in their interpretation and enforcement, will not have a material adverse effect on the businesses and operations of our customers in the PRC and consequently have a material adverse effect on our business and operations.

Changes in U.S. and international trade policies, including the possibility that new tariffs could be imposed by the U.S. or other countries on Taiwanese company products, may adversely impact our business and operating results. In addition, geopolitical tensions and concerns over supply chain resilience may accelerate efforts by our customers and other industry participants to diversify semiconductor supply chains away from regions with high geopolitical risk. Such shifts in semiconductor supply chain structures could lead to changes in customer sourcing strategies, regulatory requirements or competitive dynamics, which could adversely affect our business, financial condition and results of operations.

Fluctuations in exchange rates could result in foreign exchange losses and affect our results of operations.

Our functional and reporting currency is U.S. dollars. In 2025, more than 98% of our revenues and cost of revenues were denominated in U.S. dollars. However, we have foreign currency exposure and are primarily affected by fluctuations in exchange rates between the U.S. dollar and the NT dollar. This is because a majority portion of our employees and facilities are based in Taiwan and operating expenses are denominated in NT dollars and we maintain a portion of our cash in NT dollars for Taiwan working capital purposes. For example, in December 2025, approximately 63% of our operating expenses were denominated in NT dollars, with a small percentage denominated in Japanese Yen, Korean Won and Chinese Renminbi, and the majority of the remainder in U.S. dollars. As a result, any significant fluctuations to our disadvantage in exchange rate of U.S. dollars against such currencies, in particular a weakening of the U.S. dollar against the NT dollar, would have an adverse impact on our operating expenses as expressed in U.S. dollar and adversely affect our operating profit.

Changes in ROC tax laws would likely increase our tax expenditures and decrease our net income.

The Company is incorporated in the Cayman Islands, a tax-free country; accordingly, pretax income generated by the group parent company is not subject to local income tax. Substantially all of the Company's taxable income is derived from the operations in the ROC and we are exposed primarily to taxes levied by the ROC government. Any unfavorable changes of tax laws and regulations in this jurisdiction could increase our effective tax rate and have an adverse effect on our operating results. See "Item 5.A. Operating and Financial Reviews and Prospects -Operating Results-Tax Credits" for further discussion of significant tax regulation changes.

On July 12, 2016, the ROC Legislative Yuan passed the third reading of anti-avoidance to establish Article 43-3 Controlled Foreign Company ("CFC") rules and Article 43-4 Place of Effective Management ("PEM") rules of the Income Tax Act ("ITA"). Detailed introduction of the CFC and PEM rules are described as follows:

- (i) A profit-seeking enterprise ("PSE") that directly or indirectly owns affiliated enterprises in low-tax jurisdictions outside the territory of the ROC shall recognize and include its pro rata share of affiliated enterprises' annual profits as investment income in its income tax return for the year. Subsequent actual dividends and distributions from such affiliated enterprises that were previously recognized as investment income will then not be subject to income taxation; any surplus to previously recognized investment income shall be included as taxable income in the allocated year. Low-tax jurisdictions are defined as countries where the PSE income tax rate is lower than 70% of the income tax rate of the PSE in the ROC (the statutory income tax rate is 20% from January 1, 2018) (Article 43-3 CFC rules); and
- (ii) A PSE is incorporated based on foreign legislation but its place of effective management (PEM) is maintained within the territory of the ROC, and the head office of such PSE will be determined to be within the territory of the ROC and profit-seeking enterprise income tax shall be levied in accordance with the ITA and relevant tax regulations. The aforementioned PEM refers to a place where substantive key management and commercial decisions of an entity's business and its operations are made (Article 43-4 PEM rule).

According to the legislative intent, the CFC and PEM rules, in principle, will not be put into force immediately, but will wait until the China-Taiwan Cross-Strait Tax Agreement is effectuated, the OECD's Common Reporting and Due Diligence Standard ("CRS") for the automatic exchange of information of financial accounts is widely implemented internationally, and the relevant bylaws of the CFC and PEM rules have been adequately enacted and properly advocated. The date of implementation will be determined by the Executive Yuan. On January 14, 2022, Executive Yuan had announced the relevant bylaws of the CFC would be implemented from January 1, 2023 and we expect that CFC would have no material impact to affect our operating profit.

Additionally, dividend payments made by us are not subject to withholding tax in the Cayman Islands. However, if the relevant bylaws of the PEM rules have been adequately enacted and properly advocated, we may be determined to be within the territory of the ROC and our income tax shall be levied in accordance with the Income Tax Act and relevant tax regulations. Therefore, dividend payments made by us would be subject to withholding tax in the ROC.

Risks Relating to Our ADSs and Our Trading Market

The market price for our ADSs is volatile.

The market price for our ADSs is volatile and has ranged from a low of \$5.66 to a high of \$13.91 on the NASDAQ Global Select Market in 2025.

The market price is subject to wide fluctuations in response to various factors, including the following: (1) actual or anticipated fluctuations in our quarterly operating results; (2) changes in financial estimates by securities research analysts; (3) changes in the expectation of our product launch timing, forecast and estimates; (4) conditions in the TFT-LCD and OLED panel market; (5) changes in the economic performance or market valuations of other display semiconductor companies; (6) announcements by us or our competitors of new products, acquisitions, strategic partnerships, joint ventures or capital commitments; (7) the addition or departure of key personnel; (8) fluctuations in exchange rates between the U.S. dollar and the NT dollar; (9) litigation related to our intellectual property; and (10) the release of lock-up or other transfer restrictions on our outstanding ADSs or sales of additional ADSs.

[Table of Contents](#)

In addition, the worldwide financial crisis, disruptions in business and manufacture due to sluggish demand, and global developments relating to Russia's invasion of Ukraine, global stock markets have experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market prices of securities issued by many companies for reasons which may not be directly related to their operating performance, including but not limited to events such as tax-loss selling, mutual fund redemptions, hedge fund redemptions and margin calls. These market fluctuations may also materially and adversely affect the market price of our ADSs.

Future sales or perceived sales of securities by us, our executive officers, directors or major shareholders may hurt the price of our ADSs.

The market price of our ADSs could decline as a result of sales of ADSs or shares or the perception that these sales could occur. As of February 28, 2026, we had 348,851,828 outstanding shares and a significant number of our shares were beneficially owned by certain major shareholders such as our directors and executive officers. See "Item 7.A. Major Shareholders and Related Party Transactions—Major Shareholders." If we, our executive officers, or directors or our shareholders sell ADSs or shares, the market price for our shares or ADSs could decline.

You may not have the same voting rights as the holders of our ordinary shares and may not receive voting materials sufficiently in advance to be able to exercise your right to vote.

Except as described in the deposit agreement, holders of our ADSs will not be able to exercise voting rights attaching to the shares evidenced by our ADSs on an individual basis. Holders of our ADSs will appoint the depositary or its nominee as their representative to exercise the voting rights attaching to the shares represented by the ADSs. In certain circumstances, the depositary shall refrain from voting and any voting instructions received from ADS holders shall lapse. Furthermore, in certain other circumstances, the depositary will give us a discretionary proxy to vote shares evidenced by ADSs. You may not receive voting materials sufficiently in advance to instruct the depositary to vote or persons who hold their ADSs through brokers, dealers or other third parties will not have the opportunity to exercise a right to vote.

You may not be able to participate in rights offerings and may experience dilution of your holdings as a result.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. Under the deposit agreement for the ADSs, the depositary will not offer those rights to ADS holders unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act, or exempt from registration under the Securities Act with respect to all holders of ADSs. We are under no obligation to file a registration statement with respect to any such rights or underlying securities or to endeavor to cause such a registration statement to be declared effective. In addition, we may not be able to take advantage of any exemptions from registration under the Securities Act. Accordingly, holders of our ADSs may be unable to participate in our rights offerings and may experience dilution in their holdings as a result.

You may be subject to limitations on transfer of your ADSs.

Your ADSs represented by the ADRs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time whenever it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when books or the books of the depositary are closed, or at any time if we or the depositary deem it necessary or advisable to do so because of any requirement of law, any government, governmental body, commission, or any securities exchange on which our ADSs or ordinary shares are listed, or under any provision of the deposit agreement or provisions of, or governing, the deposited securities or any meeting of our shareholders, or for any other reason.

Your ability to protect your rights through the United States federal courts may be limited, because we are incorporated under Cayman Islands law, conduct a substantial portion of our operations in Taiwan, and all of our directors and officers reside outside the United States.

We are incorporated in the Cayman Islands. However, a substantial portion of our operations is conducted in Taiwan through Himax Taiwan, our wholly owned subsidiary, and substantially all of our assets are located in Taiwan. All of our directors and officers reside outside the United States, and a substantial portion of the assets of those persons is located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of Taiwan may render you unable to enforce a United States judgment against our assets or the assets of our directors and officers. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although a final and conclusive judgment in the federal or state courts of the United States under which a sum of money is payable, other than a sum payable in respect of multiple damages, taxes, or other charges of a like nature or in respect of a fine or other penalty, may be subject to enforcement proceedings as debt in the courts of the Cayman Islands under the common law doctrine of obligation, provided that (a) such federal or state courts of the United States had proper jurisdiction over the parties subject to such judgment; (b) such federal or state courts of the United States did not contravene the rules of natural justice of the Cayman Islands; (c) such judgment was not obtained by fraud; (d) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands; (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands; and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands.

Therefore, our public shareholders may have more difficulty in protecting their interests through actions against our management, directors or major shareholders than shareholders of a corporation incorporated in a jurisdiction in the United States.

You may face difficulties in protecting your interests as a shareholder because judicial precedents regarding shareholders' rights are more limited under Cayman Islands law than under U.S. law, and because Cayman Islands law generally provides less protection to shareholders than U.S. law.

Our corporate affairs are governed by memorandum and articles of association, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, or the Cayman Islands Companies Law, and the common law of the Cayman Islands. The rights of shareholders to take action against directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of shareholders and the fiduciary responsibilities of directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands have a less developed body of securities law than the United States.

ITEM 4. INFORMATION ON THE COMPANY

4.A. History and Development of the Company

Himax Taiwan, our predecessor, was incorporated on June 12, 2001 as a limited liability company under the laws of the ROC. On April 26, 2005, we established Himax Technologies Limited, an exempted company with limited liability under the Cayman Islands Companies Law, as a holding company to hold the shares of Himax Taiwan in connection with our reorganization and share exchange. On October 14, 2005, Himax Taiwan became our wholly owned subsidiary through a share exchange consummated pursuant to the ROC Business Mergers and Acquisitions Law through which we acquired all of the issued and outstanding shares of Himax Taiwan, and we issued ordinary shares to the shareholders of Himax Taiwan. Shareholders of Himax Taiwan received one of our ordinary shares in exchange for one Himax Taiwan common share. The share exchange was unanimously approved by shareholders of Himax Taiwan on June 10, 2005 with no dissenting shareholders and by the ROC Investment Commission on August 30, 2005 for our inbound investment in Taiwan, and on September 7, 2005 for our outbound investment outside of Taiwan. We effected this reorganization and share exchange to comply with ROC laws, which prohibit a Taiwan incorporated company not otherwise publicly listed in Taiwan from listing its shares on an overseas stock exchange. Our reorganization enables us to maintain our operations through our Taiwan subsidiary, Himax Taiwan, while allowing us to list our shares overseas through our holding company structure.

[Table of Contents](#)

On September 26, 2005, we changed our name to “Himax Technologies, Inc.,” and on October 17, 2005, Himax Taiwan changed its name to “Himax Technologies Limited” upon the approval of shareholders of both companies and amendments to the respective constitutive documents. We effected the name exchange in order to maintain continuity of operations and marketing under the trade name “Himax Technologies, Inc.,” which had been previously used by Himax Taiwan.

Our ADSs have been listed on the NASDAQ Global Select Market since March 31, 2006. Our ordinary shares are not listed or publicly traded on any trading markets.

In February 2007, we completed the acquisition of Wisepal, currently known as Himax Semiconductor, Inc., a fabless semiconductor company focusing on the development of LTPS TFT-LCD drivers for small and medium-sized applications. This transaction strengthened our competitive position in the small and medium-sized product areas and further diversified our technology and product offerings. For management purpose, Himax Semiconductor Inc. was merged into Himax Taiwan on July 2, 2018.

In March 2007, we established Himax Imaging, Inc., which develops and markets CMOS image sensors with an initial focus on camera applications used in cell phones and notebook computers.

In July 2012, our subsidiary, Himax Display, completed the acquisition of Spatial Photonics, currently known as Himax Display (USA) Inc., a Delaware corporation engaged in the business of manufacturing and production of MEMS products.

In June 2018, we completed the acquisition of Emza Visual Sense Ltd., or Emza, which is dedicated to the development of visual sensors that include proprietary machine-vision algorithms and specific architectures that enable always-on visual sensing capabilities, achieving improvement in power consumption, price and form factor. On October 25, 2022, we disposed of 100% of our shareholdings in Emza to a third party.

From time to time, we have also made minority investments in various companies for strategic purposes in the ordinary course of business.

Our principal executive offices are located at No. 26, Zilian Road, Xinshi District, Tainan City 744092, Taiwan, Republic of China. Our telephone number at this address is +886-6-505-0880. Our registered office in the Cayman Islands is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Our telephone number at this address is +1-345-945-3901. In addition, we have offices in Hsinchu and Taipei, Taiwan; Foshan, Fuqing, Ningbo, Beijing, Shanghai, Shenzhen, Suzhou, Wuhan, Hefei, Chengdu, Fuzhou, Nanjing, Chongqing, Xi'an and Xiamen, China; Asan-si and Bundang-gu, South Korea and Irvine and San Jose, California, Minneapolis, Minnesota and Detroit, Michigan, USA.

Investor inquiries should be directed to our Investor Relations department by email to hx_ir@himax.com.tw. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of the SEC's Internet site is <http://www.sec.gov>. Our website is www.himax.com.tw. The information contained on our website is not part of this annual report.

4.B. Business Overview

We are a leading global fabless semiconductor solution provider dedicated to display imaging processing technologies. Our display driver ICs and timing controllers have been adopted at scale across multiple industries worldwide including TVs, PC monitors, laptops, mobile phones, tablets, automotive, ePaper devices, industrial displays, among others. As the global market share leader in automotive display technology, we offer innovative and comprehensive automotive IC solutions, including traditional driver ICs, advanced in-cell Touch and Display Driver Integration (TDDI), local dimming timing controllers (Local Dimming TCON), Large Touch and Display Driver Integration (LTDI) and OLED technologies. Our industry-leading WiseEye Ultralow Power AI Sensing technology which incorporates Himax proprietary ultralow power AI processor, always-on CMOS image sensor, and CNN-based AI algorithm has been widely deployed in consumer electronics and AIoT applications. Himax optics technologies, such as wafer level optics (WLO), LCoS microdisplays and 3D sensing solutions, are critical enablers of emerging AR/VR and other next-generation applications.

Industry Background

We mainly operate in the flat panel display semiconductor industry. As the majority of our revenues derive from products that are critical components of flat panel displays, such as display drivers, timing controllers, power ICs and other semiconductor products, our industry is closely linked to the trends and developments of the flat panel display industry.

Flat Panel Display Semiconductors

Flat panel displays require different semiconductors depending upon the display technologies and the applications. Some of the most important ones include the following:

- *Display Driver*: The display driver receives image data from the timing controller and delivers precise analog voltages or currents to create images on the display. The major application of display driver IC is used on TFT-LCDs. Other than display drivers for TFT-LCDs, we also offer display drivers for OLED and Electronic Paper (e-paper) Displays. OLED display is getting more and more popular in recent years, starting from high-end smartphone and TV applications towards tablet, notebook and automotive, while e-paper display mimics traditional paper sheet and holds static text and images indefinitely without electricity. Detailed display driver IC specification for LCD, OLED and e-paper are different due to panel characteristics. The two main types of display drivers for a display panel are gate drivers and source drivers. Gate drivers turn on the transistor within each pixel cell on the horizontal line on the panel for data input at each row. Source drivers receive image data from the timing controller and generate voltage that is applied to the liquid crystal within each pixel cell on the vertical line on the panel for data input at each column. The combination determines the colors generated by each pixel. Typically, multiple gate drivers and source drivers are installed separately on the panel. However, for certain small and medium-sized applications, gate drivers and source drivers are integrated into a single chip due to space and cost considerations. Large-sized panels typically have higher resolution and require more display drivers than small and medium-sized panels. In addition, TDDI IC integrates both display driver and in-cell touch functions and is usually adopted by small and medium sized display applications, whereas Timing Controller feature is also embedded in TDDI.
- *Timing Controller*: The timing controller receives image data and converts the format for the source drivers' input. The timing controller also generates controlling signals for gate and source drivers. Typically, the timing controller is a discrete semiconductor in TFT-LCD, OLED and e-paper panels. For certain small and medium-sized applications, however, the timing controller may be integrated with display drivers.
- *Operational Amplifier*: An operational amplifier supplies the reference voltage to source drivers in order to make their output voltage uniform.
- *Power IC*: Power ICs include certain drivers, amplifiers, DC to DC converters and other semiconductors designed to enhance power management, such as voltage regulation, voltage boosting and battery management.
- *Touch Controller IC*: For touch screen applications, touch controller ICs enable touch interfaces, such as capacitive touch panels, to identify, qualify and track user's contacts with precision and sensibility. For TFT LCD panels, the touch controller may be integrated with display drivers as an in - cell TDDI solution, commonly adopted in devices including smartphones, tablets, automotive displays, and notebooks. In contrast, OLED panels typically adopt a discrete touch controller to realize touch functionality.
- *Others*: Flat panel displays also require multiple general purposes semiconductors such as memory, power converters and inverters.

Characteristics of the Display Driver Market

Although we operate in several distinct segments of the flat panel display semiconductor industry, our principal products are display drivers. Display drivers are critical components of flat panel displays. The display driver market has specific characteristics, including those discussed below.

Concentration of Panel Manufacturers

The global TFT-LCD panel industry consists of a small number of manufacturers, substantially all of which are based in Asia. In recent years, Korean TFT-LCD panel makers have gradually undergone restructurings to shift their technology and manufacture focus from TFT-LCD to OLED and TFT-LCD panel manufacturers, especially China-based manufacturers which have invested or are planning to invest heavily to establish, construct and ramp up additional fab capacity. The capital-intensive nature of the industry often results in TFT-LCD panel manufacturers operating at a high level of capacity utilization in order to reduce unit costs. This tends to create a temporary oversupply of panels, which reduces the average selling price of panels and puts pricing pressure on component companies including display driver companies. Moreover, the concentration of panel manufacturers permits major panel manufacturers to exert pricing pressure on display driver companies such as us. The small number of panel manufacturers exacerbates this situation as display driver companies, in addition to seeking to expand their customer base, must also focus on winning a larger percentage of such customers' display driver requirements.

Customization Requirements

Each panel display has a unique pixel design to meet its particular requirements. To optimize the panel's performance, display drivers have to be customized for each panel design. The most common customization requirement is for the display driver company to optimize the gamma curve of each display driver for each panel design. Display driver companies must work closely with their customers to develop semiconductors that meet their customers' specific needs in order to optimize the performance of their products.

Mixed-Signal Design and High-Voltage CMOS Process Technology

Display drivers have specific design and manufacturing requirements that are not standard in the semiconductor industry. Some display drivers require mixed-signal design since they combine both analog and digital devices on a single semiconductor to process both analog signals and digital data. Manufacturing display drivers require high-voltage CMOS process technology operating typically at 4.5 to 24 volts for source drivers and 10 to 50 volts for gate drivers, levels of voltage which are not standard in the semiconductor industry. For display drivers, the driving voltage must be maintained under a very high degree of uniformity, which can be difficult to achieve using standard CMOS process technology. Moreover, manufacturing display drivers does not require very small-geometry semiconductor processes. Typically, the manufacturing process for large panel display drivers require geometries between 0.11 micron and 1 micron because the physical dimensions of a high-voltage device do not allow for the economical reduction in geometries below this range. We believe that there are a limited number of fabs with high-voltage CMOS process technology that are capable of high-volume manufacturing of display drivers.

Special Assembly and Testing Requirements

Manufacturing display drivers requires certain assembly and testing technologies and equipment that are not standard for other semiconductors and are offered by a limited number of providers. The assembly of display drivers typically uses either tape-automated bonding, also known as TAB, or chip-on-glass, also known as COG, technologies. Display drivers also require gold bumping, which is a process in which gold bumps are plated onto each wafer to connect the die and the processed tape, in the case of TAB packages, and the glass, in the case of COG packages. TAB may utilize tape carrier packages, also known as TCP, or chip on film, also known as COF. The type of assembly used depends on the panel manufacturer's design, which is influenced by panel size and application and is typically determined by the panel manufacturers. Display drivers for large-sized applications typically require TAB package and, to a lesser extent, COG package types, whereas display drivers for smartphone, tablet and consumer electronics products typically require COG packages. The testing of display drivers also requires special testers that can support high-channel and high-voltage output semiconductors. Such testers are not standard in the semiconductor industry.

Supply Chain Management

The manufacturing of display drivers is complex and requires several manufacturing stages such as wafer fabrication, gold bumping, and assembly and testing, and the availability of materials such as the processed tape used in TAB packaging. We refer to these manufacturing stages and material requirements collectively as the “supply chain”. Panel manufacturers typically operate at high levels of capacity utilization and require a reliable supply of display drivers. A shortage of display drivers, or a disruption to this supply, may disrupt panel manufacturers’ operations. As a result, a company’s ability to deliver its products on a timely basis at the quality and quantity required is critical to satisfying its existing customers and winning new ones. Such supply chain management is particularly crucial to fabless display driver companies that do not have their own in-house manufacturing capacity. In the case of display drivers, supply chain management is further complicated by the high-voltage CMOS process technology and the special assembly and testing requirements that are not standard in the semiconductor industry. Access to this capacity also depends in part on display driver companies having received assurances of demand for their products since semiconductor manufacturing service providers require credible demand forecasts before allocating capacity among customers and investing to expand their capacity to support growth.

Need for Higher Level of Integration

The small form factor of smartphone, tablet, automotive and certain consumer electronics products restricts the space for components. Small and medium-sized panel applications typically require one or more source drivers, one or more gate drivers and one timing controller, which can be installed as separate semiconductors or as an integrated single-chip driver. Customers are increasingly demanding higher levels of integration in order to manufacture more compact panels, simplify the module assembly process and reduce unit costs. Display driver companies must be able to offer highly integrated chips that combine the source driver, gate driver and timing controller, as well as semiconductors such as memory, power circuit and image processors, into a single chip. Due to the size restrictions and stringent power consumption constraints of such display drivers, single-chip drivers are complex to design. For large-sized panel applications, integration is both more difficult to achieve and less important since size and weight are less of a priority. Lastly, as some of our TFT-LCD panel customers had turned to pure in-cell TDDI panel development for thinner display designs, we have developed a series of single chip touch display driver integrated circuit (TDDI) for advanced in-cell touch display panel.

Products and Solutions

We have several principal product lines:

- Display drivers and timing controllers;
- Touch controller ICs;
- ASIC service;
- LCoS and MEMS products;
- Power ICs;
- CMOS image sensor products;
- Wafer level optics products;
- 3D sensing business; and
- WiseEye Ultralow Power AI Sensing.

Display Drivers and Timing Controllers

Display Driver Characteristics

Display drivers deliver precise analog voltages and currents that activate the pixels on panels. The following is a summary of certain display driver characteristics and their relationship to panel performance.

- **Resolution and Number of Channels.** Resolution refers to the number of pixels per line multiplied by the number of lines, which determines the level of fine detail within an image displayed on a panel. For example, a color display screen with 1,024 x 768 pixels has 1,024 red columns, 1,024 green columns and 1,024 blue columns for a total of 3,072 columns and 768 rows. The red, green and blue columns are commonly referred to as “RGB.” Therefore, the display drivers need to drive 3,072 column outputs and 768 row outputs. The number of display drivers required for each panel depends on the resolution of the panel and the number of channels per display driver. For example, an XGA (1,024 x 768 pixels) panel requires eight 384-channel source drivers ($1,024 \times 3 = 384 \times 8$) and three 256-channel gate drivers ($768 = 256 \times 3$), while a full HD (1,920 x 1,080 pixels) panel requires eight 720-channel source drivers and four 270-channel gate drivers. The number of display drivers required can be reduced by using drivers with a higher number of channels. For example, a full HD panel can have six 960-channel source drivers instead of eight 720-channel source drivers. Thus, using display drivers with a higher number of channels can reduce the number of display drivers required for each panel, although display drivers with a higher number of channels typically have higher unit costs.
- **Color Depth.** Color depth is the number of colors that can be displayed on a screen, which is determined by the number of shades of a color, also known as gray scale, that can be shown by the panel. For example, a 6-bit source driver is capable of generating $2^6 \times 2^6 \times 2^6 = 2^{18}$, or 262K colors, and similarly, an 8-bit source driver is capable of generating 16 million colors. Typically, for TFT-LCD panels currently in commercial production, 262K, 16 million and 1 billion colors are supported by 6-bit, 8-bit and 10-bit source drivers, respectively.
- **Operational Voltage.** A display driver operates with two voltages: the input voltage (which enables it to receive signals from the timing controller) and the output voltage (which, in the case of source drivers, is applied to liquid crystals and, in the case of gate drivers, is used to switch on the TFT device). Source drivers typically operate at input voltages from 3.3 to 1.8 volts and output voltages ranging from 4.5 to 24 volts. Gate drivers typically operate at input voltages from 3.3 to 1.8 volts and output voltages ranging from 10 to 50 volts. Lower input voltage saves power and lowers electromagnetic interference, or EMI. Output voltage may be higher or lower depending on the characteristics of the liquid crystal (or diode), in the case of source drivers, or TFT device, in the case of gate drivers.
- **Gamma Curve.** The relationship between the light passing through a pixel and the voltage applied to it by the source driver is nonlinear and is referred to as the “gamma curve” of the source driver. Different panel design and manufacturing processes require source drivers with different gamma curves. Display drivers need to adjust the gamma curve to fit the pixel design. Due to the materials and processes used in manufacturing, panels may contain certain imperfections which can be corrected by the gamma curve of the source driver, a process which is generally known as “gamma correction.” For certain types of liquid crystal, the gamma curves for RGB cells are significantly different and thus need to be independently corrected. Some advanced display drivers feature three independent gamma curves for RGB cells.
- **Driver Interface.** Driver interface refers to the connection between the timing controller and display drivers. Display drivers increasingly require higher bandwidth interface technology to address the larger data volume necessary for video images. Panels used for higher data transmission applications, such as televisions, require more advanced interface technology. The principal types of interface technologies are transistor-to-transistor logic, or TTL, reduced swing differential signaling, or RSDS, mini-low voltage differential signaling, or mini-LVDS, and point-to-point high-speed interface. Among these, RSDS, mini-LVDS and point-to-point interface were developed as low power, low noise and low amplitude methods for high-speed data transmission using fewer copper wires and resulting in lower EMI. Moreover, there are some panel manufacturers developing their proprietary point-to-point interfaces, such as embedded panel interface, or EPI, USI-T, iSP, CEDS, CHPI, CSPI and CMPI.

- *Package Type.* The assembly of display drivers typically uses TAB and COG package types. COF and TCP are two types of TAB packages, of which COF packages have become predominantly used in recent years. Customers typically determine the package type required according to their specific mechanical and electrical considerations. In general, display drivers for small-sized panels mainly use COG package types, whereas display drivers for large-sized panels primarily use TAB package types and, to a lesser extent, COG package types.

Large-Sized Applications

We provide source drivers, gate drivers, PMIC, P-gamma OP level shifter and timing controllers (TCON) for large-sized panels principally used in desktop monitors, notebook computers and televisions. Display drivers used in large-sized applications feature different key characteristics, depending on the end-use application. For example, the industry trend for large-sized applications is generally toward super high channel, low power consumption, low cost, thin and light form factor, touch function, higher data transmission rate and higher driving capabilities. Higher speed interface technologies are also key for 4Kx2K and 8Kx4K high-resolution TVs. Greater color depth, thermal solution, high data rate and high driving, are particularly important for advanced televisions and certain monitors.

Our large display driver IC business achieved several milestones since 2019. For example, we successfully added 12-inch fabs into the pool of our foundry capacity for our large display driver ICs to ease the capacity shortage of 8” foundry where the vast majority of large panel driver ICs are fabricated. On high-end TV, Himax outpaced peers to lead the mass production of customized high-speed point-to-point (P2P) transmission using embedded panel intra interface such as iSP, CHPI, USI-T, CMPI, CEDS and CSPI for 4K TVs and 8K TV. On gaming monitor, we have high frame rate and high driving driver to meet various resolutions needs and frame rates such as UHD 240Hz, QHD 360Hz, FHD 480Hz, etc. We also successfully developed low power consumption driver applied in low power monitor to satisfied Energy Star 8.0 and even Energy Star 9.0. Additionally, our P2P driver and TCON ICs with 13.3” FHD can meet Intel 1W project requirements.

For automotive TCONs, Himax has a dominant market share and offers a comprehensive product offerings featuring local dimming functionality, image enhancement, HDR, OSD, de-warping, to meet customers’ various needs of automotive displays We also provide gaming TCON for the new FHD 1000Hz, QHD 480Hz and UHD 240Hz gaming monitor and notebook. For high-end gaming -oriented applications, we have developed eDP 8.1G TCON to increase bandwidth. We are also developing eDP1.5 for notebooks.

The table below sets forth the features of our products for large-sized applications:

Product	Features
TFT-LCD Source Drivers	<ul style="list-style-type: none"> • 384 to 1920 output channels • 6-bit (262K colors), 8-bit (16 million colors) or 10-bit (1 billion colors) • one gamma-type driver • two gamma-type drivers to improve display quality • three gamma-type drivers (RGB independent gamma curve to enhance color image) • output driving voltage ranging from 7 up to 20V • input logic voltage ranging from standard 3.3V to low power 1.8V and support half VDDA • low power consumption and low EMI • support COF and COG package types • support TTL, RSDS, mini-LVDS (up to 460MHz), cascade modulated driver interface, or CMDI, point-to-point high speed interface (up to 4Gbps for 8K 120Hz) and customized interface technologies • support dual gate and triple gate panel designs
TFT-LCD Gate Drivers	<ul style="list-style-type: none"> • 192 to 1600 output channels • output driving voltage ranging from 10 up to 40v • input logic voltage ranging from standard 3.3V to low power 1.8V • low power consumption • support COF and COG package types • support dual gate and triple gate panel designs

[Table of Contents](#)

- Timing Controllers
- product portfolio supports a wide range of resolutions, from VGA (640 x 480 pixels) to full HD, UHD and 8K4K (1,920 x 1,080 pixels, 1,920 x 1,200 pixels, 3840 x 2160 and 7680 x 4320)
 - support mini-LVDS, point-to-point high speed interface and customized output interface technologies
 - embedded overdrive function to improve response time
 - support CABC and local dimming to save power and color engine to enhance color and sharpness
 - support LVDS, eDP, MIPI and V-by-one input interface technologies
 - support dual-gate, triple-gate, GOA (gate on array) and RGBW panel designs
 - support amorphous silicon, IGZO, LTPO and LTPS panel
 - ASIC and standard OLED Timing Controller
 - ASIC uLED Timing Controller
- Programmable Gamma OP
- 8 to 16 channel gamma buffer outputs
 - channel VCOM buffer output
 - Internal non-volatile memory
 - 2 gamma bank selection, setting time < 3uS
 - Analog power supply voltage: 9.0V to 20.0V
 - Digital power supply voltage: 2.7V to 3.6V
 - Peak current on gamma channels: 200mA
 - Peak current on VCOM channel: 400mA
 - Programmable VCOM limit
 - I2C speed up to 1MHz

Small and Medium -Sized Applications

Automotive Display Applications

We offer source drivers, gate drivers, timing controllers and integrated drivers for the fast-ramping automotive display applications, such as instrument cluster display (ICD), center stack display (CSD), head-up display (HUD), rear seat entertainment display (RSE), rearview mirror display and sideview mirror display.

The automotive display drivers can support various display resolutions to meet the customized needs of automotive display, including GIP panel and non-GIP panel, a-Si TFT panel, IGZO panel and LTPS panel. Meanwhile, the automotive display drivers can support higher output driving voltage for higher contrast ratio and faster liquid crystal response in automotive display applications. The automotive Timing Controller can support Local Dimming function for the goal of higher contrast ratio and thermal reduction in automotive display applications. We launched the world's first TDDI design for automotive displays technology which started shipping in 2019 with meaningful mass production shipment to industrial leading automotive panel house, Tier1 and car brands starting 2021. Himax is the market leader in automotive display driver business covering the entire spectrum of products and technologies, including the industry's most comprehensive traditional DDIC product offerings as well as TDDI, local dimming TCON, LTDI and OLED. Our automotive TDDI is already broadly adopted across the board and continue to expand, with a market share well over half. To date, Himax also has cumulatively shipped well over 100 million units of automotive TDDI, underscoring the strong market adoption of our technologies. With hundreds design-in projects secured and a continuous influx of new pipeline and design-wins across the board, Himax expects to sustain this decent growth in the years ahead. Regarding LTDI, a technology particularly suited for smart cockpits featuring large-size displays, panoramic views, free-form and curved designs, as well as in-cell touch functionality, we began mass production in the third quarter of 2023. Since then, we have received a growing number of customer inquiries, positioning LTDI to begin making meaningful sales contributions starting in 2026 and continue expanding thereafter. Our unwavering commitment to technological innovation sets us apart from our competitors, positioning us as leaders in the development of next-generation automotive display solutions. For TCON ICs for automobiles, we also have embedded local dimming feature, image enhancement function, and HDR function for TFT-LCD panel to enhance contrast and picture quality performance of automotive display. Additionally, several key panel makers have sought cooperation with Himax to develop OLED solutions for automotive applications. We provide ASIC OLED driver and TCON solutions that entered mass production a few years since 2021, and now we also provide standard ICs ready for broader deployment. In parallel, we are collaborating with major panel makers on new custom ASIC developments to address diverse customer requirements. Specifically, our meticulously engineered OLED on-cell touch controllers set a new standard, boasting an industry-leading touch signal-to-noise ratio of over 45 dB, greatly enhancing sensitivity that allows automotive displays to maintain proper functionality under challenging conditions, such as glove-wearing and wet finger operations. OLED touch controller IC for automotive has entered production in the third quarter of 2024 and is positioned for solid growth, supported by an increasing number of design-ins already secured globally.

The following table summarizes the features of our products used in automotive display applications:

Product	Features
TFT-LCD Source Drivers	<ul style="list-style-type: none">• 642 to 1,920 output channels• 6-bit (262K colors), 8-bit (16.7 million colors)• support RSDS, mini-LVDS, Point-to-Point interfaces• output driving voltage ranging up to 15V• support COG and COF package type
TFT-LCD Gate Drivers	<ul style="list-style-type: none">• 100 to 1,600 output channels• output driving voltage ranging up to 40V• support COG and COF package type

Product	Features
TFT-LCD Integrated Drivers	<ul style="list-style-type: none">● highly integrated chip embedded with source driver, timing controller and power circuit● support RGB, Multiple Drop LVDS / Point-to-Point LVDS input interfaces● support Single Gate, Dual Gate, Triple Gate, Quad Gate panel structure● support 2MUX, 3MUX, 4MUX, 6MUX LTPS panel structure● support GIP panel (a-TFT GIP or LTPS GIP or IGZO GIP) and non-GIP panel● support resolution up to 7680 RGBx810 with cascaded chips● source driver output driving voltage ranging up to $\pm 6.7V$● support Fail Detect Function, including CRC Function● support Local Dimming Function● support Telltale OSD function● support internal thermal sensor● support HUD transparency detect function● passed AEC-Q100 Grade 2● support COG and COF package type
Timing Controllers	<ul style="list-style-type: none">● support LVDS, eDP 1.2 input interface● support mini-LVDS, Point-to-Point output interfaces● support Single Gate, Dual Gate, Triple Gate panel structure● support 2MUX, 3MUX, 4MUX, 6MUX LTPS panel structure● support GIP panel (a-TFT GIP or LTPS GIP or IGZO GIP) and non-GIP panel● support various resolutions up to 4K2K(ICD) or 8K1K(CID)● support Local Dimming Function● support Dual Cell Panel Structure Function● support Fail Detect Function, including CRC Function● support Over Driver & De-mura function● support Telltale OSD function● support Image Enhancement function● support HDR function● support HUD transparency detect function● support HUD De-warping function● passed AEC-Q100 Grade 2
TFT-LCD TDDI	<ul style="list-style-type: none">● highly integrated chip embedded with source driver, timing controller, touch controller and power circuit● support Multiple Drop LVDS / Point-to-Point LVDS input interfaces● support Single Gate, Dual Gate, Triple Gate, Quad Gate a-TFT panel structure● support 2MUX, 3MUX, 4MUX and 6MUX LTPS panel structure● support TP 2MUX panel structure● support GIP panel (a-TFT GIP or LTPS GIP or IGZO GIP) and non-GIP panel● support resolution up to 7680RBx900 with 4 chips cascaded● source driver output driving voltage ranging up to $\pm 6.6V$● support Fail Detect Function, including CRC Function● support Telltale OSD function● support Color Engine function● support Local Dimming function● support internal thermal sensor● passed AEC-Q100 Grade 2● support COG package type

Product	Features
TFT-LCD LTDI	<ul style="list-style-type: none">• Large-sized Touch and Display Integration solution• support point-to-point iSP input interface• support resolution up to 12K1K with multi-chip cascaded• passed AEC-Q100 Grade 2• support COF and COG package types
OLED Drivers	<ul style="list-style-type: none">• High-voltage process• High channel and high speed interface• Embedded P-gamma OP• IGZO/OLED Solution• Low power solution• Support up to 4K2K/8K4K resolution• Standard IC or Customized ASICs• passed AEC-Q100 Grade 2
OLED TCONs	<ul style="list-style-type: none">• support high resolution up to 7.6Kx1K at 120Hz w/ VRR• support eDP v1.4 1/2/4Lane 8.1Gbps, w/ DSC1.2a• support 2-chip cascade• passed AEC-Q100 Grade 2

Smartphone and Tablet Applications

We offer display drivers for small and medium-sized displays in smartphone and tablet applications that combine source driver, gate driver, timing controller, DC to DC circuits, and optional frame buffer into a single chip or cascades chips in various display technologies, such as TFT-LCD and OLED.

Smartphones and tablet have gained greater popularity among small and medium-sized display drivers and enjoyed high growth in recent years. This has also contributed to increased demand for larger size and higher resolution smartphone displays. In 2016, Himax developed a series of single chip touch display driver integrated circuit (TDDI) for advanced in-cell touch display panel. Himax started the shipments of in-cell TDDI for some smartphones in 2016 and extended TDDI solution to tablet application in 2017. In-cell TDDI, featuring thinner display, slimmer border, and better visual quality, has been getting popular, so we re-invented a new generation of TDDIs supporting COG and COF for 18:9 or wider aspect ratio with interlaced output pins, which makes the bottom border of the in-cell touch display even smaller to gain higher display to body ratio. Our FHD+ and HD+ TDDI successfully gained design-wins with a few leading Korean and Chinese smartphone brands and panel makers. We started small volume shipments in the first half of 2018 with accelerating volume starting in the second half of 2018 into 2019 and beyond. Starting in 2020, Himax extended our product offerings with high frame rate TDDI solution and has started shipping to top-tier smartphone OEMs.

A major development we are seeing in the marketplace is increased utilization of the OLED display for smartphone, smart watch, automotive and tablet. We are collaborating closely with leading panel makers across China, Japan and Korea for OLED product development in smartphone, tablet, automotive and others. In the first quarter of 2022, Himax's flexible OLED driver and TCON for automotive display successfully ramped up for a customer's flagship EV model, while in the second quarter of 2022, the Company commenced production of OLED TCON and Driver IC chipsets for tablet applications for a leading OEM for their flagship models. Concurrently, the number of awarded OLED projects for automotive and tablets with leading global vendors continues to expand, strengthening our future business prospects. Himax remains committed to R&D investment to expand and upgrade its TCON portfolio and OLED solutions for tablet PC applications.

[Table of Contents](#)

On the other hand, the application of in-cell TDDI started to extend from mainstream smartphone to larger displays in 2018. Himax started to offer various TDDI solutions for tablet, smart speakers, and even some infotainment displays in automobiles. The first tablet TDDI with WXGA resolution went into mass production in 2018 and also extended to leading smart speaker applications as well. In 2019, Himax announced a series of new driver and TDDIs for tablet application. The COF packaged driver IC solution enabled one leading tablet OEM to successfully launch a WQXGA resolution tablet with super slim bezel. We also added another new feature to our TDDI that can support up to WUXGA and WQXGA resolution which has gained several design-wins from tablet OEMs across Korea and China in 2019. We also launched the first TDDI supporting active stylus function in tablets which commenced mass production and contributed to our tablet application business in early 2020. With the demand increase for bigger size display, higher resolution, and precise touch accuracy and stylus performance, Himax kept developing new tablet TDDIs to broaden the company's product lineup to maintain our leading market position. We started mass production for the world's first 12.4" WQXGA super high-resolution in-cell tablet with a leading end customer in 2021 and expanded collaborations with more brands into more models moving forward.

Tablet in-cell TDDI offers the benefits of lower cost and a simplified supply chain that represents an easier manufacturing process for panel makers. For consumers, it offers a lighter weight, slimmer and more stylish design as well as improved touch accuracy with added option for active stylus. Our active stylus in-cell technology was adopted in many tablet products. In 2020, tablet demand picked up significantly, fueled mainly by remote work and online learning demand due to the pandemic. TDDI for tablet application continues to broaden its market.

The following table summarizes the features of our products for smartphone and tablet applications:

Product	Features
TFT-LCD TDDI for smartphone and tablet	<ul style="list-style-type: none">● In-cell TDDI (Touch and Display Driver Integration) as a highly integrated single chip embedded with the source driver, gate driver, power circuit, timing controller and memory, touch sensor ADCs and microcontroller● Mainstream smartphone single chip for HD+ (720RGB x Y pixels) or FHD+ (1080RGB x Y pixels)● Mainstream tablet PC resolutions for WXGA (800RGB x Y) with single chip or WUXGA (1200RGB x Y), WQXGA (1600RGB x Y) with 2-chip cascaded● Conventional 60Hz and up to 144Hz new high frame rate solutions● Support MIPI interface and VESA DSC● Support up to 16 million colors● Support active stylus for tablet PC● COG and COF solutions for super slim bottom border
TFT-LCD Tablet Display Drivers	<ul style="list-style-type: none">● highly integrated single chip embedded with the source driver, power circuit, and timing controller● suitable for a wide range of resolutions from WSVGA (600 x 1024), WXGA (800 x 1280), WUXGA (1200x1920) to WQXGA (1600 x 2560)● support up to 16 million colors● support RGB separated gamma adjustment● support CABC● support color enhancement features● support MIPI interface● touch display driver integrated circuit (TDDI) for advanced in-cell touch display● supporting TDDI with active stylus● COG and COF solutions for super slim bezel
OLED Solutions	<ul style="list-style-type: none">● Smartphone single chip with sub-pixel rendering, Demura-IPs for FHD+ resolution with up to 144Hz high frame rate● Support MIPI interface and VESA DSC with 1 billion colors (10bit grayscale)● TCON and Source driver IC for tablet with high resolution of 3.2Kx2K 144Hz with VRR● customized ASICs

Electronic Paper Display Applications

We offer display driver for the Electronic Paper Display (EPD) applications, Electronic Shelf Label (ESL) and Signage Display. The Electronic Paper Display (EPD) drivers can support various display resolutions to meet the customized needs of applications. Building on this foundation, we are expanding our capabilities to include a broader range of applications, including eNOTE for seamless digital note-taking, eMNT for enhanced learning and collaboration tools, and large-size Signage for public and commercial displays. We continue to work closely with leading global e-paper customers on next-generation product specifications, jointly expand the electronic reading and electronic shelf label markets.

The following table summarizes the features of our Electronic Paper Display (EPD) solutions:

Product	Features
Electronic Paper Display (EPD) Source Drivers	<ul style="list-style-type: none">● Features 320 to 1296 output channels● output driving voltage ranging from 15 up to 55v● input logic voltage ranging from standard 3.3V to low power 1.8V● low power consumption and low EMI● support TTL, mini-LVDS cascade modulated driver interface, or MIPI high-speed interface and customized interface technologies● support COF and COG package types
Electronic Paper Display (EPD) Gate Drivers	<ul style="list-style-type: none">● 100 to 972 output channels● output driving voltage ranging from 10 up to 70v● input logic voltage ranging from standard 3.3V to low power 1.8V low power consumption● support COF and COG package types
Electronic Paper Display (EPD) Timing Controller	<ul style="list-style-type: none">● Support MIPI 4 lane input interface● Support TTL, mini-LVDS output interface● Support maximum resolution 3840x2160● Use USB3.0/SPI/I2C control interface● Fast full-color image update based on 32 palette colors● Support LPDDR2 memory
Electronic Shelf Label (ESL) Integrated Drivers	<ul style="list-style-type: none">● Highly integrated chip embedded with source driver and gate driver, timing controller and power circuit● Source driver output driving voltage ranging up to 30V● Support COG package types

Touch Controller ICs

We offer touch controller solutions for capacitive touch panels. Our touch controller solutions are suitable for touch panels in electronic devices with TFT-LCD or OLED displays, such as smartphones, tablets, automotive displays, and notebooks. We commenced production of capacitive touch controller ICs for on-cell TFT-LCD displays with smartphone brand customer since 2011. Subsequently, we expanded our customer base to include more well-known smartphone and tablet brands.

[Table of Contents](#)

Aligning with the market trend of OLED display proliferation, we embarked several years ago on developing OLED on-cell touch controller ICs for tablets, notebooks, and automotive displays. Our OLED on-cell capacitive touch controller boasts several innovations and merits. It is meticulously engineered, featuring an industry-leading touch signal-to-noise ratio exceeding 45 dB, making it the ideal solution to meet the demands of flexible OLED panels commonly required for automotive applications. It also offers improved sensitivity to challenging user conditions such as glove-wearing and wet finger operations, ensuring exceptional performance with display quality unaffected by touch-display interactions. Moreover, our touch controller not only supports multi-finger capacitive touch and is compatible with various types of OLED panel types, but it can also cascade multiple chips to support displays larger than 20 inches. OLED on-cell touch controller IC for automotive has entered production in 2024 with several new projects underway with customers. For consumer and IT applications, it boasts a 240Hz high touch report rate at 5-finger operating conditions, and its embedded micro-controller single-chip solution reduces costs for flexible products. In addition, to support the active stylus feature of tablet and notebook touchscreens, our OLED touch controller ICs integrates multiple active stylus protocols, such as USI, MPP, LPP and HPP.

Given automotive HUD applications are a rapidly emerging trend that is moving beyond simple text and symbols to deliver high-brightness, high-contrast, and AR-enhanced visuals, fueling demand for advanced TCON solutions. In 2025, Himax launched integrated TCON solution, HX8882-F series, with a comprehensive suite of features including an industry-first, full-area selectable local dewarping functionality, along with Himax’s market-leading expertise in local dimming technology and On-Screen Display (OSD) functions designed to meet automotive functional safety requirements. The multi-functional TCON is well-suited for HUD applications, combining powerful image enhancement with unmatched dewarping functionality. Further, its customizable design can accommodate automakers and Tier 1 suppliers varying HUD systems that present critical information with exceptional clarity, distortion-free visuals, thereby enhancing both user experience and road safety.

The following table summarizes the features of our touch controller products:

Product	Features
OLED Capacitive Touch Controller	<ul style="list-style-type: none">● multi-finger (up to 10 fingers) capacitive touch for on-cell OLED● high touch SNR > 45dB, effectively reducing display interference and offering better display quality● high touch report rate: 240Hz @5 fingers● support large size panel (>20 inches)● supports multi-chip cascading without extra MCU● integrate multiple active stylus protocols: USI, MPP, LPP and HPP● low power consumption● (automotive) support glove-wearing (> 2 mm) and wet finger operations● (automotive) CISPR25 Class-5 EMC qualified● (automotive) support temperature range from -40 °C to 105 °C
Touch Controller HX8882-F Series for Automotive HUD	<ul style="list-style-type: none">● LVDS in/out Interface● Support resolution up to 6K x 1K● Full-area selectable local de-warping● FHD de-warping for distortion-free HUD visuals● Up to 2000 local dimming zones● Compatible with free-form display● Built-in safety functions including fail detection, CRC, and OSD● Support OSD icon detection● Support for various HUD architectures (Windshield HUD, Augmented Reality HUD, and Panoramic HUD)● AEC-Q100 compliant

ASIC service

From 2012, we successfully completed several ASIC service projects for Japan top TV, Projector and HMD makers with advanced and high-performance customized video processing chips. All of these chips are implemented with our proprietary video process platform that includes our video process display IPs and high-speed transmission IPs. The process nodes adopted for these ASICs are usually 40nm, 55nm and even 22nm processes. From 2016, we also developed the depth sensing technology that aims 3D sensing and AR/VR markets.

The following table summarizes the features of our ASIC service:

Product	Features
ASIC Service	<ul style="list-style-type: none">• Well-established ASIC development platform, based on our unique video processor and image processing technologies.• offer a wide variety of video interface IPs, like LVDS, HDMI, DVI, V-by-one, Display port, MIPI, MHL, etc.• built-in 8/32-bit microprocessor built-in video processing algorithm like super-high resolution, sun-light readable, MEMC, FRC, etc.• built-in 3D feature technologies like 2D-to-3D, Glasses-free 3D, 3D multi-view, 3D visual protection, etc.• support 4K x 2K/ 5K x 2K/ 8K x 4K display• Depth sensing algorithm and hardware accelerator for 3D sensing and AR/VR applications

LCoS and MEMS Products

Himax Display, our subsidiary, continues to lead in microdisplay technology with a comprehensive product portfolio that includes Color-filter LCoS, Color-sequential LCoS, Front-lit LCoS, Phase modulation LCoS, and MEMS solutions.

In 2026, Himax introduced its latest HX7319FL Color Sequential Front-lit LCoS microdisplay, marking a significant milestone for AR glasses and wearable applications. The HX7319FL integrates a 720 × 720 resolution LCoS display into an ultra-compact projector module measuring just 0.34 c.c. and weighing only 0.79 grams, enabling sleek, lightweight designs suitable for all-day wear.

The HX7319FL consolidates LED illumination and a polarization beam splitter (PBS) within the microdisplay module, simplifying optical engine design and reducing assembly complexity, which lowers manufacturing time and cost for customers. When paired with advanced waveguide optics, the HX7319FL delivers over 1,000 nits of brightness to the eye, ensuring excellent visibility even in outdoor, high ambient light conditions. Its power-efficient architecture supports prolonged usage, making it ideal for next-generation AR eyewear.

The latest generation of Front-lit LCoS achieves ultralow power consumption of just 200 mW, up to 350,000 nits of luminance, and 140% RGB color gamut coverage, producing vivid, rich colors for an immersive AR experience. The module achieves industry-leading miniaturization, measuring only 0.09 c.c. and 0.21 grams without a collimator lens, and remains compact at 0.34 c.c. and 0.79 grams with a collimator, showcasing exceptional capability in optical integration.

Himax Display continues to expand its partnership with multiple waveguide vendors around the world, providing customers with a broader range of pairing options for AR glasses designs. These advancements—including ultra-slim form factor, ultralow power consumption, exceptional brightness, and superior color performance—are critical for mass adoption of real see-through AR glasses. Backed by over a decade of proven mass production expertise, an ISO-certified liquid crystal assembly line, and more than 4 million units shipped since 2012, Himax Display remains a preferred partner for AR glasses, automotive AR HUD, LiDAR, and optical communication applications.

[Table of Contents](#)

We provide a rich products family for customers to choose for different applications, as each product has its own most important parameters to select and Himax Display provides choices to customers. The following table shows certain details of our products:

Product	Size and Resolution
Color-Filter LCoS Microdisplays	<ul style="list-style-type: none">• 0.28" (320x3x240 pixels) QVGA• 0.29" (800x3x480 pixels) WVGA• 0.35" (1280x3x720 pixels) HD• Customized design
Color-Sequential LCoS Microdisplays	<ul style="list-style-type: none">• 0.22" (640 x 360 pixels) nHD• 0.37" (1366 x 768 pixels) WXGA• 0.37" (1920 x 1080 pixels) Full HD• Customized design
Front-Lit Color Filter LCoS	<ul style="list-style-type: none">• 0.22" (640 x 3x 360 pixels) nHD• 0.35" (1280 x3x 720 pixels) HD• Customized design
Front-Lit Color Sequential LCoS	<ul style="list-style-type: none">• Low power and high efficiency• Display diagonal : 0.243"• Size(W*L*H) : 9*13.9*4 mm• Weight : 0.98 grams• Volume: 0.5 c.c.• Resolution: 1024x1024• Brightness: 400,000 nits• Power consumption : 300 mW
Phase Modulation LCoS	<ul style="list-style-type: none">• Selective phase range based on the required response time.• Analog drive scheme with 120Hz refresh frame rate to reduces optical flicker and provides stable phase response over time.• Customized design• Operated in full phase modulation (0~2π) in visible range
MEMS	<ul style="list-style-type: none">• 0.55" (1280 x 800 pixels) WXGA

Power ICs

Himax provides TFT-LCD television, monitor and notebooks power management solutions. The main products are Power Managements ICs (PMIC), Programmable Gamma OP ICs (PGOP) and Level Shifter ICs (LS). In recent years, PMIC/PGOP 2-in-1 PMIC have gradually become the mainstream solutions. Independent PGOP ICs have been gradually being phased out. Besides, Himax also provides power management solutions for OLED notebooks.

Power Management ICs

A power management IC integrates several power components to fulfill system power requirements. It may include step-up or step-down pulse width modulation, or PWM, DC-to-DC converters, low-dropout regulators, or LDO regulators, voltage detectors, operational amplifiers, p-gamma OP, level shifters, and/or other components. For panel module applications, a power management IC provides a reliable and precise voltage for source drivers, gate drivers, timing controllers, and panel cells. Moreover, its built-in over-temperature and over-current protections help prevent components from being damaged under certain abnormal conditions. As integrating an increasing number of components into a power management IC is likely to be a continuing trend, we believe power management ICs will continue to be critical components of a TFT-LCD and OLED panel module. The following table summarizes certain features of our power management IC products:

Product	Features
Integrated Multi-Channel Power Solutions for TFT-LCD and OLED Notebooks	<ul style="list-style-type: none">● PMIC, PGOP 2-in-1 and Level Shifter● 2ch programmable gamma voltage inside● PAVDD Synchronous Boost Converter● NAVDD Synchronous Inverting Converter● VGH / VGL Synchronous SIBO Converter● 3ch Vint OP for OLED Panel● built-in power MOSFET● step-up PWM converter● charge pump regulator● LDO regulator● programmable voltage detector● gate pulse modulator● Vcom operational amplifier● I2C programmable● low frame rate control for power saving solution● built in UVLO, UVP, OVP, SCP and OTP protection
Integrated Multi-Channel Power Solutions for TVs and Monitors	<ul style="list-style-type: none">● PMIC, PGOP 2-in-1 and Level Shifter● built-in power MOSFET● step-up PWM converter● step-down PWM converter● charge pump and buck-boost regulator● HV LDO regulator● programmable voltage detector● gate pulse modulator● Vcom operational amplifier● I2C programmable● 14ch programmable gamma voltage with operational amplifier● Programmable gamma buffer DVR and VCOM buffer● 10-bit Gamma DAC resolution● built in UVLO, UVP, OVP, SCP and OTP protection

[Table of Contents](#)

Level shifter

TFT-LCD panel manufacturers have developed panel designs to reduce the usage of display drivers, like gateless designs, which integrate the gate driver function onto the glass but needed level shifter. All level shifter channels feature the same input circuitry and are compatible with the standard logic-level signals generated by timing controllers in typical applications. The level shifter converts the timing-controller (TCON) logic-level signals to the high-level signals needed by the GOA (gate on array) display. The output circuitry has been designed to achieve high rise and fall times when driving the capacitive loads typically encountered in TFT-LCD display applications.

Product	Features
10- channel output level shifter for GOA TFT-LCD	<ul style="list-style-type: none">● Support 1 or 2 or 6 input and 4/6/8/10 clock channel output● 2 channel STV● 2 channel LC● Reset and charge sharing function● OTP/ SCP and OCP function by I2C or Resistor adjustment

Mini LED Backlight Driver

Mini LED backlight driver ICs play a critical role in controlling thousands or even tens of thousands of mini-LEDs within backlight system. Their core function is local dimming, enabling precise brightness control of individual zones to deliver high contrast, high brightness, wide color gamut, and energy saving. These driver ICs convert processor signals into current outputs to precisely regulate LED emission. They support high scanning rates, built-in MOSFETs, multi-channel operation, PWM dimming, and fault and error detection.

Product	Features
Automotive local dimming mini-LED backlight driver	<ul style="list-style-type: none">● 16ch direct drive driver● 4x48ch scan drive driver with internal 50mO scan FET● LED cascade voltage up to 24V● 12/16-bit PWM dimming● 7-bit Dot Correction● Support Serial Peripheral Interface (SPI)● CRC/Communication loss● LED open & short protection

CMOS Image Sensor Products

The CMOS image sensor products are developed by our subsidiary, Himax Imaging. The products were designed firstly for camera-equipped mobile devices, such as mobile phones, tablets and notebook computers, with a focus on low light image and video quality. Although it seems relatively challenging for us to gain significant market share in conventional RGB camera, we do think there are various interesting and different applications in imaging. Based on the technologies and IP we developed, on top of legacy products for laptop and multimedia we have been supplying, our product lines have been expanded to cover three domains: ultralow power computer vision- Always-On Sensor (“AoS”), Near Infrared (“NIR”) sensor, and big pixel BSI sensors in automotive and surveillance. In 2019, we further prioritized our focus on ultralow power computer vision- Always-On Sensor (“AoS”) as the demand for battery-powered smart device with AI intelligent sensing is rapidly growing. Together with the technologies we already developed, such as Near Infrared (“NIR”) sensor, we can provide our customers the best integrated solutions for several specific domains. In May 2024, we announced a strategic investment in Obsidian Sensors, Inc. (“Obsidian”), a San Diego-based thermal imaging sensor solution manufacturer. The investment was motivated by the potential of Obsidian’s proprietary and revolutionary high-resolution thermal sensors to establish a market position through low-cost, high-volume production capabilities. The investment positions us at the forefront of machine vision AI applications, delivering high effectiveness particularly in harsh environments and completely dark scenarios. In addition, through several strategic investments, including those in thermal imaging sensing technology, Himax has strengthened its sensor portfolio and expanded its technological capabilities. Because thermal sensing does not capture personally identifiable visual data, it helps address privacy concerns. Together, these capabilities enable Himax to deliver highly integrated solutions across multiple domains.

In specific domains, such as battery-powered surveillance cameras, doorbell cameras, and door-lock applications, customers require not just an ultralow power sensor for sensing or pre-rolling functions, but also high-resolution video for end-users after an event occurs. Himax Imaging addresses these needs by providing a 1/3” 4MP sensor with a 1:1 aspect ratio. This sensor features a 2048x2048 resolution tailored for doorbell and door-lock cameras, delivering a broad Field of View (FOV) in both horizontal and vertical directions. This capability allows users to observe a visitor's entire body, even when they stand very close to the camera. Himax Imaging can offer a variety of these 2-in-1 sensors, combining high-resolution video capabilities with low-resolution ultralow power imaging for the surveillance market.

The following table sets forth the features of our CMOS image sensor products:

Product	Features
4MP UltraSense 2 NIR Sensor	<ul style="list-style-type: none"> ● 1/3” format color type with high sensitivity BSI pixel ● 4MP resolution with 1:1 aspect ratio with Staggered HDR function at 30 frames per second for doorbell application ● Provide ultralow power mode to support pre-rolling function with Himax WiseEye1 AI processor ● 4-lane MIPI CSI2 outputs RAW8/10
FHD 1/7” 1080p UltraSense Color Image Sensor	<ul style="list-style-type: none"> ● 1/7” format with high sensitivity BSI pixel ● 1080p FHD resolution at 60 frames per second ● Support Always-on mode at 480x270 < 1mW @ 2fps and motion detection ● Support line-based staggered HDR ● 2-lane MIPI CSI2 outputs ● Frame-Sync control for multiple camera system
FHD 1/4” 1080p UltraSense Color Image Sensor	<ul style="list-style-type: none"> ● 1/4” format with high sensitivity BSI pixel ● 1080p FHD resolution at 30 frames per second ● Low power consumption ● Provide high NIR sensitivity and 4x4 RGB-IR option ● 2-lane MIPI CSI2 and 10bit parallel DVP outputs ● Frame-Sync control for multiple camera system

Product	Features
HD 720p UltraSense 2 Color Image Sensor	<ul style="list-style-type: none"> ● 1/9" format with high sensitivity BSI pixel ● 720p HD resolution at 30 frames per second ● Low power consumption ● Support LED-sync for Microsoft Windows Hello ● 1-lane MIPI CSI2 outputs RAW8/10
HD 720p Ultralow Power Color Image Sensor	<ul style="list-style-type: none"> ● 1/11" format with high sensitivity BSI pixel ● 720p HD resolution at 60 frames per second ● Ultra slim design to meet 2.2mm narrow bezel notebook computer ● Provide Ultralow Power mode <1mW for qqHD 3fps for human detection application ● Provide RGB for video and W-IR version for AoS + Windows Hello ● Support Motion Detection to save system power SPI and 1-lane MIPI CSI2 dual outputs for both detection and video
1.3MP ClearSense EDR Color Image Sensor embedded with image processor for Surveillance	<ul style="list-style-type: none"> ● 1/4" format with ultra-high sensitivity ● ClearSense achieves higher dynamic range in color up to 84dB with on-chip tone mapping ● 800p and 720p resolution at 30 frames per second ● Flexi engine automatically controls dynamic range, exposure, gain, and white balance to balance color fidelity and contrast ● Color processing pipeline including lens shading correction, defect correction, edge enhancement, color interpolation and correction, gamma control, and saturation/hue adjustment. ● Anti-blooming and dark sun cancellation ● Built-in low dropout regulator and power on reset ● 10-bit parallel video data port supports RAW, YUV422, and RGB565/555/444
1.2MP UltraSense 2 Color Image Sensor embedded with image processor for Automotive	<ul style="list-style-type: none"> ● 1/4" format with ultra-high sensitivity ● Ultrasense 2 BSI pixel offers higher sensitivity for low light condition ● Operation up to 105°C ● 960p and 720p resolution at 30 frames per second ● Color processing pipeline including lens shading correction, defect correction, edge enhancement, color interpolation and correction, gamma control, and saturation/hue adjustment ● Dynamic Range Optimizer offers best dynamic range of video ● Anti-blooming and dark sun cancellation ● Built-in low dropout regulator and power on reset ● 10-bit parallel video data port supports RAW, YUV422, and RGB565/555/444
NTSC/PAL WVGA Color Image System on embedded with image processor for Automotive and Surveillance	<ul style="list-style-type: none"> ● High sensitivity, low noise VGA sensor operating up to 60FPS ● Visible and near infrared sensitivity ● Operation up to 105°C ● Ultra-compact automotive package ● Advanced defect correction with built-in temperature sensor ● Embedded ISP with programmable automatic exposure and white balance ● Optical alignment pixel with crop and zoom to native resolution ● 4Kb OTP for sensor initialization, module storage, and overlay setting ● Multi-color static overlay engine
QVGA Ultralow Power CMOS Color Image System for Machine Vision and Detection	<ul style="list-style-type: none"> ● High sensitivity, low noise 1/11" 320x320 image area ● Under 2.5mW at QVGA 30fps and 1mW at QQVGA 15fps ● Embedded auto-exposure and motion detection ● NeoPac and CSP package ● Parallel 8bits, 4bits and 1bit data output

Product	Features
VGA Ultralow Power CMOS Color Image System for Machine Vision and Detection	<ul style="list-style-type: none">• High sensitivity, low noise 1/6" 640x480 image area• Operates approximately 7mA VGA 60FPS to 140µA in QVGA 2FPS mode• Provide high accurate motion detection• Pre-metered exposure provides well exposed first frame and after extended sleep (blinking) period• Automatic wake and sleep operation with programmable event interrupt to host processor• Parallel 8bits and 1-Lane MIPI CSI2 interface

Wafer Level Optics Products

Wafer level optics are optical products manufactured using semiconductor process on wafers. This innovative approach enables wafer level optics to manufacture micro/nano optics structure and high temperature resistance, making the compatible Surface-Mount Technology or SMT reflow process possible. We offer entire optical solutions for customers who need compact and easy-to-handle optical products on various applications.

Combining traditional optical lens design, precise mold control and semiconductor manufacturing expertise, our WLO lens, with integrated waveguide, refractive optics and diffractive optical element (DOE), is one of the best solutions for a wide array of applications, including 3D face recognition, 3D sensing, 3D reconstruction, gesture control and more. Notably, Himax is a pioneer in high-precision diffraction optics technology with over 15 years of experience, having worked on very different designs over a variety of applications with some of the world's most heavyweight tech names. With the innovative process and specific structure, our wafer level optics products provide small form factor and compact module size to be easily integrated into consumer products. The diffraction optics technology is now well adopted in 3D sensing, AR/VR devices, holographic display, automotive, biomedical inspection, optical communication, etc. We are seeing that DOE plays an even more decisive role for the next generation optical technology in light of its high-precision and lightweight characteristics. In June 2024, Himax, in partnership with FOCl, a world leader in silicon photonics connector, unveiled an industry-leading co-packaged optics (CPO) technology, leveraging Himax WLO technology. This innovation integrates silicon photonic chips and optical connectors within MCM, replacing traditional metal wire transmission with high-speed optical communication. CPO technology significantly enhances bandwidth, boosts data transmission rates, reduces signal loss and latency, lowers power consumption, and significantly minimizes the size and cost of MCM.

Our WLO technology is also adapted to form microstructures such as lens array, DOE and lenticular lenses for advanced applications in digital and computational imaging fields. These technologies stand in a unique position to integral optical design, semiconductor manufacturing process, and compact packaging service, which are rarely covered by one single company. Deeply rooted in core wafer level optics technologies, we provide highly customized optical solutions and high-volume manufacturing to many Tier1 customers such as structured lighted and ToF 3D sensing on AR/VR gadgets, automotive, biomedical devices and many other AIoT applications. We also see a rise in engineering collaborations with global technology leaders who are utilizing our WLO expertise to make advanced waveguides for AR glasses.

Our WLO business hit inflection in the middle of 2017 when we began mass shipment to an anchor customer. The overall 2018 shipment increased considerably year-over-year because of the customer's large-scale adoption in more models. In 2019, we continued the strong shipment momentum from 2018 to fulfill an anchor customer's higher demand with a significant year-over-year increase. We continued our shipment to this anchor customer for their legacy product and continue making progress on R&D projects with customers for AR/VR gadgets, automotive, biomedical devices and others, targeting their future generation products centered around our exceptional design know-how and mass production expertise in WLO technology. One illustration is our WLO technology being deployed by one VR player to empower 3D perception sensing for precise controller-free gesture recognition. We initiated volume production starting in second quarter of 2023.

[Table of Contents](#)

The following table sets forth the features of our wafer level optics products:

Product	Features
Refractive Optical Lens	<ul style="list-style-type: none">• for Micro Lens Array(MLA) illumination diffuser, lighting control, flux illumination lens, collimation lens, and compact size camera lens• provide multi-layer solution including optical AR coating, IR-cutting filter coating, aspheric surface• double-side manufacture process• already in mass production
Diffraction Optical Element (DOE)	<ul style="list-style-type: none">• computational imaging, flux illumination, dot projector for 3D sensing, 3D reconstruction, gesture and illumination control• using WLO process to integral multi-layers DOE and refractive lens• provide customized solution for specific application• the smallest form factor and reflowable component• eye safety detect circuit embedded
Diffuser element for flood illumination and TOF	<ul style="list-style-type: none">• using WLO process to integral multi-layers DOE technology• the smallest form factor and reflowable component• eye safety detect circuit embedded
Near Infrared (NIR) Projector Module	<ul style="list-style-type: none">• dot projector module solution for computer vision, 3D sensing, 3D reconstruction, gesture and illumination control• integral NIR Laser (830/850/940nm), optical system (refractive+ diffractive lens) and high precise active alignment assembly solution to provide the smallest form factor• module design for smartphone and other mobile devices• provide customized module solution for different application• the smallest form factor and reflowable device• including active eye safety solution (Class-1)
Flood illumination Module	<ul style="list-style-type: none">• provide customized solution for specific application integral NIR Laser (830/850/940nm), and high precise active alignment assembly solution• module design for smartphone and other mobile devices• the smallest form factor and reflowable device• including active eye safety solution (Class-1)
FAU (Fiber Array Unit) in CPO	<ul style="list-style-type: none">• Collaborated with FOCl to offer FAU, enabling silicon photonic-to-fiber connections for high-speed optical links, replacing metal wire transmission to enhance bandwidth, boost data rates, reduce signal loss, latency, energy use, and MCM module size and cost• WLO offers nano-scale precision optical characteristics and provides precise optical coupling capability

3D Sensing Business

3D sensing technology has a wide range of applications. We have developed a comprehensive 3D structured light sensing solution to explore business opportunities across various industries. Some applications even incorporate AI algorithms, such as facial recognition, eye tracking, and gesture tracking. By 2025, we have successfully mass-produced solutions for access control, logistics volume measurement, agricultural production, and glasses-free 3D displays, including education, healthcare, consumer electronics, and even 3D HUDs. Our structured light module, combined with facial recognition algorithms, has even passed the certification of the Bank Card Test Center in mainland China, providing secure financial transactions. To further enhance our competitiveness in the field of comprehensive 3D sensing solutions, we have developed a second-generation deep AI chip and are collaborating with companies possessing industry-leading algorithm technologies to provide customers with 3D sensing solutions featuring edge computing, significantly improving response speed.

[Table of Contents](#)

3D sensing technology is applicable across numerous use cases. Himax has developed a comprehensive structured light-based 3D sensing solution to support diverse industrial and commercial applications. Our 3D sensing technology has already been adopted in a broad set of use cases, including access control, logistics volume measurement, agricultural automation, glasses-free 3D displays for education, healthcare, and consumer electronics, as well as 3D head-up displays (HUDs). Notably, our structured light module, combined with facial recognition algorithms, has received certification from the Bank Card Test Center (BCTC) in China, enabling secure financial transaction applications. Meanwhile, to further enhance our competitiveness in the market, we have developed a second-generation AI chip and are collaborating with companies that possess industry-leading algorithm expertise. Together, we provide customers with edge-computing-enabled 3D sensing solutions that significantly reduce latency and improve system responsiveness.

In addition to the 3D sensing total solutions, we also offer key components with iterative upgrades, including a second-generation 3D decoding chip and a 3D vision processor that support both structured light and indirect Time-of-Flight (iToF) technologies. This new-generation chip integrates support for RGB sensors, USB 3.0, and an embedded NPU to accelerate on-device processing. It also enables RGBD data output for object recognition and spatial modeling, supporting future applications in humanoid and industrial robotics. The built-in NPU also supports algorithm implementation for low-latency eye tracking and gesture recognition, while significantly reducing crosstalk in glasses-free 3D displays, contributing to the broader adoption of 3D display technologies.

Our critical 3D sensing Technologies includes the following:

Wafer Level Optics Products

WLO is one of the key technologies enabling 3D sensing, AR goggle devices, and many other applications. Levering on our exceptional design know-how and mass production experience in WLO technology, we are able to produce the world's most compact optics required for 3D sensing, while also achieving superior performance and lower costs.

ASIC

One of the critical elements of our 3D sensing total solution is an ASIC for 3D depth map generation. We are able to develop the ASIC thanks to our unique in-house capability in developing video ASICs for customers. Equipped with the ASIC, our 3D sensing total solution can substantially reduce the power consumed while processing 3D sensing, enhance personal data security, accelerate the 3D depth map generation, and provide superior depth data output that matches with our optical component. We consider this unique capability as our competitive advantage. It has been and will continue to be one of our key drivers in the success of our 3D sensing total solution.

Active Alignment

With much experience in optical assembly for AR and VR devices, our factory has developed a system to do active alignment for tiny components. From the incoming quality check, assembly process, and testing, all steps are monitored and checked. The precision assembly capability gives us a very good foundation to do the optical assembly for DOE, WLO, and laser.

Laser Driver

Based on our expertise in projector, optics, and driver, we have designed a special Glass Broken Detection (“GBD”) mechanism on our projector. We also have a proprietary laser driver design that detect the connection of the GBD on the projector. When GBD connection is abnormal, which means glass was broken, the laser driver can cease the laser to prevent users from being exposed to higher power laser energy leaking from the broken glass.

[Table of Contents](#)

The following table sets forth the features of our SLiM 3D sensing solutions:

Product	Features
SLiM 3D sensing total solution	<ul style="list-style-type: none">● Dot projector: More than 33,000 invisible dots, the highest in the industry, projected onto object to build the most sophisticated 3D depth map among all structured light solutions● Depth map accuracy: Error rate of < 0.5% within the entire operation range of 30cm-100cm● Face recognition: Enabled by the most sophisticated 3D depth data to build unique facial map that can be used for instant unlock and secure online payment● Indoor/outdoor sensitivity: Superior sensing capability even under total darkness or bright sunlight● Eye safety: Certified for IEC 60825 Class 1, the international laser product standard which governs laser product safety under all conditions of normal use with naked eyes● Glass broken detection: Patented glass broken detection mechanism in the dot projector whereby laser is shut down instantaneously in the event of broken glass in the projector● Power consumption: Less than 400mW for projector, sensor and depth decoding combined, making it the lowest power consuming 3D sensing device by far among all structured light solutions● Module size: the smallest structured light solution in the market, ideal for embedded and mobile device integration
HV-2 3D Decoder ASIC	<ul style="list-style-type: none">● Himax 3D Depth Processor with high depth accuracy● Support up to HD resolution depth map for different applications● 2D & 3D auto-exposure control for projector and sensor● Frame rate conversion for different application/capability of SOC● Scaling engine for different application/capability of SOC● Ambient light detection and removal● Embedded Security Engine● Power Management Engine for power shutdown● MIPI CSI-2 / DPHY interface
HV-3 3D Decoder ASIC	<ul style="list-style-type: none">● Himax 3D Depth Structured Light Processor with high depth accuracy● Support up to FHD resolution depth map for different applications● 2D & 3D auto-exposure control for projector and sensor● Frame rate conversion for different application/capability of SOC● Support RGB ISP up to 8MP resolution● Support RGB-D aligned format direct output● Support 512Mb DDR3 internal memory● Embedded Security Engine● Power Management Engine for power shutdown● MIPI CSI-2 / DPHY interface● USB 3.2 Gen1 output interface● Support Arm Ethos-U55 processor and performance up to 204.8GOPs

[Table of Contents](#)

HE-2 3D Decoder ASIC

- Himax 3D Depth Time-of Flight Processor with high depth accuracy
- Support up to SVGA resolution depth map with high frame rate 120 FPS capability
- Support ROI based 2D & 3D auto-exposure control
- Frame rate conversion for different application/capability of SOC
- Support RGB ISP up to 8MP resolution
- Support RGB-D aligned format direct output
- Support 512Mb DDR3 internal memory
- Embedded Security Engine
- Power Management Engine for power shutdown
- MIPI CSI-2 / DPHY interface
- USB 3.2 Gen1 output interface
- Support Arm Ethos-U55 processor and performance up to 204.8GOPs

WiseEye Ultralow Power AI Sensing

Demand for always-on, battery-powered smart devices with AI sensing continues to grow rapidly. We remain committed to strengthening our WiseEye product roadmap to sustain our leadership by making AI more accessible in everyday applications.

Himax's WiseEye solution brings intelligent capabilities to endpoint devices while consuming only a few mW of power. It has already been adopted across a wide range of applications, including notebooks, home appliances, smart home, smart retail, utility meters, automotive systems, smart door locks, surveillance cameras, and many others.

In notebooks, WiseEye's human presence detection is seeing expanding adoption among leading global brands, driven by its ultralow power consumption, instant responsiveness, and privacy-centric design, well aligned with the industry's shift toward always-aware, AI-driven PCs. Building on this momentum, we are developing additional feature enhancements jointly with our customers to address more complex real-world scenarios while preserving exceptional power efficiency and improving user convenience.

We are also making solid progress in smart door lock applications. In 2023, we partnered with China's leading smart door lock company, DESMAN, to introduce the world's first smart door lock featuring uninterrupted 24/7 real-time sentry monitoring while significantly extending battery life. Building on this milestone, we are expanding globally through collaborations with other leading door lock manufacturers to integrate advanced AI features such as parcel recognition, anti-pinch protection, and palm vein biometric authentication, further broadening the application scope and enhancing product differentiation.

Concurrently, progress also been made in the WiseEye Module business. Himax WiseEye modules incorporate Himax's low-power CMOS image sensors, AI processor, and versatile AI models from either in-house or third-party partners. Meticulously engineered in compact form factors with high integration and plug-and-play capability, the modules feature user-programmable, pre-loaded AI models that enable seamless system integration, lowering development barriers and reducing overall AI deployment costs. This initiative is particularly well suited for early-stage market adoption and rapid customer engagement. WiseEye modules are seeing expanding adoption across diverse applications, including smart home appliances and various surveillance systems. Notably, our PalmVein module has built a strong design-in pipeline across multiple industries, spanning smart access control, workforce management, smart door locks, and computer monitors.

In addition, WiseEye is gaining traction in the AR and AI glasses segment, a fast-emerging category characterized by exceptionally demanding power requirements. WiseEye delivers fast responsiveness for a wide range of AI functions while maintaining exceptional power efficiency. It enables intelligent, context-aware vision sensing in next-generation wearable and smart glasses through both outward- and inward-facing capabilities. WiseEye is gaining strong traction in smart glasses, with a growing number of design-in engagements underway among global tech names, solution platform providers, and smart glasses specialists.

The following table sets forth the features of our ultralow power WiseEye ultralow power AI sensing total solutions:

Product	Features
WiseEye AI total solution	<ul style="list-style-type: none">• The total solution incorporates Himax proprietary ultralow power WiseEye AI processor, always-on CMOS image sensor, and CNN-based computer vision AI algorithm, featuring tinyML AI in tiny form factor, ultralow power consumption, low latency, privacy protection and optimized cost• Total solution supports use of a variety of Himax CMOS image sensors. Uniquely designed for ultralow power Computer Vision applications with always on scanning as low as 100uW• WiseEye AI processor is a uniquely designed ultralow power computer vision processing silicon, targeting always on applications with a sub 1mW capabilities. WiseEye is especially suitable for resource-constrained and battery powered context-aware application, such as motion detection, human detection and face detection, face mesh, face landmark and gesture.• Computer vision algorithm is based on tiny machine learning framework, which is trainable for desired use cases (human presence detection, attention detection and on-looker detection for notebook applications; occupancy detection, gesture recognition etc. for AIoT applications) on ultralow power and resource-constrained compute platform (CPU clock, internal memory)
WiseEye1 AI Processor	<ul style="list-style-type: none">• Ultralow power consumption: 40 uW/MHz• Support image, voice trigger simultaneously to wake up system• Optimized multi-layer power states for always-on applications• Ready-for- use software package and Machine Learning Library, including device driver, SDK and embARC Machine Learning Inference Library to support Google TensorFlow Lite Micro framework• ARC-EM9D 32-bit DSP: Frequency up to 400MHz,• Memory: Up to 2MByte SRAM• High performance pixel processing accelerator and JPEG codec• Security Engine: Support secure boot, secure FW update, secure debug mode, Support AES 128bits, RSA 2048bits, Hash-256, TRNG, Secure key management• Peripheral: 1/4/8-bit camera interface, I2C/SPI master/slave, UART, PWM, GPIO with 5 wake-up pins, 12-bit ADC with 4 channels, up to 1MSPS, RTC Timer• Also support image pre-rolling feature for better security offering.
WiseEye2 AI Processor	<ul style="list-style-type: none">• dual Arm Cortex-M55 CPU cores and an Arm Ethos-U55 micro NPU core are integrated to optimize the power consumption across various workloads• memory: Up to 2MB SRAM, 512KB TCM• supports weight compression to significantly reduce model size• multi-layer power management architecture• embedded DC/DC converter and LDO• High performance pixel processing accelerator and JPEG codec• Security Engine: Support secure boot, secure FW update, secure debug mode, Support AES 128bits, RSA 2048bits, Hash-256, TRNG, Secure key management• Peripheral: MIPI CSI-2 RX/TX, 1/4/8-bit CPI, PDM/I2S/MIPI SoundWire, SPI/UART/PWM/GPIO/I2C/I3C, SD/SDIO• Also support image pre-rolling feature for better security offering.

WiseEye Module

- embedded WiseEye1 or WiseEye2 AI processors
- support HM01B0 (320x240) and HM0360 (640x480) CMOS image sensors
- small form factor (12.5mm x 17.0mm and 20.5mm*21.5mm)
- plug-and-play design which support various types of connectors, such as ZIF FPC 24pin and 45-pin golden finger (model dependent)
- rich sets of peripherals (UART/I2C/I2S/PDM/SPI/GPIO/MIPI) and JTAG for debug (model dependent)
- provide SDK, development tool and technical documentations
- support various pre-trained pre-loaded AI models

Core Technologies and Know-How

Driving System Technology. Through our collaboration with Panel Manufacturers, we have developed extensive knowledge of circuit design, TFT-LCD/OLED driving systems, high-voltage CMOS processes and display systems, all of which are important to the design of high-performance TFT-LCD/OLED display drivers. Our engineers have in-depth knowledge of the driving system technology, which is the architecture for the interaction between the source driver, gate driver, timing controller and power systems as well as other passive components. We believe that our understanding of the entire driving system has strengthened our design capabilities. Our engineers are highly skilled in designing power efficient and compact display drivers that enhance the performance of TFT-LCD/OLED. We are leveraging our know-how of display drivers and driving system technology to develop display drivers for panels utilizing other technologies such as next generation OLED and electronic paper displays.

High-Voltage CMOS Circuit Design. Unlike most other semiconductors, TFT-LCD display drivers require a high output voltage of 3.3 to 50 volts. We have developed circuit design technologies using a high-voltage CMOS process that enables us to produce high-yield, reliable and compact drivers for high-volume applications. Moreover, our technologies enable us to keep the driving voltage at very high uniformity, which can be difficult to achieve when using standard CMOS process technology.

High-Bandwidth Interfaces. In addition to high-voltage circuit design, TFT-LCD display drivers require high bandwidth transmission for video signals. We have applied several high-speed interfaces, including transistor-transistor logic (“TTL”), Reduced Swing Differential Signaling (“RSDS”), mini low-voltage differential signaling (“LVDS”), dual-edge TTL (“DETTL”), turbo Reduced Swing Differential Signaling (“TRS”) and Mobile Industry Processor Interface (“MIPI”) and other customized interfaces in our display drivers. Moreover, we are developing additional driver interfaces for special applications with optimized speed, lower EMI and higher system stability.

Die Shrink and Low Power Technologies. Our engineers are highly skilled in employing their knowledge of driving technology and high-voltage CMOS circuit design to shrink the die size of our display drivers while leveraging their understanding of driving technology and panel characteristics to design display drivers with low power consumption. Die size is an important consideration for applications with size constraints. Smaller die size also reduces the cost of the chip. Lower power consumption is important for many portable devices such as notebook computers, smartphone, tablet and consumer electronics products.

WiseEye Ultralow Power AI Sensing Technologies. These technologies are composed by an AoS sensor, an edge AI ASIC processor and computer-vision AI algorithm, all operated in ultralow power mode. Our industrial first AoS CMOS image sensor features ultralow power and low latency back-illuminated solution for always on, intelligent visual sensing applications. With Himax’s exceptional low power know-how and ASIC implementation technologies, our WiseEye AI image processor featured different power domain and mode management schemes, together with advanced image processing hardwired accelerators to construct different operating modes in balancing processor performance and power consumptions. The seamless and proprietary interface between our AoS sensor and AI processor ensure the efficient and fast-response sensor data transmission and wake-up mechanism operating in ultralow power mode. The computer-vision AI algorithm, which benefits from high performance and low power AI processor and image data from sensor, can therefore enable AI features such as powerful human detection, occupancy detection and motion classification for various application needs.

LCoS Microdisplay Technologies. Compared to other microdisplay technologies, LCoS microdisplay offers smaller form factor, higher brightness, and less power consumption. Himax Display has own proficient engineering team to develop patented industry-only non-captive LCoS, front-lit waveguide, and module design, along with an in-house ISO certified manufacture line, all of which positions us at the forefronts of leading AR glasses and AR-HUD markets. The latest development of Front-Lit LCoS enables an ultra-compact and extremely power-efficient optical engine by consolidating and integrating LED illumination system into the micro display module itself and makes the patented technology ideal for AR headsets. Furthermore, Himax Display provided phase modulation LCoS 2.0 technologies to offer high-efficient, low power and multi-focal plane displaying features to fit for holographic displaying needs in numerous leading applications.

3D Technologies. Several technologies in Himax are integrated together to form our 3D solution. First, wafer level nanoimprinted technology is used to design and manufacture DOE and Waveguide. Then, our in-house capability on semiconductors enables us to design IC that particularly matches our optical component. Our expertise in precision assembly in optics also helps us to provide a more complete solution to our customers.

Customers

Our customers for display drivers are primarily Panel Manufacturers and mobile device module manufacturers, who in turn design and market their products to manufacturers of end-use products such as notebook computers, desktop monitors, televisions, smartphone, tablet, automotive and consumer electronics products. We may sell our products through agents or distributors for certain products or in certain regions. As of December 31, 2025, we sold our products to around 300 customers. Our ten largest customers together accounted for approximately 74.1%, 73.6% and 71.3% of our revenues in 2023, 2024 and 2025, respectively. In 2023, 2024 and 2025, our two largest customers accounted for 10% or more of our net revenue: customer A and its affiliates accounted for 28.7%, 26.4% and 24.0% of our revenues, respectively; and customer C accounted for 11.0%, 8.3% and 7.8%, respectively.

Certain of our customers provide us with a long-term (twelve-month) forecast plus three-month rolling non-binding forecasts and confirm orders about one month ahead of scheduled delivery. In general, purchase orders are not cancellable by either party, although from time to time we and our customers have agreed to amend the terms of such orders.

Sales and Marketing

We focus our sales and marketing strategy on establishing business and technology relationships principally with Panel Manufacturers, using LTPS and a-Si TFT-LCD, and OLED technologies, mobile display module and mobile device manufacturers for smartphone, tablet and automotive, and camera module houses in order to work closely with them on future semiconductor solutions that align with their product road maps. Our engineers collaborate with our customers' engineers to create products that comply with their specifications and provide a high level of performance at competitive prices and also create customized features for end brand customers. Our end market is concentrated among a limited number of major Panel Manufacturers. We also market our products directly to TV, monitor, notebook and mobile, tablet and automotive device manufacturers so that our products can be qualified for their specifications and designed into their products. Furthermore, we extend our business development with system and ODM companies by using strategic ASIC business model to not only develop ASIC product based on customer specification but also jointly research and develop new technologies to meet customers' future product demand. Additionally, we form strategic partnership with Tier 1 customers for our LCoS microdisplays, 3D sensing and WiseEye ultralow power AI sensing to penetrate into the emerging market. We believe we need close alliance with our customers to build up ecosystem for new applications.

[Table of Contents](#)

We primarily sell our products through our direct sales teams located in Taiwan, China, South Korea. We also have dedicated sales teams for certain of our most important current or prospective customers. We have offices in Tainan, Hsinchu, Taipei, Taiwan; and Shenzhen and Suzhou, China. We have other sales and technical support offices in Hefei, Beijing, Shanghai, Fuzhou, Foshan, Fuqing, Ningbo, Wuhan, Nanjing, Chongqing, Chengdu, Xi'an and Xiamen, China; Asan-si and Bundang-gu, South Korea and Irvine and San Jose, California, Minneapolis, Minnesota and Detroit, Michigan, USA, all in close proximity to our customers. For certain products or regions, we may sell our products through agents or distributors.

Our sales and marketing team possesses a high level of technical expertise and industry knowledge used to support a lengthy and complex sales process. This includes a highly trained team of product managers and field applications engineers. Our team is equipped with extensive strategic marketing experience and a strong capability to identify market trends. We also provide technical support and assistance to potential and existing customers in system/SoC architecture, designing, testing and qualifying display modules, camera modules and end application systems that incorporate our products and ASICs. We believe that the depth and quality of this design support are key to improving customers' time-to-market and maintaining a high level of customer satisfaction.

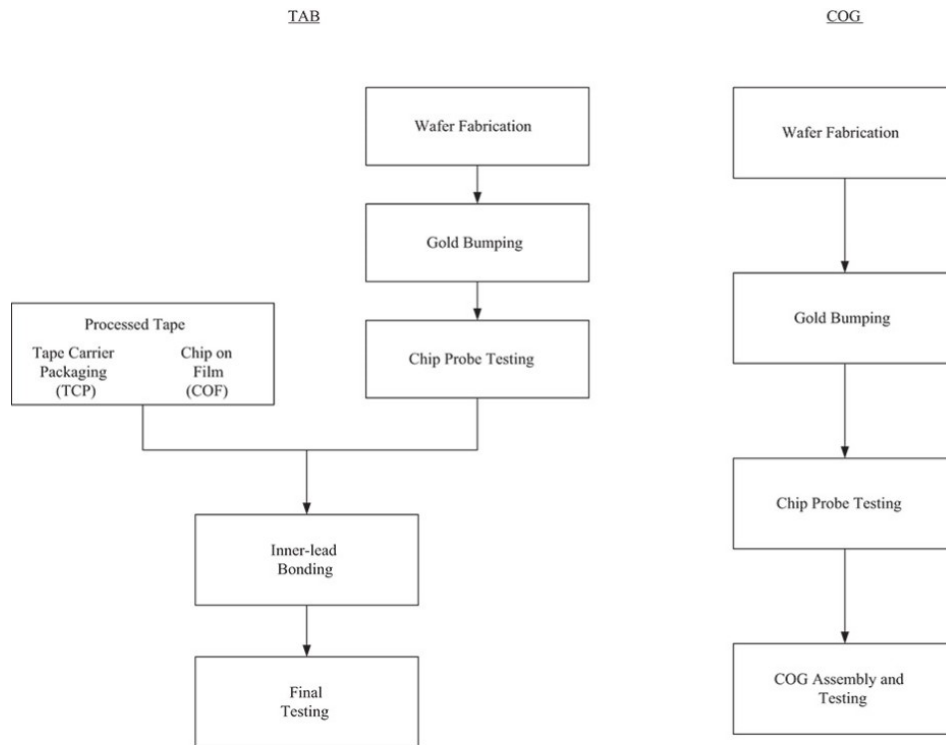
Manufacturing

We operate primarily in a fabless business model that utilizes substantially third-party foundry and assembly and testing capabilities. We leverage our experience and engineering expertise to design high-performance semiconductors and rely on semiconductor manufacturing service providers for wafer fabrication, gold bumping, assembly and testing. We also rely largely on third-party suppliers of processed tape used in TAB packaging. We engage foundries with high-voltage CMOS process technology for our display drivers and engage assembly and testing houses that specialize in TAB and COG packages, thereby taking advantage of the economies of scale and the specialization of such semiconductor manufacturing service providers. Our primarily fabless model enables us to capture certain financial and operational benefits, including reduced manufacturing personnel, capital expenditures, fixed assets and fixed costs. It also gives us the flexibility to use the technology and service providers that are the most suitable for any given product. Despite our reliance on outsourcing for CP testing, we have made investments in internal capabilities for test program development, engineering testing, debugging capability and manufacturing support since 2022.

We operate a fab under Himax Display primarily for performing manufacturing processes for our LCoS microdisplays. Moreover, we have established an in-house WLO facility under Himax Taiwan for the key process of our wafer level optics products, which started small-scale shipments from December 2009 and commenced mass shipment to anchor customer from 2017 onwards. We began construction of our new building, Fab 2, in March 2017, located nearby the current headquarters to house additional WLO capacity, the new active alignment equipment needed for our 3D sensing business and to provide extra office space. The construction of Fab 2 was completed in the first half of 2018.

Manufacturing Stages

The diagram below sets forth the various stages in manufacturing display drivers according to the two different types of assembly utilized: TAB or COG. The assembly type depends primarily on the application and design of the panel and is determined by our customers.



Wafer Fabrication: Based on our design, the foundry provides us with fabricated wafers. Each fabricated wafer contains many chips, each known as a die.

Gold Bumping: After the wafers are fabricated, they are delivered to gold bumping houses where gold bumps are plated on each wafer. The gold bumping process uses thin film metal deposition, photolithography and electrical plating technologies. The gold bumps are plated onto each wafer to connect the die to the processed tape, in the case of TAB package, or the glass, in the case of COG package.

Chip Probe Testing: Each die is electrically tested, or probed, for defects. Dies that fail this test are discarded.

Assembly and Testing: Our display drivers use two types of assembly technology: TAB or COG. Display drivers for large-sized applications typically require TAB package types and to a lesser extent COG package types, whereas display drivers for smartphone, tablet and consumer electronics products typically require COG package types.

[Table of Contents](#)

TAB Assembly

We use two types of TAB technologies: TCP and COF. TCP and COF packages are both made of processed tape that is typically 35mm or 48mm wide, plated with copper foil and has a circuit formed within it. TCP and COF packages differ, however, in terms of their chip connections. With TCP packages, a hole is punched through the processed tape in the area of the chip, which is connected to a flying lead made of copper. By contrast, with COF packages, the lead is mounted directly on the processed tape and there is no flying lead. In recent years, COF packages have become predominantly used in TAB technology.

- *Inner-Lead Bonding:* The TCP and COF assembly process involves grinding the bumped wafers into their required thickness and cutting the wafers into individual dies, or chips. An inner lead bonder machine connects the chip to the printed circuit processed tape and the package is sealed with resin at high temperatures.
- *Final Testing:* The assembled display drivers are tested to ensure that they meet performance specifications. Testing takes place on specialized equipment using software customized for each product.

COG Assembly

COG assembly connects display drivers directly to LCD panels without the need for processed tape. COG assembly involves grinding the tested wafers into their required thickness and cutting the wafers into individual dies, or chips. Each individual die is picked and placed into a chip tray and is then visually or auto-inspected for defects. The dies are packed within a tray in an aluminum bag after completion of the inspection process.

Quality Assurance

We maintain a comprehensive quality assurance system. Using a variety of methods, from conducting rigorous simulations during the circuit design process to evaluating supplier performance at various stages of our products' manufacturing process, we seek to bring about improvements and achieve customer satisfaction. In addition to monitoring customer satisfaction through regular reviews, we implement extensive supplier quality controls so that the products we outsource achieve our high standards. Prior to engaging a third party as our supplier, we perform a series of audits on their operations, and upon engagement, we hold frequent quality assurance meetings with our suppliers to evaluate such factors as product quality, production costs, technological sophistication and timely delivery.

In November 2002, we received ISO 9001 certification, which was renewed in March 2024 and will expire in March 2027. In February 2006, we received ISO 14001 certification, which was renewed in December 2023 and will expire in December 2026. In addition, in March 2007, we received IECQ QC 080000 certification, which was renewed in February 2025 and will expire in March 2028.

Environmental Management System and Safety and Health Management System

Himax follows closely the global environmental trends, including energy saving and waste reduction, in its daily operations. The Company is certified in accordance with ISO 14001, ISO 45001 and ISO 14064.

Himax is a leader in its sector when it comes to the environment and safety, operating under measures much more stringent than domestic regulations. The Company aims to grow sustainably, delivering economic, social and environmental benefits with its healthy employees.

Himax has also been tirelessly reducing impacts to the environment and improving safety in its operations, specifically targeting product design and waste handling.

Semiconductor Manufacturing Service Providers and Suppliers

Through our relationships with leading foundries, assembly, gold bumping and testing houses and processed tape suppliers, we believe we have established a supply chain that enables us to deliver high-quality products to our customers in a timely manner.

[Table of Contents](#)

Access to semiconductor manufacturing service providers is critical as display drivers require high-voltage CMOS process technology and specialized assembly and testing services, all of which are different from industry standards. We have obtained our foundry services from TSMC, UMC, Vanguard, Macronix, Globalfoundries Singapore, PSMC, Nexchip and SKHYSI in the past few years. These are among a select number of semiconductor manufacturers that provide high-voltage CMOS process technology required for manufacturing display drivers. We engage assembly and testing houses that specialize in TAB and COG packages such as Chipbond, Chipmore International trading company Ltd., ChipMOS Technologies Inc. and King Yuan Electronics Co., Ltd, etc.

We plan to strengthen our relationships with our existing semiconductor manufacturing service providers and diversify our network of such service providers in order to ensure access to sufficient cost-competitive and high-quality manufacturing capacity. We are selective in our choice of semiconductor manufacturing service providers. It takes a substantial amount of time to qualify alternative foundries, gold bumping, assembly and testing houses for production. As a result, we expect that we will continue to rely on a limited number of semiconductor manufacturing service providers for a substantial portion of our manufacturing requirements in the near future.

The table below sets forth (in alphabetical order) our principal semiconductor manufacturing service providers and suppliers:

Wafer Fabrication	Gold Bumping
Globalfoundries Singapore Pte., Ltd. Macronix International Co., Ltd. Nexchip Semiconductor Corporation Powerchip Semiconductor Manufacturing Corp. SK hynix system ic (Wuxi) Semiconductor Manufacturing International (Shanghai) Corporation Taiwan Semiconductor Manufacturing Company Limited United Microelectronics Corporation Vanguard International Semiconductor Corporation	Chipbond Technology Corporation Chipmore International Trading Company Ltd. ChipMOS Technologies Inc. LB Semicon, Inc. Union Semiconductor Co., Ltd. Union Semiconductor (Hefei) Co., Ltd. Jiangsu nepes Semiconductor Co., Ltd.
Processed Tape for TAB Packaging	Assembly and Testing
Chipbond Technology Corporation Hefei Chipfilm Materials Technology Co., Ltd. JMC Electronics Co., Ltd. LG Innotek Co., Ltd. Stemco., Ltd.	Ardentec Corporation Advanced Semiconductor Engineering Inc. Chipbond Technology Corporation Chipmore International Trading Company Ltd. ChipMOS Technologies Inc. Global Testing Corporation Greatek Electronics Inc. Huatian Technology Electronics Co., Ltd. Jiangsu Changjiang Electronics Technology Co., Ltd. King Yuan Electronics Co., Ltd. Micro Silicon Electronics Corp. Taiwan IC Packaging Corporation LB-Semicon Co., Ltd. Union Semiconductor Co., Ltd. Jiangsu nepes Semiconductor Co., Ltd.

Chip Probe Testing

Chipbond Technology Corporation
Chipmore International Trading Company Ltd.
ChipMOS Technologies Inc.
Global Testing Corporation
Greatek Electronics Inc.
King Yuan Electronics Co., Ltd.
Micro Silicon Electronics Corp.
LB Semicon, Inc.
Union Semiconductor Co., Ltd.
Union Semiconductor (Hefei) Co., Ltd.
YoungTek Electronics Corp.
Jiangsu nepes Semiconductor Co., Ltd.

Intellectual Property

As of February 28, 2026, we held a total of 2,576 patents, including 1,036 in Taiwan, 894 in the United States, 514 in China, and 132 in other countries. The expiration dates of our patents range from 2026 to 2045. We also have a total of 44 pending patent applications in Taiwan, 114 in the United States and 185 in other jurisdictions, including the PRC, Japan, Korea, Israel and Europe. In addition, we have registered “Himax and logo” as trademarks in Taiwan, China, Europe, Singapore, Korea, Japan and the United States. “Omniwide Film and logo” as trademarks in China, Europe, Korea and Japan, “CMVT” as trademarks in Taiwan and China, “Liqxtal” as trademark in Taiwan and United States, “NEWKEN and logo” as trademark in Taiwan, as well as “WISEEYE” as trademark in Taiwan, Israel and the United States.

Competition

The market characteristics for our products are, in general, intensely competitive, characterized by continuous technological change, evolving industry standards, and declining average selling prices. We believe key factors that differentiate the competition in our industry include:

- customer relations;
- product performance;
- design customization;
- development time / product release;
- product integration;
- technical services;
- manufacturing costs;
- supply chain management;
- timely delivery;
- economies of scale; and
- broad product portfolio.

[Table of Contents](#)

We continually face intense competition from fabless display driver companies, including Fitipower Integrated Technology, Inc., FocalTech Systems Co., Ltd., Novatek Microelectronics Corp., Raydium Semiconductor Corporation, Sitronix Technology Co., Ltd., Ilitek Corp., LX Semicon., ESWIN, Chipone, Newvision, Ribbon Display Japan, Hisilicon and Synaptics Incorporated. We also face competition from integrated device manufacturers, such as Rohm Co., Ltd.

Some of our competitors are affiliated or have established cross relationships with other Panel Manufacturers. Some have longer operating histories, or greater brand recognition, or significantly greater financial, manufacturing, technological, sales and marketing, human and other resources than we do. Additionally, we expect that as the flat panel semiconductor industry expands, more companies may enter and compete in our markets.

For In-cell TDDI, we compete with Novatek Microelectronics Cop., Synaptics Incorporated, FocalTech Systems Co., Ltd., ESWIN, Chipone, OmniVision and Ilitek Corp., etc.

For LCoS microdisplay products, we face competition from OmniVision, Syndiant, Kopin, and RAONTECH. We also compete with alternative microdisplay technology providers such as Texas Instruments with DLP, Sony with micro OLED and JBD with micro LED.

For power ICs, we face competition from Taiwan companies including Richtek Technology Corp., Global Mixed-mode Technology Inc., Novatek Microelectronics Corp., Fitipower Integrated Technology Inc. We also compete with worldwide suppliers such as Silergy Corp., and Rohm Co., Ltd.

For CMOS image sensor products, our focus is on machine vision. Competition in this space is primarily from OmniVision Technologies Inc., Galaxycore, Silicon Optronics, Inc (SOI), Pixart Imaging Inc. and Smartsens Technology (Shanghai) Co. LTD.

For wafer level optics products, we face competition primarily from Heptagon that was acquired by ams AG and certain new optical design houses from China, such as Angstrom Tech, Yuguang Science and Technology Development Co.

For 3D sensing, Himax is one of the few companies that can provide the one-stop solution though there are more companies attempting to jump into the game. ams AG and Orbec will be the main competitors we face in the worldwide.

For WiseEye ultralow power AI sensing, the main competition is Qualcomm with its “Glance” device. Few additional small size companies develop AI base edge devices, such as Lattice, Eta Computing, Nuvoton, Altek, etc. However, Himax is the only vendor who can offer a truly in-house vertically integrated solution comprise with all three building blocks required by customers: CMOS sensor, purposely designed MCU and the AI algorithm.

Insurance

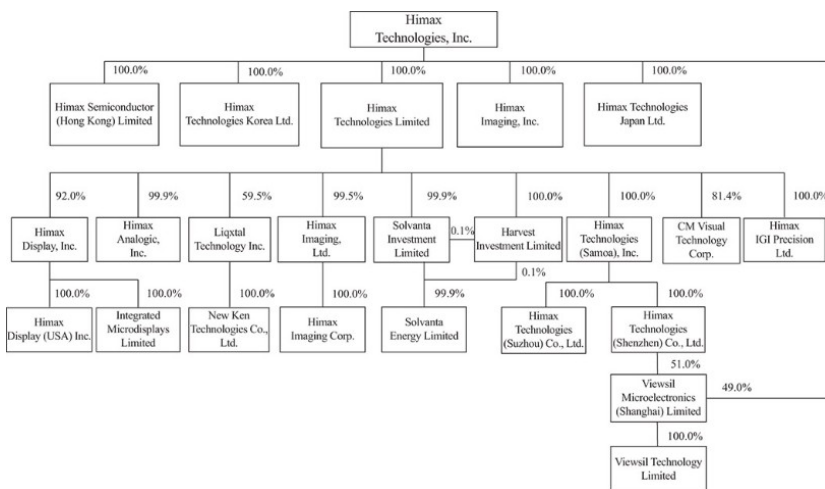
We maintain insurance policies on our buildings, equipment and inventories covering property damage and damage due to, among other events, fires, typhoons, earthquakes and floods. We maintain these insurance policies on our facilities and on transit of inventories. Additionally, we maintain director and officer liability insurance. We do not have insurance for business interruptions, nor do we have key person insurance.

Environmental Matters

Himax is required to ensure its products are obligated to comply with valid regulations and governmental authorities’ regulatory directives in applicable jurisdictions relating to environmental protection regulations and subject to the topic of Environmental Protection. Additionally, Himax Taiwan maintains a CP tester facility and a wafer level optics facility and Himax Display maintains a facility for our LCoS products. Himax IGI operates under the designated facility related for 3D mask production, where we have taken the necessary steps to obtain the appropriate permits and, to extents of Himax knowledge, believe that we are in compliance with the existing environmental laws and regulations in the Taiwan ROC and US jurisdiction applicable. In addition, we have entered into various agreements with certain customers whereby we have agreed to indemnify them, and in certain cases, their customers, for any claims made against them for hazardous material violations that are found in our products.

4.C. Organizational Structure

The following chart sets forth our corporate structure and ownership interest in each of our principal operating subsidiaries as of February 28, 2026.



The following table sets forth summary information for our subsidiaries as of February 28, 2026.

Subsidiary	Main Activities	Jurisdiction of Incorporation	Percentage of Our Ownership Interest
Himax Technologies Limited	IC design and sales	ROC	100.0 %
Himax Technologies Korea Ltd.	IC design and sales	South Korea	100.0 %
Himax Technologies (Samoa), Inc.	Investments	Samoa	100.0 % ⁽¹⁾
Himax Technologies (Suzhou) Co., Ltd.	Sales and technical support	PRC	100.0 % ⁽²⁾
Himax Technologies (Shenzhen) Co., Ltd.	Sales and technical support	PRC	100.0 % ⁽²⁾
Himax Display, Inc.	LCoS and MEMS design, manufacturing and sales	ROC	92.0 % ⁽¹⁾
Integrated Microdisplays Limited	LCoS design	Hong Kong	92.0 % ⁽³⁾
Himax Display (USA) Inc.	LCoS and MEMS design, sales and technical support	Delaware, USA	92.0 % ⁽³⁾
Himax Analogic, Inc.	IC design and sales	ROC	99.9 % ⁽¹⁾
Himax Imaging, Inc.	Investments	Cayman Islands	100.0 %
Himax Imaging, Ltd.	IC design and sales	ROC	99.5 % ⁽¹⁾
Himax Imaging Corp.	IC design	California, USA	99.5 % ⁽⁴⁾
Harvest Investment Limited	Investments	ROC	100.0 % ⁽¹⁾
Himax Technologies Japan Ltd.	Sales	Japan	100.0 %
Himax Semiconductor (Hong Kong) Limited	Investments	Hong Kong	100.0 %
Liqxtal Technology Inc.	Imaging and optical solutions provider	ROC	59.5 % ⁽¹⁾
New Ken Technologies Co., Ltd.	Imaging and optical solutions provider	ROC	59.5 % ⁽⁵⁾
Himax IGI Precision Ltd.	3D micro and nano structure mastering and prototype replication	Delaware, USA	100.0 % ⁽¹⁾
CM Visual Technology Corp. (CMVT)	Omniwide film products design and sales	ROC	81.4 % ⁽¹⁾
Viewsil Microelectronics (Shanghai) Limited	IC design and sales	PRC	100.0 %
Viewsil Technology Limited	IC sales	British Virgin Islands	100.0 % ⁽⁶⁾
Solvanta Investment Limited	Investments	ROC	100.0 % ⁽¹⁾
Solvanta Energy Limited	Renewable-energy based electricity distribution	ROC	100.0 % ⁽⁷⁾

(1) Indirectly, through our 100.0% ownership of Himax Technologies Limited.

[Table of Contents](#)

- (2) Indirectly, through our 100.0% ownership of Himax Technologies (Samoa), Inc.
- (3) Indirectly, through our 92.0% ownership of Himax Display, Inc.
- (4) Indirectly, through our 99.5% ownership of Himax Imaging, Ltd.
- (5) Indirectly, through our 59.5% ownership of Liqxtal Technology Inc.
- (6) Indirectly, through our 100.0% ownership of Viewsil Microelectronics (Shanghai) Limited.
- (7) Indirectly, through our 100.0% ownership of Solvanta Investment Limited.

4.D. Property, Plants and Equipment

Our corporate headquarters are located at a 22,172 square meter facility within the Tree Valley Industrial Park in Tainan, Taiwan. We began construction of our new building, Fab 2, in March 2017, located nearby the current headquarters. The newly completed building, located at a 42,619 square meter facility, houses additional WLO capacity, the new active alignment equipment needed for our 3D sensing business and provides extra office space. The facilities house our research and development, engineering, sales and marketing, operations and general administrative staff.

We also lease office space in Taipei and Hsinchu, Taiwan; Suzhou, Shenzhen, Foshan, Beijing, Shanghai, Ningbo, Wuhan, Hefei, Xiamen, Chongqing, Fuqing, China; Asan-si and Bundang-gu, South Korea; and Irvine and San Jose, California and Minneapolis, Minnesota, USA. The lease contracts may be renewed upon expiration.

We have established an in-house WLO facility under Himax Taiwan for the key process of our products. The facility occupies 1,171 square meters of floor space in a building leased from Innolux, which was already produced and shipped over 50 million optics to Tier-1 customer since 2010. However, the building lease was terminated early at the end of January 2024, and we relocated the WLO facility to our Fab 2. We have also expanded certain facilities for LCoS and WLO products to accommodate new customers and new applications located at our headquarters in Tainan, Taiwan. To build up test program development, engineering testing, debugging capability and manufacturing support, we have established under Himax Taiwan an in-house CP test facility from 2022.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read in conjunction with our audited consolidated financial statements and their accompanying notes included elsewhere herein which are prepared in accordance with IFRS. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in “Special Note Regarding Forward-Looking Statements” and “Item 3. Key Information—D. Risk Factors.”

5.A. Operating Results

For discussion related to our financial condition, changes in financial condition, and the results of operations for 2024 compared to 2023, refer to “Part I, Item 5. Operating and Financial Review and Prospects,” in our Annual Report on Form 20-F for the fiscal year ended December 31, 2024, which was filed with the United States Securities and Exchange Commission on April 2, 2025.

Overview

We commenced operations through our predecessor, Himax Taiwan, in June 2001. We must, among other things, continue to expand and diversify our customer base, broaden our product portfolio, maintain our leading technology position, achieve additional design wins and manage our costs to partially mitigate declining average selling prices and any other market risks in order to maintain our profitability. Moreover, we must continue to address the challenges of being a growing technology company, including hiring and retaining managerial, engineering, operational and financial personnel and implementing and improving our existing administrative, financial and operations systems.

We operate primarily in a fabless business model that utilizes substantially third-party foundry and assembly and testing capabilities. We leverage our experience and engineering expertise to design high-performance semiconductors and rely largely on third-party semiconductor manufacturing service providers for wafer fabrication, gold bumping, assembly and testing with the exception of manufacturing of LCoS microdisplay, wafer level optics products and active alignment for 3D sensing, which we manufacture through our own factories. We are able to take advantage of the economies of scale and the specialization of our third-party semiconductor manufacturing service providers. Our primarily fabless model enables us to capture certain financial and operational benefits, including reduced manufacturing personnel, capital expenditures, fixed assets and fixed costs. It also gives us the flexibility to use the technology and service providers that are the most suitable for any given product. For LCoS microdisplay and wafer level optics products, our in-house factories enable us to protect our proprietary technologies and manufacturing expertise in the effort to further expand these businesses.

As our semiconductors are critical components of flat panel displays, our industry is closely linked to the trends and developments of the flat panel display industry. The majority of our revenues in 2025 were derived from sales of display drivers that were eventually incorporated into TFT-LCD and OLED panels. We expect display drivers for TFT-LCD and OLED panels to continue to be our primary products. The TFT-LCD and OLED panel industry is intensely competitive and is vulnerable to cyclical market conditions. The average selling prices of TFT-LCD and OLED panels could decline for numerous reasons, which could in turn result in downward pricing pressure on our products. See “Item 3.D. Key Information—Risk Factors—Risks Relating to Our Financial Condition and Business—We derive the majority of our net revenues from sales to the TFT-LCD and OLED panel industry, which is highly cyclical and subject to price fluctuations. Such cyclicity and price fluctuations could negatively impact our business or results of operations.” The revenue expansion of our non-driver products as well as TFT-LCD and OLED products trending toward high resolution and any other new product introduction help to mitigate these risks.

Factors Affecting Our Performance

Our business, financial position and results of operations, as well as the period-to-period comparability of our financial results, are significantly affected by a number of factors, some of which are beyond our control, including:

- average selling prices;
- unit shipments;
- product mix;
- design wins;
- cost of revenues and cost reductions;
- supply chain management;
- share-based compensation expenses and cash awards; and
- tax credits.

Average Selling Prices

Our performance is affected by the selling prices of each of our products. We price our products based on several factors, including manufacturing costs, life cycle stage of the product, competition, technical complexity of the product, size of the purchase order and our relationship with the customer. We typically are able to charge the highest price for a product when it is first introduced. Although from time to time we are able to raise our selling prices during times of supply constraints, our average selling prices typically decline over a product's life cycle, which may be offset by changes in conditions in the semiconductor industry such as constraints in foundry capacity. For example, from 2020, the industry-wide tightening of foundry capacity has extended to backend facilities that include assembly and testing and appears to be a long-term phenomenon. Robust demand pushed foundry capacity constraints to a more severe level and rose higher material cost which in turn enabled higher average selling prices. However, decades-high inflation, rapidly rising interest rates in addition to the ongoing war and unexpected lockdowns from Covid-19 in China starting from the end of first quarter of 2022, brought widespread demand halt, resulting in sluggish demand across every aspect of our business, followed by sales declined and average selling price erosion. The general trend in the semiconductor industry is for the average selling prices of semiconductors to decline over a product's life cycle due to competition, production efficiencies, emergence of substitutes and technological obsolescence. Our cost reduction efforts also contribute to this decline in average selling prices. See "—Cost of Revenues and Cost Reductions."

Our average selling prices are affected by the size and bargaining power of our customers. As new China panel makers emerge in the marketplace and continue to expand their capacity, China panel makers' bargaining power will increase accordingly, negatively impacting our average selling price. Our average selling prices are also affected by the packaging type our customers choose as well as the level of product integration. See "—Product Mix" below. Lastly, competition level affects our average selling prices as well. However, the impact of declining average selling prices on our profitability might be offset or mitigated to a certain extent by increased volume as lower prices may stimulate demand and thereby drive sales and TFT-LCD and OLED panel products trending toward higher resolution.

Unit Shipments

Our performance is also affected by the number of semiconductors we ship, or unit shipments. As our display drivers are critical components of flat panel displays, our unit shipments depend primarily on our customers' panel shipments among other factors. Our unit shipments have grown since our inception primarily as a result of our increased market share with certain major customers and their increased shipments of panels. Our growth in unit shipments also reflected the demand for higher resolution panels which typically require more display drivers. However, the development of higher channel display drivers or new technologies, if successful, could potentially reduce the number of display drivers required for each panel while achieving the same resolution. If such technologies become commercially available, the market for our display drivers will be reduced and we could experience a decline in revenue and profit. Our unit shipments also depend on the capacity we can get from our foundry, assembly and testing house.

Product Mix

The proportion of our revenues that is generated from the sale of different product types, also referred to as product mix, also affects our average selling prices, revenues and profitability. Our display driver products vary depending on, among other things, the number of output channels, the level of integration and the package type. Variations in each of these specifications could affect the average selling prices of such products. For example, the trend for display drivers for use in large-sized panels is toward products with a higher number of channels, which typically command higher average selling prices than traditional products with a lower number of channels. However, panels that use higher-channel display drivers typically require fewer display drivers per panel. As a result, our profitability will be adversely affected to the extent that the decrease in the number of display drivers required for each panel is not offset by increased total unit shipments and/or higher average selling prices for display drivers with a higher number of channels. The level of integration of our display drivers also affects average selling prices, as more highly integrated chips typically have higher selling prices. Additionally, average selling prices are affected by changes in the package types used by our customers. For example, the chip-on-glass package type typically has lower material costs because no processed tape is required. Moreover, our different non-driver products vary in average selling prices and costs.

The proportion of non-driver business would also affect our financial position and results of operations. For the past few years, we have experienced operating losses from our non-driver business. This was partly due to low sales volume during these periods that led to insufficient revenue to fully cover expenses such as research and development and operating expenses. We expect, however, to ramp up the volume production and sales of our non-driver products in the future and generate positive operation income from such non-driver products. Typically, our non-driver products have higher gross margins as well as higher growth potential than our driver products, we expect the overall profit margin across our product platform to improve.

Design Wins

Achieving design wins is important to our business, and it affects our unit shipments. Design wins occur when a customer incorporates our products into their product designs. There are numerous opportunities for design wins, including, but not limited to, when panel manufacturers:

- introduce new models to improve the cost and/or performance of their existing products or to expand their product portfolio;
- establish new fabs and seek to qualify existing or new component suppliers; and
- replace existing display driver companies due to cost or performance reasons.

Design wins are not binding commitments by customers to purchase our products. However, we believe that achieving design wins is an important performance indicator. Our customers typically devote substantial time and resources to designing their products as well as qualifying their component suppliers and their products. Once our products have been designed into a system, the customer may be reluctant to change its component suppliers due to the significant costs and time associated with qualifying a new supplier or a replacement component. Therefore, we strive to work closely with current and prospective customers in order to anticipate their requirements and product roadmaps and achieve additional design wins.

Cost of Revenues and Cost Reductions

We strive to control our cost of revenues. Our cost of revenues as a percentage of total revenues in 2023, 2024 and 2025 was 72.1%, 69.5% and 69.4%, respectively. In 2025, as a percentage of Himax Taiwan's total manufacturing costs, the cost of wafer fabrication was 55.5%, the cost of processed tape was 3.5%, the cost of assembly and testing was 40.2%, and overhead was 0.8%. Our cost of revenues may increase as a result of an increase in raw material prices, any failure to obtain sufficient foundry, assembly or testing capacity or any shortage of processed tape or failure to improve our manufacturing utilization rate or production yield. Meanwhile, the long-term capacity agreements carry the risk of substantial inventory write-downs and/or contractual penalties resulted from unfulfillment of committed volume in the event of decreased end customer demand. In second quarter of 2023, amidst strict muted market demand, we strategically terminated high-cost foundry capacity agreements, a one-time expense included in cost of revenues. As a result, our ability to manage our wafer fabrication costs, costs for processed tape, assembly and testing costs and our manufacturing utilization rate or production yield is critical to our performance. In addition, to mitigate declining average selling prices, we aim to reduce unit costs by, among other things:

- improving product design (e.g., having smaller die size allows for a larger number of dies on each wafer, thereby reducing the cost of each die);
- improving manufacturing yields through our close collaboration with our semiconductor manufacturing service providers and in our in-house manufacturing facilities; and
- achieving better pricing from a diversified pool of semiconductor manufacturing service providers and suppliers, reflecting our ability to leverage our scale, volume requirements and close relationships as well as our strategy of sourcing from multiple service providers and suppliers.

Supply Chain Management

Due to the competitive nature of the flat panel display industry and our customers' need to maintain high capacity utilization in order to reduce unit costs per panel, any delays in the delivery of our products could significantly disrupt our customers' operations. To deliver our products on a timely basis and meet the quality standards and technical specifications our customers require, we must have assurances of high-quality capacity from our semiconductor manufacturing service providers. We therefore strive to manage our supply chain by maintaining close relationships with our key semiconductor manufacturing service providers and strive to provide credible forecasts of capacity demand and seek for new manufacturing service providers in case of any manufacturer's capacity shortage. Any disruption to our supply chain could adversely affect our performance and could result in a loss of customers as well as potentially damage our reputation.

Share-Based Compensation Expenses and Cash Awards

Our results of operations have been affected by, and we expect our results of operations to continue to be affected by, our share-based compensation expenses and cash awards, which consist of charges taken relating to grants of mainly RSUs as well as stock options, non-vested shares, and cash awards to employees.

Restricted Share Units (RSUs). We adopted two long-term incentive plans in October 2005 and September 2011, respectively, which permit the grant of options or RSUs to our employees and non-employees where each unit represents two ordinary shares. The actual awards will be determined by our compensation committee. The 2005 plan was terminated in October 2010. We recognized share-based compensation expenses regarding RSUs under the long-term incentive plan totaling \$12.1 million, \$12.2 million and \$8.1 million in 2023, 2024 and 2025, respectively. Of the total share-based compensation expenses recognized, \$9.5 million, \$11.1 million and \$7.4 million in 2023, 2024 and 2025, respectively, were settled in cash. We measure and recognize compensation expense for all share-based payments at fair value.

Set forth below is a summary of our historical share-based compensation plans for the years ended December 31, 2023, 2024 and 2025 as reflected in our consolidated financial statements.

We made grants of 1,402,714 RSUs to our employees on September 28, 2020. The vesting schedule for such RSU grants is as follows: 98.68% of the RSU grants vested immediately and were settled by cash in the amount of \$4.8 million on the grant date, with the remainder vesting equally on each of September 30, 2021, 2022 and 2023, which will be settled by our ordinary shares, subject to certain forfeiture events.

We made grants of 2,604,545 RSUs to our employees on September 28, 2021. The vesting schedule for such RSU grants is as follows: 85.63% of the RSU grants vested immediately and were settled by cash in the amount of \$23.2 million on the grant date, with the remainder vesting equally on each of September 30, 2022, 2023 and 2024, which will be settled by our ordinary shares, subject to certain forfeiture events.

We made grants of 3,987,509 RSUs to our employees on September 28, 2022. The vesting schedule for such RSU grants is as follows: 86.41% of the RSU grants vested immediately and were settled by cash in the amount of \$17.5 million on the grant date, with the remainder vesting equally on each of September 30, 2023, 2024 and 2025, which will be settled by our ordinary shares, subject to certain forfeiture events.

We made grants of 1,710,607 RSUs to our employees on September 26, 2023. The vesting schedule for such RSU grants is as follows: 97.45% of the RSU grants vested immediately and were settled by cash in the amount of \$9.5 million on the grant date, with the remainder vesting equally on each of September 30, 2024, 2025 and 2026, which will be settled by our ordinary shares, subject to certain forfeiture events.

We made grants of 2,014,386 RSUs to our employees on September 26, 2024. The vesting schedule for such RSU grants is as follows: 96.76% of the RSU grants vested immediately and were settled by cash in the amount of \$11.1 million on the grant date, with the remainder vesting equally on each of September 30, 2025, 2026 and 2027, which will be settled by our ordinary shares, subject to certain forfeiture events.

[Table of Contents](#)

We made grants of 862,516 RSUs to our employees on September 25, 2025. The vesting schedule for such RSU grants is as follows: 98.74% of the RSU grants vested immediately and were settled by cash in the amount of \$7.4 million on the grant date, with the remainder vesting equally on each of September 30, 2026, 2027 and 2028, which will be settled by our ordinary shares, subject to certain forfeiture events.

The amount of share-based compensation expense with regard to the RSUs granted to our employees on September 28, 2020, September 28, 2021, September 28, 2022, September 26, 2023, September 26, 2024 and September 25, 2025 was \$3.44 per ADS, \$10.39 per ADS, \$5.09 per ADS, \$5.68 per ADS, \$5.68 per ADS and \$8.65 per ADS, respectively, which was based on the trading price of our ADSs on that day.

Cash Awards. We made grants annual bonus by cash payouts totaling \$0.7 million, \$1.0 million and \$0.3 million to the Company's employees among which \$0.2 million, \$0.2 million and \$0.1 million was immediately vested on September 26, 2023, September 26, 2024 and September 25, 2025, respectively. The remainder will be equally vested at the first, second and third anniversaries of the grant date.

Tax Credits

Our results of operations have been affected by, and we expect our results of operations to continue to be affected by, tax credits available to us.

The Statute for Industrial Innovation entitles companies to tax credits for qualifying research and development expenses related to innovation activities but limits the amount of tax credit to only up to 15% of the total qualifying research and development expenditure for the current year, subject to a cap of 30% of the income tax payable for the current year. Moreover, any unused tax credits provided under the Statute for Industrial Innovation may not be carried forward.

Based on the amendments to the above, extended to December 31, 2029, if companies choose to extend the tax credits to three years, the tax credit rate will be 10% of the total qualifying research and development expenditure for the current year and subject to a cap of 30% of the income tax payable for each year.

Description of Certain Statements of Profit or Loss Line Items

Revenues

Historically, we generated the majority of our revenues from sales of display drivers for large-sized applications and small and medium-sized applications. In addition, our product portfolio also includes timing controllers, operational amplifiers, LCoS microdisplay, power management ICs, CMOS image sensors, 3D sensing, WiseEye ultralow power AI sensing, wafer level optics products and ASIC service.

The 2025 full year revenues totaled \$832.2 million, representing an 8.2% decline compared to 2024. 2025 was a challenging year for the global economy, compounded by other geopolitical uncertainties. Panel customers generally maintained a conservative, make-to-order strategy with lean inventory levels. While consumer electronics demand remained soft, automotive and AI-related applications, where Himax has strong exposure, proved comparatively resilient. Despite softness in global automotive markets, our automotive driver IC sales for the full year 2025 grew single digit year-over-year, outpacing the broader market. In 2025, despite disciplined expense control, our full-year 2025 operating expenses increased by 1.1% as we strategically invested in select non-display IC areas with compelling long-term growth potential.

[Table of Contents](#)

The following table sets forth, for the periods indicated, our revenues by amount and our revenues as a percentage of revenues by each product line:

	Year Ended December 31,					
	2023		2024		2025	
	Amount	Percentage of Revenues	Amount	Percentage of Revenues	Amount	Percentage of Revenues
	(in thousands, except percentages)					
Display drivers for large-sized applications	\$ 175,666	18.6	\$ 125,936	13.9	\$ 90,665	10.9
Display drivers for small and medium-sized applications	629,174	66.5	625,390	69.0	575,132	69.1
Non-driver products ⁽¹⁾	140,588	14.9	155,476	17.1	166,376	20.0
Total	\$ 945,428	100.0	\$ 906,802	100.0	\$ 832,173	100.0

Note: (1) Includes, among other things, timing controllers, LCoS solutions, power management IC, CMOS image sensors, wafer level optics (WLO) products, WiseEye ultralow power AI sensing, NRE incomes, and ASIC service.

A limited number of customers account for substantially all our revenues. For example, Customer A and its affiliates accounted for 28.7%, 26.4% and 24.0% of our revenues in 2023, 2024 and 2025, respectively. Customer C accounted for 11.0%, 8.3% and 7.8% of our revenues in 2023, 2024 and 2025, respectively.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	Percentage of Revenues	Amount	Percentage of Revenues	Amount	Percentage of Revenues
	(in thousands, except percentages)					
Customer A and its affiliates	\$ 271,351	28.7	\$ 239,001	26.4	\$ 200,105	24.0
Customer C	103,839	11.0	75,564	8.3	64,755	7.8
Others	570,238	60.3	592,237	65.3	567,313	68.2
Total	\$ 945,428	100.0	\$ 906,802	100.0	\$ 832,173	100.0

The global TFT-LCD and OLED panel market is highly concentrated, with only a limited number of TFT-LCD and OLED panel manufacturers producing TFT-LCD and OLED panels in high volumes. We sell panel display drivers to many of these panel manufacturers. Our revenues, therefore, will depend on our ability to capture an increasingly larger percentage of each panel manufacturer's display driver requirements. The sales to panel makers in China have become a significant portion of our revenue due to the Chinese panel maker business expansion which started in 2011. We derive substantially all of our revenues from sales to Asia-based customers whose end products are sold worldwide. In 2023, 2024 and 2025, approximately 15.0%, 15.3% and 14.7% of our revenues, respectively, were from customers headquartered in Taiwan and approximately 76.2%, 73.4% and 73.8% of our revenues, respectively, were from customers headquartered in China. We believe that substantially all of our revenues will continue to be from customers located in Asia, where almost all of the panel manufacturers and mobile device module manufacturers are located. As a result of the regional customer concentration, we expect to continue to be subject to economic and political events and other developments that affect our customers in Asia. A substantial majority of our sales invoices are denominated in U.S. dollars.

Costs and Expenses

Our costs and expenses consist of cost of revenues, research and development expenses, general and administrative expenses, sales and marketing expenses, share-based compensation expenses and cash awards. Costs would be greatly affected by product mix.

Cost of Revenues

The principal items of our cost of revenues are:

- cost of wafer fabrication;
- cost of processed tape used in TAB packaging;

[Table of Contents](#)

- cost of gold bumping, assembly and testing; and
- other costs and expenses.

We outsource the manufacturing of our semiconductors and semiconductor solutions to semiconductor manufacturing service providers. The costs of wafer fabrication, gold bumping, assembly and testing depend on the availability of capacity and demand for such services. The wafer fabrication industry, in particular, is highly cyclical, resulting in fluctuations in the price of processed wafers depending on the available foundry capacity and the demand for foundry services.

Research and Development Expenses

Research and development expenses consist primarily of research and development employee salaries, including related employee welfare costs, costs associated with prototype wafers, processed tape, masks, molding and tooling sets and depreciation on research and development equipment. We expect to continue increasing our spending on research and development in absolute dollar amounts in the future as we continue to increase our research and development headcount and associated costs to pursue additional product development opportunities.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries of general and administrative employees, including related employee welfare costs, depreciation on buildings, office furniture and equipment and professional fees. We anticipate that our general and administrative expenses will increase in absolute dollar amounts as we expand our operations, hire additional administrative personnel and incur additional compliance costs required of a publicly listed company in the United States.

Sales and Marketing Expenses

Our sales and marketing expenses consist primarily of salaries of sales and marketing employees, including related employee welfare costs, travel expenses and product sample costs. We expect that our sales and marketing expenses will increase in absolute dollar amounts over the next several years. However, we believe that as we continue to achieve greater economies of scale and operating efficiencies, our sales and marketing expenses may decline over time as a percentage of our revenues.

Share-Based Compensation Expenses

Our share-based compensation expenses consist of various forms of share-based compensation that we have historically issued to our employees and consultants, as well as share-based compensation issued to employees, directors and service providers under our 2005 and 2011 long-term incentive plans. The 2005 plan was terminated in October 2010. We allocate such share-based compensation expenses to the applicable cost of revenues and expense categories as related services are performed. See note 19 to our consolidated financial statements. Under the long-term incentive plan, we granted RSUs on December 30, 2005 to our employees and directors and again on September 29, 2006, September 26, 2007, September 29, 2008, September 28, 2009, September 28, 2010, September 28, 2011, September 26, 2012, September 26, 2013, September 26, 2014, September 25, 2015, September 28, 2016, September 29, 2017, September 26, 2018, September 28, 2020, September 28, 2021, September 28, 2022, September 26, 2023, September 26, 2024 and September 25, 2025 to our employees. We did not grant RSUs in 2019 but granted stock options to employees instead. Share-based compensation expenses recorded regarding RSUs under the long-term incentive plan totaled \$12.1 million, \$12.2 million and \$8.1 million in 2023, 2024 and 2025, respectively.

Cash Awards.

We made grants annual bonus by cash payouts totaling \$0.7 million, \$1.0 million and \$0.3 million to the Company's employees among which \$0.2 million, \$0.2 million and \$0.1 million was immediately vested on September 26, 2023, September 26, 2024 and September 25, 2025, respectively. The remainder will be equally vested at the first, second and third anniversaries of the grant date.

Income Taxes

Since we and our direct and indirect subsidiaries are incorporated in different jurisdictions, we file separate income tax returns. Under the current laws of the Cayman Islands, we are not subject to income or capital gains tax. Additionally, dividend payments made by us are not subject to withholding tax in the Cayman Islands. However, if the relevant bylaws of the PEM rules have been adequately enacted and properly advocated, we may be determined to be within the territory of the ROC and our income tax shall be levied in accordance with the Income Tax Act and relevant tax regulations. Therefore, dividend payments made by us would be subject to withholding tax in the ROC. We recognize income taxes at the applicable statutory rates in accordance with the jurisdictions where our subsidiaries are located and as adjusted for certain items including accumulated losses carried forward, non-deductible expenses, research and development tax credits, as well as changes in our deferred tax assets and liabilities.

Critical Accounting Policies and Estimates

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements in accordance with IFRS.

Inventory

Inventories are stated at the lower of cost and net realizable value, and we use judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. Due to the rapid technological changes, we estimate the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon. The inventory write-downs in 2023, 2024 and 2025 were approximately \$21.5 million, \$13.6 million and \$17.1 million, respectively, and were included in cost of revenues in our consolidated statements of profit or loss.

Impairment of Non-financial Assets other than Goodwill

We routinely review our non-financial assets at the reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. However, due to the cyclical nature of our industry and changes in our business strategy, market requirements, or the needs of our customers, we may not always be in a position to accurately anticipate declines in the utility of our equipment or acquired technology until they occur. Although we have the recurring losses in non-Driver product segment, we remain positive on the long-term prospect of our non-Driver product segment, judging by the expanding customer list that covers some of the world's biggest tech names, and the busy engineering activities going on with such customers. For the years ended December 31, 2023, 2024 and 2025, we did not recognize any impairment loss on non-financial assets.

Goodwill

We evaluate goodwill for impairment at least annually, or more frequently when there is an indication that the cash-generating unit (CGU) may be impaired. For the purpose of impairment testing, goodwill is allocated to each of the Company's CGU or groups of CGU that are expected to benefit from the synergies of the combination. If the recoverable amount of a CGU is less than its carrying amount, the difference is allocated first to reduce the carrying amount of any goodwill allocated to such CGU and then to the other assets of the CGU pro rata based on the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

The recoverable amount is the higher of fair value less costs of disposal and value in use. The assessment of impairment of goodwill requires management to make subjective judgment to determine the identified CGU, allocate the goodwill to relevant CGU and estimate the recoverable amount of relevant CGU. In the process of estimating the recoverable amount of relevant CGU, management is required to make subjective judgments in determining the discount rate, the terminal growth rate, the independent cash flows, useful lives, expected future revenue and expenses related to the CGU.

As of December 31, 2024 and 2025, goodwill in Driver IC CGU and WLO CGU was \$26,846 thousand and \$1,292 thousand, respectively. For the years ended December 31, 2023, 2024 and 2025, we did not recognize any impairment loss on goodwill.

[Table of Contents](#)*Income Taxes*

According to the ROC Income Tax Act, dividends distributed by a Taiwan company to its foreign shareholders are subject to ROC withholding tax, currently at the rate of 21% on the amount of the distribution in the case of cash dividends or on the par value of the ordinary shares in the case of stock dividends. The surtax rate for undistributed earnings is currently 5%. However, surtax paid on undistributed earnings can no longer be used to offset against the withholding tax imposed on the dividend distributed to foreign shareholders.

As of December 31, 2025, we have not provided for retained earnings tax on the undistributed earnings of approximately \$1,589.9 million of our subsidiaries since we have specific plans to reinvest these earnings indefinitely. The undistributed earnings in our foreign subsidiaries are mainly from Himax Taiwan totaling approximately \$1,587.7 million as of December 31, 2025. We intend to use accumulated and future earnings of Himax Taiwan to expand operations in Taiwan.

However, a deferred tax liability will be recognized when the Taiwanese company can no longer demonstrate that it plans to reinvest indefinitely these undistributed earnings. This amount becomes taxable when we execute other investments, share buybacks or shareholder dividends to be funded by cash distribution by our foreign subsidiaries. It is not practicable to estimate the amount of additional taxes that might be payable on such undistributed earnings.

We are a holding company located in the Cayman Islands and have paid dividends and repurchased outstanding shares. To fund such dividends and repurchases, in the past years, we have received cash from bank loans and from Himax Taiwan through intercompany borrowings instead of dividends distributed by Himax Taiwan.

As part of the process of preparing our consolidated financial statements, our management is required to estimate income taxes and tax bases of assets and liabilities for us and our subsidiaries. This process involves estimating current tax exposure together with assessing temporary differences resulting from differing treatments of items for tax and accounting purposes and the amount of tax credits and tax loss carry-forward. These differences result in deferred tax assets and liabilities, which are included in the consolidated statements of financial position. Management must then assess deferred tax assets at each reporting date and reduce to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Consolidated Results of Operations

The following table sets forth a summary of our consolidated statements of profit or loss as a percentage of revenues:

	Year Ended December 31,		
	2023	2024	2025
Revenues	100.0 %	100.0 %	100.0 %
Costs and expenses:			
Cost of revenues	72.1	69.5	69.4
Research and development	18.1	17.7	19.4
General and administrative	2.7	2.7	3.1
Sales and marketing	2.5	2.6	2.8
Total costs and expenses	95.4	92.5	94.7
Operating income	4.6	7.5	5.3
Non-operating income	0.1	1.0	1.3
Income tax expense (benefit)	(0.5)	(0.3)	1.2
Profit for the year	5.2	8.8	5.4
Loss (profit) attributable to noncontrolling interests	0.2	—	(0.1)
Profit attributable to Himax stockholders	5.4	8.8	5.3

Year to Year Comparisons

	Year Ended December 31,			% Change from 2024
	2023	2024	2025	
(in thousands, except for percentages)				
Consolidated Statements of Profit or Loss Data:				
Revenues	\$ 945,428	\$ 906,802	\$ 832,173	(8.2)%
Costs and expenses:				
Cost of revenues	681,931	630,601	577,812	(8.4)%
Research and development	171,392	160,329	161,128	0.5 %
General and administrative	25,037	24,121	25,715	6.6 %
Sales and marketing	23,856	23,530	23,392	(0.6)%
Total costs and expenses	902,216	838,581	788,047	(6.0)%
Operating income	43,212	68,221	44,126	(35.3)%
Non-operating income	1,181	9,114	10,741	17.9 %
Income tax expense (benefit)	(5,028)	(2,435)	9,592	493.9 %
Profit for the year	49,421	79,770	45,275	(43.2)%
Loss (profit) attributable to noncontrolling interest	1,195	(15)	(1,338)	(8,820.0)%
Profit attributable to Himax stockholders	\$ 50,616	\$ 79,755	\$ 43,937	(44.9)%

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenues. Our revenues decreased by 8.2% to \$832.2 million in 2025 compared to \$906.8 million in 2024. The decrease was primarily attributable to the challenging global economic environment, compounded by geopolitical uncertainties. As a result, panel customers generally maintained a conservative, make-to-order strategy with lean inventory levels.

- **Large-sized Display Drivers.** Revenues from display drivers for large-sized application decreased by 28.0% to \$90.7 million in 2025 from \$125.9 million in 2024. The decline was primarily attributable to weak macroeconomic conditions, including tariff and geopolitical uncertainties, coupled with continued tight inventory management by our key panel customers. In addition, intensified price competition from Chinese peers exerted further pressure on overall performance.
- **Small and Medium-sized Display Drivers.** Revenues from small and medium-sized display drivers decreased by 8.0% to \$575.1 million in 2025 from \$625.4 million in 2024. Amid slowing end-market sell-through and tariff-related uncertainties, smartphone and tablet sales were particularly impacted. Nevertheless, our automotive driver sales in 2025 still delivered single-digit year-over-year growth, outperforming overall global automotive industry growth, primarily supported by continued TDDI adoption among customers worldwide.
- **Non-Driver Products.** Revenues from non-driver products increased by 7.0% to \$166.4 million in 2025 from \$155.5 million in 2024. The growth was primarily driven by our TCON segment, particularly automotive products, along with our CMOS image sensor business. For the full year 2025, our automotive TCON sales still increased approximately 50% year over year, stemming from the widespread adoption of our market-leading local dimming TCON by panel makers, Tier 1 suppliers, and car makers worldwide.

Costs and Expenses. Costs and expenses decreased by 6.0% to \$788.0 million in 2025 from \$838.6 million in 2024. As a percentage of revenues, costs and expenses increased to 94.7% in 2025 compared to 92.5% in 2024.

- **Cost of Revenues.** Cost of revenues decreased to \$577.8 million in 2025 from \$630.6 million in 2024, which was due primarily to a 5.1% decrease in unit shipments in 2025. As a percentage of revenues, cost of revenues slightly decreased to 69.4% in 2025 from 69.5% in 2024, mainly due to the continued cost improvements and operational efficiency optimization, combined with a favorable product mix. The successful diversification of foundry sources also contributed to the margin increase.

[Table of Contents](#)

- *Research and Development.* Research and development expenses slightly increased by 0.5% to \$161.1 million in 2025 from \$160.3 million in 2024. This increase was primarily attributable to increased salaries and tape-out expenses, as well as the appreciation of the NT dollar against the U.S. dollar in 2025, but partially offset by the lower vested portion of the annual bonus compensation awarded to employees in 2025 and preceding years. We strategically invested in select non-display IC areas with compelling long-term growth potential.
- *General and Administrative.* General and administrative expenses increased by 6.6% to \$25.7 million in 2025 from \$24.1 million in 2024, primarily as a result of the increased salaries and amortized expenses, as well as the appreciation of the NT dollar against the U.S. dollar in 2025, but partially offset by the decrease in compensation awards to employees described in above *Research and Development*.
- *Sales and Marketing.* Sales and marketing expenses slightly decreased by 0.6% to \$23.4 million in 2025 from \$23.5 million in 2024. This decrease was primarily attributable to decrease in compensation awards to employees described in above *Research and Development*, but partially offset by increase in salaries expense and the appreciation of the NT dollar against the U.S. dollar in 2025.

Non-Operating Income. We had net non-operating income of \$10.7 million in 2025 compared to \$9.1 million in 2024. The increase was primarily due to increase in other gain recognized for disposal of land held for sale, decrease in finance costs, but partially offset by increase in share of losses of associates.

Income Tax Expense (Benefit). Our income tax expense increased to \$9.6 million in 2025 from income tax benefit \$2.4 million in 2024. Our effective income tax rate increased to 17.5% in 2025 from (3.1%) in 2024. The increase in our effective income tax rate was primarily attributable to the non-recurrence of the prior-year tax benefit and the impact of the non-deductible expense, resulting in a change from an income tax benefit of \$14.9 million in 2024 to an income tax expense of \$1.2 million in 2025 and income tax benefit for tax credit decreased to \$4.7 million in 2025 from \$8.6 million in 2024.

Profit for the year. As a result of the foregoing, our profit was \$45.3 million in 2025, versus \$79.8 million in 2024, and profit attributable to Himax stockholders was \$43.9 million in 2025, versus \$79.8 million in 2024.

Segment Results

The following table sets forth the revenues and operating results for our reportable segments for the periods indicated:

	Year Ended December 31,		
	2023	2024	2025
	(in thousands)		
Segment Revenues			
Driver IC	\$ 804,840	\$ 751,326	\$ 665,797
Non-Driver Products	140,588	155,476	166,376
Total	<u>\$ 945,428</u>	<u>\$ 906,802</u>	<u>\$ 832,173</u>
	Year Ended December 31,		
	2023	2024	2025
	(in thousands)		
Segment Operating Income (Loss)			
Driver IC	\$ 75,282	\$ 92,699	\$ 61,737
Non-Driver Products	(32,070)	(24,478)	(17,611)
Total	<u>\$ 43,212</u>	<u>\$ 68,221</u>	<u>\$ 44,126</u>

[Table of Contents](#)*Driver IC Segment***Year Ended December 31, 2025 Compared to Year Ended December 31, 2024**

Segment revenues. Our revenues from the Driver IC segment decreased by 11.4% to \$665.8 million in 2025 from \$751.3 million in 2024. The decline stemmed from reduced sales of display drivers for both large-sized and small and medium-sized sectors, driven by the prevailing weak macroeconomic conditions that adversely affected both the demand and procurement processes of panel customers

Segment operating income. Operating income from the Driver IC segment was \$61.7 million in 2025, down from \$92.7 million in 2024. This decrease was primarily attributable to a decrease in revenues.

*Non-Driver Products Segment***Year Ended December 31, 2025 Compared to Year Ended December 31, 2024**

Segment revenues. Our revenues from the Non-Driver Products segment increased by 7.0% to \$166.4 million in 2025, compared to \$155.5 million in 2024. The year-over-year increase was mainly from the growth of TCON and CMOS image sensor. Automotive TCON sales grew approximately 50% in 2025, stemming from expanding adoption globally.

Segment operating loss. Operating loss from the Non-Driver Products segment decreased to \$17.6 million in 2025 from \$24.5 million in 2024. The operating loss decreases were attributable mainly to the increase in revenues and gross margin.

5.B. Liquidity and Capital Resources

We need cash primarily for technology advancement, capacity expansion, paying dividends and working capital. We have historically been able to meet our cash requirements through cash flow from operations and borrowings to pay dividends.

As of December 31, 2025, we had total current assets of \$1,265.3 million, total current liabilities of \$799.5 million and cash and cash equivalents of \$257.5 million. As of December 31, 2025, we had short-term secured borrowings of \$568.2 million with cash and time deposits of \$568.2 million as collateral, and long-term unsecured borrowings of \$28.5 million, of which \$6.0 million was current portion. For enhancing the guaranty, our land, building and improvements of Fab 2 totaling \$56.7 million were pledged as collateral for the long-term unsecured borrowings. As of December 31, 2025, we had total unused short-term credit lines of \$258.6 million, of which \$163.3 million belonging to the parent company, Himax Technologies, Inc., needs to be secured with an equal amount of cash and time deposits when borrowing money from banks. Further, we had unused long-term credit lines of \$138.0 million. We believe that our existing short-term and long-term credit lines, together with cash generated from our operations, are sufficient to meet our liquidity needs. We expect to meet our present working capital requirements through cash flow from operations and bank borrowings from time to time.

The following table sets forth a summary of our cash flows for the periods indicated:

	Year Ended December 31,		
	2023	2024	2025
	(in thousands)		
Net cash provided by operating activities	\$ 152,841	\$ 115,976	\$ 140,027
Net cash (used in) investing activities	(88,882)	(516)	(20,349)
Net cash (used in) financing activities	(93,591)	(88,217)	(80,743)
Net increase (decrease) in cash and cash equivalents	(29,832)	26,399	39,356
Cash and cash equivalents at beginning of period	221,581	191,749	218,148
Cash and cash equivalents at end of period	191,749	218,148	257,504

Operating Activities. Net cash provided by operating activities in 2025 was \$140.0 million compared to \$116.0 million in 2024. This increase in net cash provided by operating activities in 2025 was mainly due to a decrease in cash used for raw materials, assembly, testing process fees in 2025 compared to 2024 and lower income tax paid in 2025.

[Table of Contents](#)

Investing Activities. Net cash used in investing activities in 2025 was \$20.3 million compared to \$0.5 million in 2024. This increase in net cash used in investing activities was due primarily to an increase of \$18.9 million and \$6.6 million in net cash used in acquisitions of financial assets at fair value through profit or loss and at amortized cost, respectively, and an increase in cash used in acquisitions of property, plant and equipment of \$7.1 million but offset by a decrease of \$13.9 million in net cash used in acquisitions of financial assets at fair value through other comprehensive income in 2025 compared to 2024.

Financing Activities. Net cash used in financing activities in 2025 was \$80.7 million compared to \$88.2 million in 2024. This change was due primarily to a decrease in a refund of guarantee deposits received from customers in 2025, but offset by an increase in distribution of cash dividends in 2025.

Our liquidity could be negatively impacted by a decrease in demand for our products that are subject to rapid technological change, among other factors, which could result in revenue variability in future periods. In addition, we have at times agreed to extend the payment terms for certain of our customers. The extension of payment terms for our customers could adversely affect our cash flow, liquidity and our operating results. Our subsidiaries' ability to distribute dividends and other payments to us may be limited by ROC regulations. See "Risk Factors — Risks Related to Our Holding Company Structure — Our ability to receive dividends and other payments or funds from our subsidiaries may be restricted by commercial, statutory and legal restrictions, and thereby materially and adversely affect our ability to grow, fund investments, make acquisitions, pay dividends and otherwise fund and conduct our business."

During the 2021 timeframe, we took steps to address the ongoing foundry capacity shortage worldwide by entering into strategic agreements with our foundry partners to secure the necessary capacity to meet our business requirements. Under these strategic agreements, we are committed to purchasing a specific volume at fixed prices or variable prices. Some of our customers, and even our indirect customers, are also entering into similar strategic agreements to secure their IC supplies with us. However, there can be no assurance that these prices provided in the strategic agreements with our foundry partners and our customers will always remain competitive during the contract term. For example, in the event that the global semiconductor market changes due to foundry capacity expansion and/or shrunken customer demand, the fixed prices we agree to pay our foundry partners may become significantly higher than the prevailing market price. On the other hand, if there continues to be foundry capacity shortages and/or increases in customer demand, the fixed prices our customers agree to pay us may become significantly lower than the then prevailing market price. Any of those situations could materially adversely impact our pricing strategies, competitive position, profitability and results of operation. We may also be subject to contractual penalties if we are unable to purchase the committed volume from our foundry partners. However, after several quarters of aggressive destocking, our inventory has reached a comfortable level. In light of this, we strategically terminated certain high-cost foundry capacity agreements in the second quarter of 2023, prior to their expiration dates. This move aims to improve our cost structure for new wafer starts and maintain competitiveness. This, however, also has resulted in a significant one-time early termination expense incurred in the second quarter of 2023 and hit our gross margin. In addition, since these strategic agreements with our foundry partners typically require us to make prepayments or refundable deposits to such foundry partners, our cash flow, liquidity and financial condition could be adversely affected.

We have entered into several wafer fabrication or assembly and testing service arrangements or multi-year purchase agreements with suppliers. We may be obligated to make payments for purchase orders entered into pursuant to these arrangements. Our purchase obligations also include agreements to purchase goods or services, primarily inventory, that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased, fixed or variable price provisions, and the approximate timing of the transaction. Among all these purchase agreements, the longest termination term shall expire in 2030. Purchase obligations exclude agreements that are cancelable without penalty. Contractual obligations resulting from above purchase orders and agreements with known amounts approximately \$1,059 million as of December 31, 2025. Of obligations under above purchase orders and agreements, \$423 million is expected to be paid in the next 12 months.

Our capital expenditures were incurred primarily in connection with the purchase of property and equipment. Our capital expenditures totaled \$23.4 million, \$13.1 million and \$20.1 million in 2023, 2024 and 2025, respectively. Capital expenditures of \$20.1 million in 2025 was mainly for R&D related equipment for our IC design business and the construction in progress for the new preschool near our Tainan headquarters built for employees' children.

The capex budget will be funded through our internal resources and banking facilities, if so needed. We will continue to make capital expenditures to meet the expected growth of our operations. We believe that our working capital and borrowings under our existing and future credit lines should be sufficient for our present requirements.

5.C. Research and Development

Our research and development efforts focus on improving and enhancing our core technologies and know-how relating to the semiconductor solutions we offer to the flat panel display industry. In particular, we have committed a significant portion of our resources to the research and development of non-driver products because we believe in the long-term business prospects of such products and are committed to continuing to diversify our product portfolio. Although a significant portion of the resources at our integrated circuit design center are invested in advanced research for future products, we continue to invest in improving the performance and reducing the costs of our existing products. Our application engineers, who provide on-system verification of semiconductors and product specifications, and field application engineers, who provide on-site engineering support at our customers' offices or factories, work closely with Panel Manufacturers to co-develop display solutions for their electronic devices. In 2023, 2024 and 2025, we incurred research and development expenses of \$171.4 million, \$160.3 million and \$161.1 million, respectively, representing 18.1%, 17.7% and 19.4% of our revenues, respectively.

5.D. Trend Information

Looking ahead, Himax is well positioned for sustained growth, supported by our leadership in the automotive sector, diversified foundry flexibility, and continued focus on high-value segments such as TCON, OLED, AI, and WLO. These businesses generate above-average gross margins and are reinforced by meaningful technical barriers and a robust patent portfolio. As these strategic initiatives begin to bear fruit, we expect them to inject strong momentum into our future operations.

Large-sized Display Driver IC Sector

Himax remains committed to strengthening its large-size driver IC portfolio, targeting high-value markets through integrated solutions co-developed with leading panel makers. Looking ahead, we continue to advance our technology roadmap for next-generation displays, aiming to achieve faster data transmission, lower latency, improved power efficiency, and high-speed interfaces for premium and gaming applications. These technological advancements further solidify our competitive positioning despite ongoing price competition from Chinese peers.

In the notebook sector, our focus is on premium models featuring OLED displays and integrated touch functionality. Himax is well positioned to capitalize on these opportunities with a comprehensive portfolio of IC solutions for both LCD and OLED notebooks, including DDICs, TCONs, touch controllers, and TDDI. Multiple projects for OLED displays, as well as gaming monitors and notebooks, are currently underway in collaboration with leading panel makers in Korea and China.

Small and Medium-Sized Display Driver IC Sector

Himax continues to lead the global automotive display driver IC market, holding approximately 40% market share in DDIC, well over half of market share in TDDI, and an even higher share in local dimming TCON. We offer a comprehensive portfolio spanning both mainstream LCD and emerging OLED technologies. With hundreds of design-wins secured across TDDI, DDIC, TCON, and our expanding OLED portfolio, along with a steady influx of new projects, most of which are scheduled for mass production in the coming quarters, our market leadership remains firmly established. Meanwhile, Himax continues to lead automotive display IC innovation by delivering advanced solutions across a broad spectrum of panel technologies, while addressing diverse design requirements and cost targets. For ultra-large touch displays, we introduced the industry's first LTDI solution in 2023, which has since entered mass production in multiple vehicle models. Designed for pillar-to-pillar displays, our LTDI architecture supports multi-chip cascading to enable ultra-high resolution, fast data transmission, and precise touch performance across expansive panels. For smaller displays with form factor and budget constraints, we provide highly integrated single-chip solutions that combine TDDI and local dimming TCON. This approach is an attractive choice for customers, as it can significantly reduce system cost while improving overall power efficiency. Together, these differentiated solutions enable Himax to address the full spectrum of automotive display requirements, from entry-level platforms to flagship smart cockpit systems, while increasing content value per vehicle and reinforcing our long-term market leadership.

In the tablet market, Himax maintains a leading position in LCD technology. We continue to develop next-generation IC solutions for OLED tablets to expand our product portfolio and further enhance our competitive positioning. Meanwhile, we are advancing innovative technologies that enable value-added features such as active stylus support, ultra-slim bezel designs, higher refresh rates, and power-efficient architectures. These advancements position Himax to capture greater semiconductor content in next-generation premium tablets while reinforcing our competitive edge.

[Table of Contents](#)

In the smartphone segment, our OLED driver solution began mass production in early 2026 with a leading panel maker for a major smartphone brand's mainstream model. Meanwhile, as expected, our traditional discrete driver ICs for smartphones and tablets continue to be rapidly replaced by TDDI solutions, in line with ongoing industry migration toward higher integration.

Non-Driver IC Sector

The non-driver category has emerged as our most exciting growth area and a key differentiator for the company. We provide comprehensive solutions, including timing controllers, image processing, WiseEye ultralow power AI sensing, 3D sensing technologies, and optical innovations.

In the timing controller sector, we remain highly optimistic about growth prospects, having strategically positioned ourselves in high-end, value-added segments such as gaming TVs, monitors, low-power notebooks and automotive. In automotive applications, we have dedicated to developing this high-barrier technology for years, building a comprehensive TCON product portfolio and establishing an undisputed leadership position. Local dimming technology plays a critical role in enhancing display contrast to ensure superior visibility across various lighting conditions, while also improving power efficiency, particularly important for large-size displays and EVs. To date, we have secured hundreds of design wins with Tier 1 suppliers and automakers, initially in premium car models, with adoption already expanding into mainstream vehicles. Automotive TCON sales in 2025 grew by approximately 50% year-over-year, and we anticipate continued annual growth as we move into 2026. We expect the TCON segment to serve as a key growth engine for our non-driver IC business moving forward.

In 2016, our non-driver business experienced tremendous growth, primarily driven by LCoS and WLO shipments to a leading AR device customer. WLO shipments saw a significant year-over-year increase in 2018 due to the customer's large-scale adoption across more models. By 2024, we continued fulfilling demand from our anchor customer for legacy products, albeit at a lower volume due to customer's technology migration. That said, WLO technology remains a key enabler in next-generation optical applications. Specifically, WLO technology enhances 3D perception sensing, enabling precise controller-free gesture recognition in VR devices. We began volume production of WLO technology for a leading North American customer in 2023, powering their VR devices with 3D gesture control capabilities. Another major application of WLO is in CPO (Co-Packaged Optics) where we collaborated with our strategic partner, FOCl. Himax continues to make solid progress in collaboration with FOCl and are actively advancing multiple future generations of high-speed optical transmission technologies and advanced CPO architectures in collaboration with the leading global customer and partner. These efforts focus on higher fiber channel density and more sophisticated optical designs to meet the explosive bandwidth demands of HPC and AI applications. These developments highlight the versatility of WLO technology across a wide range of applications, including automotive, consumer, industrial, medical, AR/VR/MR devices, and advanced optical communication technologies.

Himax WiseEye ultralow power AI sensing solution, a cutting-edge endpoint AI integration, features industry-leading ultralow power AI processor, always-on CMOS image sensor, and CNN-based AI algorithm. WiseEye AI stands out with context-aware, on-device AI inferencing that combines industry-leading power efficiency, consuming only a few milliwatts, with a compact form factor and robust, industrial-grade security and pre-trained no-code/low-code AI algorithm, enabling easy deployment across a broad spectrum of applications. This powerful combination not only unlocks advanced AI capabilities in endpoint devices that were once constrained by power and size limitations, but also makes AI more practical and accessible. Building on the success with Dell notebooks, Himax WiseEye AI is continuing to expand its market presence, with additional use cases expected across other leading notebook brands. Additional features are also being developed to address more complex real-world scenarios while preserving exceptional power efficiency and improving user convenience. These include gesture recognition that emulates keyboard inputs, as well as a voice-activated keyword spotting function that enables always-on audio monitoring, performs wake-word detection, and activates the main CPU only when a designated trigger phrase is identified.

WiseEye also continues to achieve market success across various sectors spanning surveillance and access control to smart home, smart retail, and more recently, smart glasses, which the industry widely expects to become the next breakout market. In addition, we also offer ultralow power, plug-and-play WiseEye Modules, featuring no-code/low-code AI platform capabilities, simplifying AI integration and supporting diverse use cases, such as human presence detection, gender and age recognition, gesture recognition, face mesh, voice command, thermal image sensing, pose estimation and more. We are seeing expanding WiseEye modules adoption across a wide range of domains, including leading brands' smart home appliances and various surveillance applications. Notably, our PalmVein module has had a strong design-in pipeline across multiple industries, covering smart access, workforce management, smart door locks, computer monitor and more.

[Table of Contents](#)

WiseEye business is in a good position to enjoy rapid growth for years to come and we believe it will serve as a multi-year structural growth driver for Himax.

In 3D sensing, we provide both total solutions and key components to our customers. Our 3D decoder IC enhances local image processing for face recognition, ensuring advanced and secure authentication. Certified by leading Chinese electronic payment standards, it meets stringent requirements for accurate data decoding, fast operation, and strict privacy protection. Since 2022, it has been adopted by major Chinese e-payment solution providers. We continue to expand our 3D sensing portfolio to address a broad range of applications, including e-payment authentication, access control systems, biomedical inspection equipment, naked-eye 3D displays, eye-tracking, and hand-gesture recognition, reinforcing our presence in high-value 3D sensing markets and driving long-term growth potential.

In our CMOS image sensor business, we continue to supply sensors for webcams and notebook applications while expanding our sensor portfolio to support emerging AI use cases that require continuous, always-on sensing or monitoring with minimal power consumption. We are seeing increasing customer adoption of our AI sensor worldwide across various markets, including notebooks, access control, smart home/office solutions, medical devices, and AIoT applications. Additionally, we are expanding our sensor portfolio into thermal sensing technology through a strategic investment in Obsidian Sensors, Inc. ("Obsidian"), a San Diego-based thermal imaging sensor provider. Obsidian's proprietary high-resolution thermal sensors have the potential to transform the market with their breakthrough low-cost, high-volume production capabilities. Our expansion into thermal sensing complements our existing WiseEye offerings, further broadening our technological reach and strengthening our position in the growing AI-powered sensing market.

Himax has dedicated years of R&D to advancing LCoS technology, focusing on AR goggle devices and automotive AR HUDs. Many industry-leading customers have showcased state-of-the-art products powered by our technology. For AR glasses, Himax's proprietary Front lit LCoS microdisplay achieves an optimal balance among size, weight, power consumption, resolution, and cost, while meeting the stringent optical performance requirements of next-generation see-through AR smart glasses. Currently, Himax is working closely with multiple waveguide partners across China, Europe, Israel, Japan, Taiwan and the U.S., bundling each other's technologies into complete display systems for AR glasses. With over a decade of proven mass production expertise, an ISO-certified liquid crystal assembly line, and more than 4 million units shipped since 2012, Himax's LCoS technology platform has become a trusted solution for AR glasses, automotive AR HUDs, LiDAR, and optical communication applications. For more trend information, see "Item 5.A. Operating and Financial Review and Prospects—Operating Results."

5.E. Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Note 4 to our audited consolidated financial statements contains a description that sets forth information about critical judgments, estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A. Directors and Senior Management

Members of our board of directors may be elected by our directors or our shareholders. Our board of directors consists of five directors, three of whom are independent directors within the meaning of Rule 5605(a)(2) of the Nasdaq Rules. Other than Jordan Wu and Dr. Biing-Seng Wu, who are brothers, there are no family relationships between any of our directors and executive officers. The following table sets forth information regarding our directors and executive officers as of February 28, 2026. Unless otherwise indicated, the positions or titles indicated in the table below refer to Himax Technologies, Inc.

Directors and Executive Officers	Age	Position/Title
Dr. Biing-Seng Wu	68	Chairman of the Board
Jordan Wu	65	President, Chief Executive Officer and Director
Dr. Yan-Kuin Su	77	Director
Yuan-Chuan Horng	74	Director
Dr. Liang-Gee Chen	69	Director
Jessica Pan	56	Chief Financial Officer
Hsien-Chang Tsai	55	Vice President, Sales and Operations

Directors

Dr. Biing-Seng Wu is the chairman of our board of directors. Prior to our reorganization in October 2005, Dr. Wu served as president, chief executive officer and a director of Himax Taiwan. Dr. Wu also served as the vice chairman of the board of directors of CMO prior to its merger with the predecessor of Innolux and TPO. Dr. Wu has been active in the TFT-LCD panel industry with profound experience and is a member of the boards of the Taiwan TFT-LCD Association and the Society for Information Display. Prior to joining CMO in 1998, Dr. Wu was senior director and plant director of Prime View International Co., Ltd., a TFT-LCD panel manufacturer, from 1993 to 1997, and a manager of Thin Film Technology Development at the Electronics Research & Service Organization/Industry Technology Research Institute, or ERSO/ITRI, of Taiwan. Dr. Wu holds a B.S. degree, an M.S. degree and a Ph.D. degree in electrical engineering from National Cheng Kung University. Dr. Wu is the brother of Mr. Jordan Wu, our president and chief executive officer.

Jordan Wu is our president, chief executive officer and director. Prior to our reorganization in October 2005, Mr. Wu served as the chairman of the board of directors of Himax Taiwan, a position which he held since April 2003. Prior to joining Himax Taiwan, Mr. Wu served as chief executive officer of TV Plus Technologies, Inc. and chief financial officer and executive director of DVN Holdings Ltd. in Hong Kong. Prior to that, he was an investment banker at Merrill Lynch (Asia Pacific) Limited, Barclays de Zoete Wedd (Asia) Limited and Baring Securities, based in Hong Kong and Taipei. Mr. Wu holds a B.S. degree in mechanical engineering from National Taiwan University and an M.B.A. degree from the University of Rochester. Mr. Wu is the brother of Dr. Biing-Seng Wu, our chairman.

Dr. Yan-Kuin Su is our director. He stepped down as President of Kun Shan University effective July 31, 2018 and now works as a Chair Professor in the Department of Electrical Engineering. Dr. Su is also a Chair professor Emeritus in the Department of Electrical Engineering, National Cheng Kung University. Dr. Su currently also serves as the Dean of Academy of Innovative Semiconductor and Sustainable Manufacturing at National Cheng Kung University, since August 2022. Dr. Su is devoted to the field of research in semiconductor engineering and devices, optoelectronic devices, and microwave device and integrated circuits. He is a fellow of the OPTICA (formerly OSA) and SPIE. Also, Dr. Su is the life fellow of the Institute of Electrical and Electronics Engineers, or IEEE. Dr. Su holds a B.S. degree and an M.S. degree and a Ph.D. degree in Electrical Engineering from National Cheng Kung University.

Yuan-Chuan Horng is our director. Prior to our reorganization in October 2005, Mr. Horng served as a director of Himax Taiwan from August 2004 to October 2005. Mr. Horng retired from the position of the vice president of the Finance Division of China Steel Corporation, a TWSE-listed Corporation, effective November 30, 2016. During his 40 years of services with China Steel Corporation Group, Mr. Horng held various positions including general manager, assistant vice president and vice president in the Finance Divisions. Mr. Horng currently serves as an independent director of President Securities Corporation, listed on TWSE, since June 2018. Mr. Horng holds a B.A. degree in economics from Soochow University.

[Table of Contents](#)

Dr. Liang-Gee Chen is our director. He now serves as Emeritus Professor of Department of Electrical Engineering, National Taiwan University. Dr. Chen holds a B.S. and M.S. and Ph.D. degree in Electrical Engineering from National Cheng Kung University. Dr. Chen has previously served several roles including as Minister of Ministry of Technology and Science, Deputy Minister of Ministry of Education, Executive Vice President for Academics and Research of NTU, Vice Dean Officer for College of Electrical Engineering and Computer Science of NTU, and President of National Applied Research Laboratories. Dr. Chen has thorough and extensive professional expertise and experience across the industry, government, and academia. He has devoted the Electrical Engineering specificity on VLSI design for Multimedia Processing System. He received the IEEE Fellow in 2001, TWAS Engineering Science Medal in 2010 and Fellow of National Academy of Innovators in 2016.

Other Executive Officers

Jessica Pan (Ming-Feng Pan) is our chief financial officer. Jessica joined Himax in 2006 with over 22 years of experience in finance and accounting. Jessica has played an integral role at Himax on finance, accounting, financial planning and analysis, forecasting and tax, having served as interim Chief Financial Officer from October 2010 to January 2012. Prior to joining Himax, Jessica worked as Assistant Finance Manager for Advanced Semiconductor Engineering, Inc. from 2002 to 2006 and as Auditor at Arthur Andersen LLP in Taiwan from 1998 to 2001. She holds a B.S. degree in Agriculture Chemistry from National Taiwan University and an M.B.A. degree from the State University of New York at Buffalo.

Hsien-Chang Tsai is our vice president in charge of Sales and Operations. Mr. Tsai joined Himax in 2002 as Director of Himax Operation Division initially before serving as Vice President of Himax Display, Inc. where he successfully led the acquisition of Spatial Photonics, Inc. Most recently, he concurrently served as Vice President of Himax Imaging, Ltd. and Vice President of Intelligent Sensing AI Product Center of Himax. Prior to Himax, Mr. Tsai served in the process integration and customer service department of TSMC. Mr. Tsai holds a B.S. degree and M.S. degree in Electrical Engineering from National Taiwan University and an executive M.B.A. degree from National Taiwan University.

6.B. Compensation

For the year ended December 31, 2025, the aggregate cash compensation that we paid to our executive officers was approximately \$1.2 million. The aggregate share-based compensation that we paid to our executive officers was approximately \$0.2 million. In 2025, our Chairman of the Board voluntarily abandon the number of RSUs to be granted proposed by the compensation committee and then compensate other employees. The goal is to provide competitive compensation to our employees. No executive officer is entitled to any severance benefits upon termination of his or her employment with us.

For the year ended December 31, 2025, the aggregate cash compensation that we paid to our independent directors was approximately \$150,000. The aggregate share-based compensation that we paid to our independent directors was nil.

The following table summarizes the RSUs and cash award that we granted in 2025 to our directors and executive officers under our 2011 long-term incentive plan. Each unit of RSU represents two ordinary shares. See “Item 6.D. Directors, Senior Management and Employees—Employees—Share-Based Compensation Plans” for more details regarding our RSU grants.

Name	Total RSUs Granted	Total Cash Award Granted (in thousands)	Ordinary Shares Underlying Vested Portion of RSUs	Ordinary Shares Underlying Unvested Portion of RSUs	Unvested Portion of cash award (in thousands)
Dr. Biing-Seng Wu	—	—	—	—	—
Jordan Wu	5,762	—	2,882	8,642	—
Dr. Yan-Kuin Su	—	—	—	—	—
Yuan-Chuan Horng	—	—	—	—	—
Dr. Liang-Gee Chen	—	—	—	—	—
Jessica Pan	1,387	4	2,774	—	4
Hsien-Chang Tsai	1,387	11	2,774	—	11

6.C. Board Practices

General

Our board of directors consists of five directors, three of whom are independent directors within the meaning of Rule 5605(a)(2) of the Nasdaq Rules. We intend to comply with Rule 5605(b)(1) of the Nasdaq Rules that require boards of U.S. companies to have a board of directors which is comprised of a majority of independent directors. We intend to follow home country practice that permits our independent directors not to hold regularly scheduled meetings at which only independent directors are present in lieu of complying with Rule 5605(b)(2). None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

Committees of the Board of Directors

To enhance our corporate governance, we have established three committees under the board of directors: the audit committee, the compensation committee and the nominating and corporate governance committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee currently consists of Yuan-Chuan Horng, Dr. Yan-Kuin Su and Dr. Liang-Gee Chen. Our board of directors has determined that all of our audit committee members are "independent directors" within the meaning of Rule 5605(a)(2) of the Nasdaq Rules and meet the criteria for independence set forth in Section 10A(m)(3)(B)(i) of the Exchange Act. Our audit committee will oversee our accounting and financial reporting processes and the audits of our financial statements. The audit committee will be responsible for, among other things:

- selecting the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- reviewing and approving all proposed related party transactions, as defined in Item 404 of Regulation SK under the Securities Act;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of significant deficiencies or material weaknesses in internal controls;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- meeting separately and periodically with management and the independent auditors;
- reporting regularly to the board of directors; and
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time.

Compensation Committee. Our current compensation committee consists of Yuan-Chuan Horng, Dr. Yan-Kuin Su and Dr. Liang-Gee Chen. Our compensation committee assists our board of directors in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting where his or her compensation is deliberated. We intend to follow Rule 5605(d)(1)(B) and (2)(B) of the Nasdaq Rules which requires the compensation committees of U.S. companies to be comprised solely of independent directors. The compensation committee will be responsible for, among other things:

- reviewing and making recommendations to our board of directors regarding our compensation policies and forms of compensation provided to our directors and officers;

[Table of Contents](#)

- reviewing and determining bonuses for our officers and other employees;
- reviewing and determining share-based compensation for our directors, officers, employees and consultants;
- administering our equity incentive plans in accordance with the terms thereof; and
- such other matters that are specifically delegated to the compensation committee by our board of directors from time to time.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee assists the board of directors in identifying individuals qualified to be members of our board of directors and in determining the composition of the board and its committees. Our current nominating and corporate governance committee consists of Yuan-Chuan Horng, Dr. Yan-Kuin Su and Dr. Liang-Gee Chen. We intend to follow Rule 5605(c)(1)(B) of the Nasdaq Rules which requires that nominations committees of U.S. companies be comprised solely of independent directors. Our nominating and corporate governance committee will be responsible for, among other things:

- identifying and recommending to our board of directors nominees for election or re-election, or for appointment to fill any vacancy;
- reviewing annually with our board of directors the current composition of our board of directors in light of the characteristics of independence, age, skills, experience and availability of service to us;
- reviewing the continued board membership of a director upon a significant change in such director's principal occupation;
- identifying and recommending to our board of directors the names of directors to serve as members of the audit committee and the compensation committee, as well as the nominating and corporate governance committee itself;
- advising the board periodically with respect to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to our board of directors on all matters of corporate governance and on any corrective action to be taken; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Terms of Directors and Officers

Under Cayman Islands law and our articles of association, each of our directors holds office until a successor has been duly elected or appointed, except where any director was appointed by the board of directors to fill a vacancy on the board of directors or as an addition to the existing board, such director shall hold office until the next annual general meeting of shareholders at which time such director is eligible for re-election. Our directors are subject to periodic retirement and re-election by shareholders in accordance with our articles of association, resulting in their retirement and re-election at staggered intervals. At each annual general meeting, one-third of our directors are subject to retirement by rotation, or if their number is not a multiple of three, the number nearest to one-third but not exceeding one-third shall retire from office. Any retiring director is eligible for re-election. The chairman of our board of directors and/or the managing director will not be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. Under our articles of association, which director will retire at each annual general meeting will be determined as follows: (i) any director who wishes to retire and not offer himself for re-election, (ii) if no director wishes to retire, the director who has been longest in office since his last re-election or appointment, and (iii) if two or more directors have served on the board the longest, then as agreed among the directors themselves or as determined by lot.

6.D. Employees

As of December 31, 2023, 2024 and 2025, we had 2,164, 2,177 and 2,238 employees, respectively. The following is a breakdown of our employees by function as of December 31, 2025:

Function	Number
Research and development ⁽¹⁾	1,444
Engineering and manufacturing ⁽²⁾	307
Sales and marketing ⁽³⁾	339
General and administrative	148
Total	2,238

Notes: (1) Includes semiconductor design engineers, application engineers, assembly and testing engineers and quality control engineers.

(2) Includes manufacturing personnel of Himax Taiwan, Himax Display, Himax IGI and CMVT, our subsidiaries focused on design and manufacturing of WLO and LCoS products.

(3) Includes field application engineers.

Share-Based Compensation Plans

Himax Technologies, Inc. 2005 and 2011 Long-Term Incentive Plan

We adopted two long-term incentive plans in October 2005 and September 2011, however, the 2005 plan was terminated in October 2010. The following description of the plan is intended to be a summary and does not describe all provisions of the plan.

Purpose of the Plan. The purpose of the plan is to advance our interests and those of our shareholders by:

- providing the opportunity for our employees, directors and service providers to develop a sense of proprietorship and personal involvement in our development and financial success and to devote their best efforts to our business; and
- providing us with a means through which we may attract able individuals to become our employees or to serve as our directors or service providers and providing us a means whereby those individuals, upon whom the responsibilities of our successful administration and management are of importance, can acquire and maintain share ownership, thereby strengthening their concern for our welfare.

Type of Awards. The plan provides for the grant of stock options and restricted share units.

Duration. Generally, the plan will terminate five years from the effective date of the plan. But, the amended and restated 2011 Plan was 4th amended and restated by extending its duration for five (5) years to September 6, 2030, which was approved by our shareholders at the annual general meeting held on August 13, 2025. After the plan is terminated, no awards may be granted, but any award previously granted will remain outstanding in accordance with the plan.

Administration. The plan is administered by the compensation committee of our board of directors or any other committee designated by our board to administer the plan. Committee members will be appointed from time to time by, and will serve at the discretion of, our board. The committee has full power and authority to interpret the terms and intent of the plan or any agreement or document in connection with the plan, determine eligibility for awards and adopt such rules, regulations, forms, instruments and guidelines for administering the plan. The committee may delegate its duties or powers.

Number of Authorized Shares. We have authorized a maximum issuance of 36,153,854 shares in the 2005 plan and 20,000,000 shares in the 2011 plan, and the 2005 plan was terminated in October 2010. As of the date of this annual report, there were no stock options or restricted share units outstanding under the plan except as described under “—Stock Options” and “—Restricted Share Units.”

[Table of Contents](#)

Eligibility and Participation. All of our employees, directors and service providers are eligible to participate in the plan. The committee may select from all eligible individuals those individuals to whom awards will be granted and will determine the nature of any and all terms permissible by law and the amount of each award.

Stock Options. The committee may grant options to participants in such number, upon such terms and at any time as it determines. Each option grant will be evidenced by an award document that will specify the exercise price, the maximum duration of the option, the number of shares to which the option pertains, conditions upon which the option will become vested and exercisable and such other provisions which are not inconsistent with the plan.

The exercise price for each option will be:

- based on 100% of the fair market value of the shares on the date of grant;
- set at a premium to the fair market value of the shares on the date of grant; or
- indexed to the fair market value of the shares on the date of grant, with the committee determining the index.

The exercise price on the date of grant must be at least equal to 100% of the fair market value of the shares on the date of grant.

Each option will expire at such time as the committee determines at the time of its grant; however, no option will be exercisable later than the 10th anniversary of its grant date. Notwithstanding the foregoing, for options granted to participants outside the United States, the committee can set options that have terms greater than ten years.

Options will be exercisable at such times and be subject to such terms and conditions as the committee approves. A condition of the delivery of shares as to which an option will be exercised will be the payment of the exercise price. Subject to any governing rules or regulations, as soon as practicable after receipt of written notification of exercise and full payment, we will deliver to the participant evidence of book-entry shares or, upon his or her request, share certificates in an appropriate amount based on the number of shares purchased under the option(s). The committee may impose such restrictions on any shares acquired pursuant to the exercise of an option as it may deem advisable.

Each participant's award document will set forth the extent to which he or she will have the right to exercise the options following termination of his or her employment or services.

Restricted Share Units. The committee may grant restricted share units to participants. Each grant will be evidenced by an award document that will specify the period(s) of restriction, the number of restricted share units granted and such other provisions as the committee determines.

Generally, restricted share units will become freely transferable after all conditions and restrictions applicable to such shares have been satisfied or lapse and restricted share units will be paid in cash, shares or a combination of the two, as determined by the committee.

The committee may impose such other conditions or restrictions on any restricted share units as it may deem advisable, including a requirement that participants pay a stipulated purchase price for each restricted share unit, restrictions based upon the achievement of specific performance goals and time-based restrictions on vesting.

A participant will have no voting rights with respect to any restricted share units.

Each award document will set forth the extent to which the participant will have the right to retain restricted share units following termination of his or her employment or services.

We made grants of 1,402,714 RSUs to our employees on September 28, 2020. The vesting schedule for such RSU grants is as follows: 98.68% of the RSU grants vested immediately and were settled by cash in the amount of \$4.8 million on the grant date, with the remainder vesting equally on each of September 30, 2021, 2022 and 2023, which will be settled by our ordinary shares, subject to certain forfeiture events.

[Table of Contents](#)

We made grants of 2,604,545 RSUs to our employees on September 28, 2021. The vesting schedule for such RSU grants is as follows: 85.63% of the RSU grants vested immediately and were settled by cash in the amount of \$23.2 million on the grant date, with the remainder vesting equally on each of September 30, 2022, 2023 and 2024, which will be settled by our ordinary shares, subject to certain forfeiture events.

We made grants of 3,987,509 RSUs to our employees on September 28, 2022. The vesting schedule for such RSU grants is as follows: 86.41% of the RSU grants vested immediately and were settled by cash in the amount of \$17.5 million on the grant date, with the remainder vesting equally on each of September 30, 2023, 2024 and 2025, which will be settled by our ordinary shares, subject to certain forfeiture events.

We made grants of 1,710,607 RSUs to our employees on September 26, 2023. The vesting schedule for such RSU grants is as follows: 97.45% of the RSU grants vested immediately and were settled by cash in the amount of \$9.5 million on the grant date, with the remainder vesting equally on each of September 30, 2024, 2025 and 2026, which will be settled by our ordinary shares, subject to certain forfeiture events.

We made grants of 2,014,386 RSUs to our employees on September 26, 2024. The vesting schedule for such RSU grants is as follows: 96.76% of the RSU grants vested immediately and were settled by cash in the amount of \$11.1 million on the grant date, with the remainder vesting equally on each of September 30, 2025, 2026 and 2027, which will be settled by our ordinary shares, subject to certain forfeiture events.

We made grants of 862,516 RSUs to our employees on September 25, 2025. The vesting schedule for such RSU grants is as follows: 98.74% of the RSU grants vested immediately and were settled by cash in the amount of \$7.4 million on the grant date, with the remainder vesting equally on each of September 30, 2026, 2027 and 2028, which will be settled by our ordinary shares, subject to certain forfeiture events.

Dividend Equivalents. Any participant selected by the committee may be granted dividend equivalents based on the dividends declared on shares that are subject to any award, to be credited as of dividend payment dates, during the period between the date the award is granted and the date the award is exercised, vests or expires, as determined by the committee. Dividend equivalents will be converted to cash or additional shares by such formula and at such time and subject to such limitations as determined by the committee.

On November 9, 2022, the Company's compensation committee made the unvested RSUs generally include forfeitable dividend-equivalent rights, which entitle holders of RSUs to the same dividend value per share as holders of common stock. The dividend-equivalent rights are subject to the same vesting and other terms and conditions as the underlying RSUs.

Transferability of Awards. Generally, awards cannot be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.

Adjustments in Authorized Shares. In the event of any of the corporate events or transactions described in the plan, to avoid any unintended enlargement or dilution of benefits, the committee has the sole discretion to substitute or adjust the number and kind of shares that can be issued or otherwise delivered.

Forfeiture Events. The committee may specify in an award document that the participant's rights, payments and benefits with respect to an award will be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an award.

If we are required to prepare an accounting restatement owing to our material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws, then if the participant is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, the participant will reimburse us the amount of any payment in settlement of an award earned or accrued during the twelve-month period following the first public issuance or filing with the SEC (whichever first occurred) of the financial document embodying such financial reporting requirement.

Amendment and Termination. Subject to, and except as, provided in the plan, the committee has the sole discretion to alter, amend, modify, suspend, or terminate the plan and any award document in whole or in part. Amendments to the plan are subject to shareholder approval, to the extent required by law, or by stock exchange rules or regulations.

6.E. Share Ownership

The following table sets forth the beneficial ownership of our ordinary shares, as of February 28, 2026, by each of our directors and executive officers. Beneficial ownership is determined in accordance with the rules and regulations of the SEC.

Name	Number of Shares Owned	Percentage of Shares Owned
Dr. Biing-Seng Wu	76,904,468	22.0 %
Jordan Wu	7,572,035	2.2 %
Dr. Yan-Kuin Su	—	—
Yuan-Chuan Horng	916,104	0.3 %
Dr. Liang-Gee Chen	—	—
Jessica Pan	125,456	0.04 %
Hsien-Chang Tsai	2	—

None of our directors or executive officers has voting rights different from those of other shareholders.

6.F. Disclosure of a registrant's action to recover erroneously awarded compensation

There was no erroneously awarded compensation that was required to be recovered pursuant to our Compensation Clawback Policy during the fiscal year ended December 31, 2025.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A. Major Shareholders

On August 10, 2009, we effected certain changes in our capital stock structure in order to meet the Taiwan Stock Exchange's primary listing requirement that the par value of shares be NT\$10 or \$0.3 per share and in order to increase the number of outstanding ordinary shares to be listed on the Taiwan Stock Exchange. In particular, we increased our authorized share capital from \$50,000 (divided into 500,000,000 shares of par value \$0.0001 each) to \$300,000,000 (divided into 3,000,000,000,000 shares of par value \$0.0001 each) and distributed 5,999 bonus shares for each share of par value \$0.0001 held by shareholders of record as of August 7, 2009. These were followed by a consolidation of every 3,000 shares of par value \$0.0001 each into one ordinary share of par value \$0.3 each. As a result, the number of ordinary shares outstanding was doubled and each of our ordinary shares had a par value of \$0.3.

In connection with the above changes, we also changed our ADS ratio effective August 10, 2009 from one ADS representing one ordinary share to one ADS representing two ordinary shares. Such change in ADS ratio was intended to adjust for the net dilutive effect due to the bonus shares distribution and the shares consolidation so that each ADS would represent the same percentage ownership in our share capital immediately before and after the above changes. The number of ADSs also remained the same immediately before and after the above changes.

As of February 28, 2026, 348,851,828 of our shares were outstanding. We believe that, of such shares, 208,157,284 shares in the form of ADSs were registered in the name of a nominee of JPMorgan Chase Bank, N.A., the depository under our ADS deposit agreement. JPMorgan Chase Bank, N.A., advised us that, as of February 28, 2026, 104,078,642 ADSs, representing 208,157,284 common shares, were held of record by Cede & Co. and 11 other registered shareholders domiciled in and outside of the United States. We have no further information as to common shares held, or beneficially owned, by U.S. persons.

[Table of Contents](#)

The following table sets forth information known to us with respect to the beneficial ownership of our shares as of February 28, 2026, the most recent practicable date, by (i) each shareholder known by us to beneficially own more than 5% of our shares and (ii) all directors and executive officers as a group.

Name of Beneficial Owner	Number of Shares Beneficially Owned ⁽³⁾	Percentage of Shares Beneficially Owned ⁽³⁾
Dr. Biing-Seng Wu ⁽¹⁾	76,904,468	22.0 %
Whei-Lan Teng ⁽²⁾	22,847,370	6.5 %
All directors and executive officers as a group ⁽³⁾	85,518,065	24.5 %

Note: (1) Dr. Biing-Seng Wu directly owns 315,322 ordinary shares. Dr. Biing-Seng Wu beneficially owns (a) 56,549,308 ordinary shares through Sanfair Asia Investments Ltd., a wholly owned subsidiary of Taxus Technology Investment Pte. Ltd. and (b) 20,039,838 ordinary shares through Chi-Duan Investment Co. Ltd. All of the three entities are investment companies controlled by Biing-Seng Wu. Accordingly, Dr. Biing-Seng Wu may be deemed to beneficially own an aggregate of 76,904,468 ordinary shares, representing approximately 22.0% of the outstanding ordinary shares.

(2) Whei-Lan Teng beneficially owns 5,434,918 ordinary shares through Renmar Finance Limited, a wholly owned subsidiary of Pleione Technology Investment Pte. Ltd. Both of the entities are investment companies controlled by Whei-Lan Teng. In addition, Whei-Lan Teng, may be attributed beneficial ownership of 17,412,452 ordinary shares held in trust by Corenmar Investment Limited for the benefit of her children. Whei-Lan Teng therefore may be deemed to have shared power to vote or dispose of 22,847,370 ordinary shares. Accordingly, Whei-Lan Teng may be deemed to beneficially own an aggregate of 22,847,370 ordinary shares, representing approximately 6.5% of the outstanding ordinary shares.

(3) Numbers of shares beneficially owned by all directors and executive officers as a group already include an aggregate of 76,904,468 ordinary shares beneficially owned by Dr. Biing-Seng Wu.

None of our major shareholders has voting rights different from those of other shareholders. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

7.B. Related Party Transactions

Cheng Mei Materials Technology Corporation (CMMT)

CMMT is an equity method investor of CMVT. However, CMMT resigned as a legal director and then lost significant influence on CM Visual Technology Corp. from June 25, 2024. In 2023, 2024 and 2025, the purchase of raw materials from CMMT was \$1.3 million, nil and nil, respectively. As of December 31, 2025, the related payable resulting from the purchase of raw materials were nil.

7.C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

8.A. Consolidated Statements and Other Financial Information

8.A.1. See “Item 18. Financial Statements” for our audited consolidated financial statements.

8.A.2. See “Item 18. Financial Statements” for our audited consolidated financial statements, which cover the last three financial years.

8.A.3. See page F-2 for the report of our independent registered public accounting firm.

8.A.4. Not applicable.

8.A.5. Not applicable.

8.A.6. See Note 28 to our audited consolidated financial statements included in “Item 18. Financial Statements.”

8.A.7. *Litigation*

We may be subject to legal proceedings, investigations and claims relating to the conduct of our business from time to time. We may also initiate legal proceedings in order to protect our contractual and property rights. However, as of the date of this annual report, we are not currently a party to, nor are we aware of, any legal proceeding, investigation or claim which, in the opinion of our management, is likely to have a material adverse effect on our business, financial condition or results of operations.

8.A.8. *Dividends and Dividend Policy*

Subject to the Cayman Islands Companies Law, we may declare dividends in any currency, but no dividend may be declared in excess of the amount recommended by our board of directors. Whether our board of directors recommends any dividends and the form, frequency and amount of dividends, if any, will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors as the board of directors may deem relevant.

On June 27, 2008, we paid a cash dividend in the amount of \$66.8 million, or the equivalent of \$0.350 per ADS. In 2009, we paid a cash dividend on June 29, 2009 in the amount of \$55.5 million, or the equivalent of \$0.300 per ADS, and distributed a stock dividend on August 10, 2009 of 5,999 ordinary shares of par value \$0.0001 for each ordinary share of par value \$0.0001 held by shareholders of record as of August 7, 2009. On August 13, 2010, we paid a cash dividend in the amount of \$44.1 million, or the equivalent of \$0.250 per ADS. On July 20, 2011, we paid a cash dividend in the amount of \$21.2 million, or the equivalent of \$0.120 per ADS. On July 25, 2012, we paid a cash dividend in the amount of \$10.7 million, or the equivalent of \$0.063 per ADS. On July 31, 2013, we paid a cash dividend in the amount of \$42.4 million, or the equivalent of \$0.250 per ADS. On July 23, 2014, we paid a cash dividend in the amount of \$46.0 million, or the equivalent of \$0.270 per ADS. On July 8, 2015, we paid a cash dividend in the amount of \$51.4 million, or the equivalent of \$0.300 per ADS. On August 3, 2016, we paid a cash dividend in the amount of \$22.3 million, or the equivalent of \$0.130 per ADS. On August 14, 2017, we paid a cash dividend in the amount of \$41.3 million, or the equivalent of \$0.240 per ADS. On July 31, 2018, we paid a cash dividend in the amount of \$17.2 million, or the equivalent of \$0.10 per ADS. On July 12, 2021, we paid a cash dividend in the amount of \$47.4 million, or the equivalent of \$0.272 per ADS. On July 12, 2022, we paid a cash dividend in the amount of \$217.9 million, or the equivalent of \$1.25 per ADS. On July 12, 2023, we paid a cash dividend in the amount of \$83.7 million, or the equivalent of \$0.48 per ADS. On July 12, 2024, we paid a cash dividend in the amount of \$50.7 million, or the equivalent of \$0.29 per ADS. On July 11, 2025, we paid a cash dividend in the amount of \$64.5 million, or the equivalent of \$0.37 per ADS. For more information on the stock dividend distribution, see “Item 7.A. Major Shareholders and Related Party Transactions—Major Shareholders.” The dividends for any of these years should not be considered representative of the dividends that would be paid in any future periods or of our dividend policy.

Our ability to pay cash or stock dividends will depend, at least partially, upon the amount of funds received by us from our direct and indirect subsidiaries, which must comply with the laws and regulations of their respective countries and respective articles of association. We receive cash from Himax Taiwan through intercompany borrowings. Himax Taiwan has not paid us cash dividends in the past. In accordance with amended ROC Company Act and regulations and Himax Taiwan’s amended articles of incorporation, Himax Taiwan is permitted to distribute dividends after allowances have been made for:

- payment of taxes;
- recovery of prior years’ deficits, if any;
- legal reserve (in an amount equal to 10% of annual profits after having deducted the above items until such time as its legal reserve equals the amount of its total paid-in capital);
- special reserve based on relevant laws or regulations, or retained earnings, if necessary; and
- dividends for preferred shares, if any.

[Table of Contents](#)

Furthermore, if Himax Taiwan does not generate any profits for any year as determined in accordance with generally accepted accounting principles in Taiwan, it generally may not distribute dividends for that year.

Any dividend we declare will be paid to the holders of ADSs, subject to the terms of the deposit agreement, to the same extent as holders of our ordinary shares, to the extent permitted by applicable laws and regulations, less the fees and expenses payable under the deposit agreement. Any dividend we declare will be distributed by the depository bank to the holders of our ADSs. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

8.B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of the annual financial statements.

ITEM 9. THE OFFER AND LISTING

9.A. Offer and Listing Details

Our ADSs have been quoted on the NASDAQ Global Select Market under the symbol “HIMX” since March 31, 2006.

9.B. Plan of Distribution

Not applicable.

9.C. Markets

The principal trading market for our shares is the NASDAQ Global Select Market, on which our shares are traded in the form of ADSs.

9.D. Selling Shareholders

Not applicable.

9.E. Dilution

Not applicable.

9.F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10.A. Share Capital

Not applicable.

10.B. Memorandum and Articles of Association

Our shareholders previously adopted the Amended and Restated Memorandum of Association on September 26, 2005 by a special resolution passed by the sole shareholder of our company and the Amended and Restated Articles of Association at an extraordinary shareholder meeting held on October 25, 2005, both of which were filed as an exhibit to our registration statement on Form F-1 (file no. 333-132372) with the SEC on March 13, 2006.

[Table of Contents](#)

At our annual general meeting on August 6, 2009, our shareholders adopted the Second Amended and Restated Memorandum and Articles of Association, which became effective on August 10, 2009 and were filed as exhibits to our current report on Form 6-K with the SEC on July 13, 2009. These were adopted primarily in connection with our proposed Taiwan listing to meet the Taiwan Stock Exchange's primary listing requirement concerning protection of material shareholders' rights under the ROC's Company Act and Securities Exchange Act. At the same time, our shareholders also adopted the Third Amended and Restated Memorandum and Articles of Association, which were filed as an exhibit to our annual report on Form 20-F for the fiscal year ended December 31, 2009 with the SEC on June 3, 2010 and are substantially the same as the Amended and Restated Memorandum and Articles of Association of our company except that our authorized share capital is stated to be \$300,000,000 divided into 1,000,000,000 shares of nominal or par value of \$0.3 each, on the condition that it shall become effective if the application made by our company to list its ordinary shares on the Taiwan Stock Exchange is rejected or aborted. On May 20, 2010, the Third Amended and Restated Memorandum and Articles of Association became effective as a result of the termination of our primary listing application to the Taiwan Stock Exchange.

We incorporate by reference into this annual report the description of our Amended and Restated Memorandum and Articles of Association (except for provisions relating to our authorized share capital) contained in our [F-1 registration statement \(File No. 333-132372\) filed with the SEC on March 13, 2006](#). Such description sets forth a summary of certain provisions of our memorandum and articles of association as currently in effect, which is qualified in its entirety by reference to the full text of the Third Amended and Restated Memorandum and Articles of Association. As of the date of this annual report, our authorized share capital is \$300,000,000 divided into 1,000,000,000 shares of nominal or par value of \$0.3 each.

10.C. Material Contracts

We are not currently, and have not been in the last two years, party to any material contract, other than contracts entered into the ordinary course of business.

10.D. Exchange Controls

We have extracted from publicly available documents the information presented in this section. The information below may be applicable because our wholly owned operating subsidiary, Himax Taiwan, is incorporated in the ROC. Please note that citizens of the PRC and entities organized in the PRC are subject to special ROC laws, rules and regulations, which are not discussed in this section.

The ROC's Foreign Exchange Control Statute and regulations provide that all foreign exchange transactions must be executed by banks designated to handle foreign exchange transactions by the Central Bank of the ROC. There is an annual limit on the amount of currency a Taiwanese entity may convert into, or out of, NT dollars other than for trade purposes. Current regulations favor trade-related foreign exchange transactions.

With regard to inward and outward remittances (foreign exchange purchased or sold), approval by the Central Bank of the ROC is generally required for any conversion exceeding, in aggregate in each calendar year, \$100 million (and/or its equivalent settlement) for companies and \$10 million (and/or its equivalent settlement) for Taiwanese citizen adulthood and long term 1 year-valid resident permit of foreign individuals adulthood. A requirement is also imposed on all private enterprises to report all medium- and long-term foreign debt with the Central Bank of the ROC.

In addition, a foreign person without an alien resident card or an unrecognized foreign entity may remit to and from Taiwan foreign currencies of up to \$100,000 per remittance if required documentation is provided to the ROC authorities. This limit applies only to remittances involving a conversion between NT dollars and U.S. dollars or other foreign currencies.

10.E. Taxation

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation, and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within the jurisdiction of, the Cayman Islands. The Cayman Islands is not party to any double tax treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands.

[Table of Contents](#)

We have, pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, obtained an undertaking from the Governor-in-Council that:

- (a) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income or gains or appreciations shall apply to us or our operations;
- (b) the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on our ordinary shares, debentures or other obligations.

Another undertaking that we have obtained is for a period of 20 years from May 12, 2025.

United States Federal Income Taxation

The following is a description of material U.S. federal income tax consequences to the U.S. Holders described below of owning and disposing of ordinary shares or ADSs, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person's decision to hold the securities. This discussion applies only to a U.S. Holder that holds ordinary shares or ADSs as capital assets for U.S. federal income tax purposes. This discussion does not address any aspect of the "Medicare contributions tax" on "net investment income." In addition, it does not describe all of the tax consequences that may be relevant in light of the U.S. Holder's particular circumstances, including alternative minimum tax consequences and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities who use a mark-to-market method of tax accounting;
- persons holding ordinary shares or ADSs as part of a hedging transaction, straddle, wash sale, conversion transaction or integrated transaction or persons entering into a constructive sale with respect to the ordinary shares or ADSs;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes;
- tax-exempt entities, including "individual retirement accounts" or "Roth IRAs";
- persons that own or are deemed to own ten percent or more of our voting stock; or
- persons holding ordinary shares or ADSs in connection with a trade or business conducted outside of the United States.

If an entity that is classified as a partnership for U.S. federal income tax purposes owns ordinary shares or ADSs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding ordinary shares or ADSs and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of owning and disposing of the ordinary shares or ADSs.

This discussion is based on the Internal Revenue Code of 1986, as amended, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date hereof. These laws are subject to change, possibly on a retroactive basis. It is also based in part on representations by the depositary and assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with its terms. You should consult your tax adviser concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of ordinary shares or ADSs in your particular circumstances.

As used herein, a "U.S. Holder" is a person that is, for U.S. federal tax purposes, a beneficial owner of ordinary shares or ADSs and is: (i) a citizen or resident of the United States; (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or any political subdivision thereof; or (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

[Table of Contents](#)

In general, a U.S. Holder of ADSs will be treated for U.S. federal income tax purposes as the owner of the underlying ordinary shares represented by those ADSs. Accordingly, no gain or loss will be recognized if a U.S. Holder exchanges ADSs for the underlying ordinary shares represented by those ADSs.

The U.S. Treasury has expressed concerns that parties to whom American depositary shares are released before delivery of shares to the depositary (“pre-release”) may be taking actions that are inconsistent with the claiming of foreign tax credits for U.S. holders of American depositary shares. Such actions would also be inconsistent with the claiming of the preferred rates of tax, described below, applicable to dividends received by certain non-corporate U.S. holders. Accordingly, the availability of the preferential tax rates for dividends received by certain non-corporate U.S. Holders, described below, could be affected by actions taken by parties to whom ADSs are pre-released.

This discussion assumes that we are not, and will not become, a passive foreign investment company (as discussed below).

Taxation of Distributions

Distributions received by U.S. Holders with respect to the ordinary shares or ADSs, other than certain *pro rata* distributions of ordinary shares, will constitute foreign-source dividend income for U.S. federal income tax purposes to the extent paid out of our current or accumulated earnings and profits, as determined in accordance with U.S. federal income tax principles. We do not maintain records of earnings and profits in accordance with U.S. federal income tax principles, and therefore it is expected that distributions will generally be reported to U.S. Holders as dividends. Dividends will be included in a U.S. Holder’s income on the date of the U.S. Holder’s (or in the case of ADSs, the depositary’s) receipt of the dividends. Subject to applicable limitations and the discussion above regarding concerns expressed by the U.S. Treasury, certain dividends paid by qualified foreign corporations to certain non-corporate holders may be taxable at preferential tax rates applicable to long-term capital gains. A foreign corporation is treated as a qualified foreign corporation with respect to dividends paid on stock that is readily tradable on a securities market in the United States, such as the NASDAQ Global Select Market, where our ADSs are traded. Our ordinary shares are not traded on a securities market in the United States. Non-corporate U.S. Holders of our ordinary shares or ADSs should consult their tax advisers regarding their eligibility for taxation at such preferential rates and whether they are subject to any special rules that limit their ability to be taxed at such preferential rates. Corporate U.S. Holders will not be entitled to claim the dividends-received deduction with respect to dividends paid by us.

Sale and Other Disposition of Ordinary Shares or ADSs

A U.S. Holder will generally recognize U.S.-source capital gain or loss for U.S. federal income tax purposes on the sale or other disposition of ordinary shares or ADSs, which will be long-term capital gain or loss if the ordinary shares or ADSs were held for more than one year. Long-term capital gains of certain non-corporate U.S. Holders may be taxable at preferential rates. The amount of gain or loss will be equal to the difference between the amount realized on the sale or other disposition and the U.S. Holder’s tax basis in the ordinary shares or ADSs. The deductibility of capital losses is subject to limitations.

Passive Foreign Investment Company Rules

We believe that we were not a passive foreign investment company (a “PFIC”) for U.S. federal income tax purposes for our taxable year ended December 31, 2025.

In general, a non-U.S. company will be a PFIC for U.S. federal income tax purposes for any taxable year in which (i) 75% or more of its gross income consists of passive income (such as dividends, interest, rents and royalties) or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income (including cash). If a corporation owns at least 25% (by value) of the stock of another corporation, the corporation will be treated, for purposes of the PFIC tests, as owning its proportionate share of the 25%-owned subsidiary’s assets and receiving its proportionate share of the 25%-owned subsidiary’s income. As PFIC status depends upon the composition of our income and assets and the value of our assets from time to time (and the value of our assets may be determined, in part, based on the market price of our shares and ADSs, which may fluctuate considerably from time to time given that market prices of certain technology companies historically have been volatile), there can be no assurance that we will not be a PFIC for any taxable year.

[Table of Contents](#)

If we were a PFIC for any taxable year during which a U.S. Holder held ordinary shares or ADSs, certain adverse U.S. federal income tax rules would apply on a sale or other disposition (including a pledge) of ordinary shares or ADSs by the U.S. Holder. In general, under those rules, gain recognized by the U.S. Holder on a sale or other disposition of ordinary shares or ADSs would be allocated ratably over the U.S. Holder's holding period for the ordinary shares or ADSs. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the tax attributable to such allocated amounts. Similar rules would apply to any distribution in respect of ordinary shares or ADSs to the extent in excess of 125% of the average of the annual distributions on ordinary shares or ADSs received by the U.S. Holder during the preceding three years or the U.S. Holder's holding period, whichever is shorter. Certain elections may be available that would result in alternative treatments (such as a mark-to-market treatment of the ADSs). U.S. Holders should consult their tax advisers to determine whether any of these elections would be available and, if so, what the consequences of the alternative treatments would be in their particular circumstances.

If we were a PFIC in a taxable year in which we pay a dividend or in the prior taxable year, the preferential tax rates discussed above with respect to dividends received by certain non-corporate U.S. Holders would not apply.

In addition, if a U.S. Holder owns ordinary shares or ADSs during any year in which we are a PFIC, the U.S. Holder may be required to file certain information reports, containing such information as the U.S. Treasury may require.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless the U.S. Holder is an exempt recipient or, in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

10.F. Dividends and Paying Agents

Not applicable.

10.G. Statement by Experts

Not applicable.

10.H. Documents on Display

It is possible to read and copy documents referred to in this annual report that have been filed with the SEC at the SEC's public reference rooms in Washington, D.C., New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the reference rooms.

10.I. Subsidiary Information

Not applicable.

10.J. Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk. Our exposure to interest rate risk for changes in interest rates is primarily the interest income generated by our cash deposited with banks. In addition, we are exposed to interest rate risks related to bank borrowings.

Foreign Exchange Risk. The U.S. dollar is our reporting currency. The U.S. dollar is also the functional currency for the majority of our operations. In 2025, more than 98% of our sales and cost of revenues were denominated in U.S. dollars. However, in December 2025 approximately 63% of our operating expenses were denominated in NT dollars, with a small percentage denominated in Japanese Yen, Korean Won and Chinese Renminbi, and the majority of the remainder denominated in U.S. dollars. We anticipate that we will continue to conduct substantially all of our sales in U.S. dollars. We do not believe that we have a material currency risk with regard to the NT dollar. We believe the majority of any potential adverse foreign currency exchange impacts on our operating assets may be offset by a potential favorable foreign currency exchange impact on our operating liabilities. From time to time, we have engaged in, and may continue to engage in, forward contracts to hedge against our foreign currency exposure.

As of December 31, 2025, no foreign currency exchange contracts are outstanding.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

12.A. Debt Securities

Not applicable.

12.B. Warrants and Rights

Not applicable.

12.C. Other Securities

Not applicable.

12.D. American Depositary Shares

Fees and Charges Payable by ADS Holders

Persons depositing or withdrawing shares or ADS holders must pay:	For:
\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property
	Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
\$0.05 (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for the issuance of ADSs	Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADS holders
\$0.05 (or less) per ADS per calendar year	Depositary services
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement) converting foreign currency to U.S. dollars
Taxes and other governmental charges that the depositary or custodian have to pay on any ADS or share underlying an ADS, e.g., stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse and/or share revenue from the fees collected from ADS holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the ADS program. In performing its duties under the deposit agreement, the depositary may use brokers, dealers or other service providers that are affiliates of the depositary and that may earn or share fees or commissions.

Fees and Other Payments from the Depositary to Us

In 2025, we received \$0.6 million netting of 30% withholding tax from the depositary relating to the ADR program. The payment from the depositary would be intended to cover certain of our expenses incurred in relation to the ADR program for the year, including:

- legal, audit and other fees incurred in connection with preparation of Form 20-F and annual reports and ongoing SEC compliance and listing requirements;

[Table of Contents](#)

- director and officer insurance;
- stock exchange listing fees;
- non-deal roadshow expenses;
- costs incurred by financial printer and share certificate printer;
- postage for communications to ADR holders;
- costs of retaining third-party public relations, investor relations and/or corporate communications advisory firms in the U.S.; and
- costs incurred in connection with participation in retail investor shows and capital markets days.

Appointment of New Depositary Bank

On July 14, 2017, we appointed JPMorgan Chase Bank, N.A. as our new American depositary receipt bank. Effective the same day, our ADR program was officially transferred to JPMorgan Chase Bank, N.A. for a contract term of ten years.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our chief executive officer and chief financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, have concluded that based on the evaluation of these controls and procedures required by Rule 13a-15(b) of the Exchange Act, our disclosure controls and procedures are effective.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards as issued by the IASB.

Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets;
- provide reasonable assurance that our transactions are recorded as necessary to permit preparation of our financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and that our receipts and expenditures are being made only in accordance with authorizations of our management and our directors; and

[Table of Contents](#)

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of internal control effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, with the participation of our chief executive and chief financial officers, assessed the effectiveness of our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) as of December 31, 2025 based on the criteria set forth in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the assessment, our management believes that our internal control over financial reporting was effective as of December 31, 2025.

Attestation Report of the Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Himax Technologies, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Himax Technologies, Inc. and subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated statements of financial position of the Company as of December 31, 2024 and 2025, the related consolidated statements of profit or loss, other comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2025, and the related notes (collectively, the "consolidated financial statements"), and our report dated March 27, 2026 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG
Hsinchu, Taiwan
March 27, 2026

Changes in Internal Control over Financial Reporting

In 2025, no change in our internal control over financial reporting has occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

16.A. Audit Committee Financial Expert

Our board of directors has determined that Yuan-Chuan Horng is an audit committee financial expert, as that term is defined in Item 16A(b) of Form 20-F and is independent for the purposes of Rule 5605(a)(2) of the Nasdaq Rules and Rule 10A-3 of the Exchange Act.

16.B. Code of Ethics

Our board of directors has adopted a code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller and any other persons who perform similar functions for us. We will provide a copy of our code of business conduct and ethics without charge upon written request to:

Himax Technologies, Inc.
Human Resources Department
No. 26, Zilian Road, Xinshi District, Tainan City 744092
Taiwan, Republic of China

16.C. Principal Accountant Fees and Services

KPMG, our independent registered public accounting firm, began serving as our independent auditor upon the formation of our company in 2001.

Our audit committee is responsible for the oversight of KPMG's work. The policy of our audit committee is to pre-approve all audit and non-audit services provided by KPMG, including audit services, audit-related services, tax services and other services.

We paid the following fees for professional services to KPMG for the years ended December 31, 2024 and 2025.

Services	Year ended December 31,	
	2024	2025
Audit Fees ⁽¹⁾	\$ 798,000	\$ 806,000
Tax Fees ⁽²⁾	31,000	—
All Other Fees ⁽³⁾	7,000	—
Total	\$ 836,000	\$ 806,000

Note: (1) Audit Fees. This category includes the audit of our annual consolidated financial statements and internal control over financial reporting, quarterly review procedures, services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements for those fiscal years. This category also includes statutory audits required by the Tax Bureau of the ROC.

(2) Tax Fees. This category consists of fees in relation to transfer pricing reports and tax compliance status.

(3) All Other Fees. This category consists of fees in relation to audit of conflict mineral report.

16.D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

16.E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

On November 1, 2007, our board of directors authorized a share buyback program allowing us to repurchase up to \$40.0 million of our ADSs in the open market or through privately negotiated transactions. We concluded this share buyback program in the first quarter of 2008 and repurchased a total of approximately \$33.1 million of our ADSs (equivalent to approximately 7.7 million ADSs) from the open market.

On November 14, 2008, our board of directors authorized another share buyback program allowing us to repurchase up to \$50.0 million of our ADSs in the open market or through privately negotiated transactions. We concluded this share buyback program in the third quarter of 2010 and repurchased a total of approximately \$50.0 million of our ADSs (approximately 19.3 million ADSs) under this program from the open market.

In April 2011, the Companies Law of the Cayman Islands was amended to permit treasury shares if so approved by the board of directors and to the extent that the articles do not prohibit treasury shares. Therefore, we would hold the treasury shares for future employee awards.

On June 20, 2011, our board of directors authorized another share buyback program allowing us to repurchase up to \$25.0 million of our ADSs in the open market or through privately negotiated transactions. We concluded this share buyback program in the fourth quarter of 2012 and repurchased a total of approximately \$13.4 million of our ADSs (approximately 9.5 million ADSs) under this program from the open market. We did not conduct any repurchase under this program in 2024.

On December 4, 2024, our board of directors authorized another share buyback program allowing us to repurchase up to \$20.0 million of our ADSs in the open market or through privately negotiated transactions. As of February 28, 2026, we had repurchased a total of approximately \$5.3 million of our ADSs (approximately 0.8 million ADSs) under this program from the open market.

The following table sets forth information regarding transactions completed under the share buyback programs for each of the specified periods.

Period	(a) Total Number of ADSs Purchased	(b) Average Price Paid per ADS	(c) Total Number of ADSs Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
2024 Share Buyback Program:				
December 10, 2024 to December 12, 2024	122,972	\$ 6.77	122,972	\$ 19,167,561
April 3, 2025 to April 30, 2025	609,619	\$ 6.33	732,591	\$ 15,312,474
November 20, 2025 to November 21, 2025	89,840	\$ 6.97	822,431	\$ 14,686,120

16.F. Change in Registrant's Certifying Accountant

Not applicable.

16.G. Corporate Governance

The Nasdaq Rules provide that foreign private issuers may follow home country practice in lieu of the corporate governance requirements of the NASDAQ Stock Market LLC, subject to certain exceptions and requirements and except to the extent that such exemptions would be contrary to U.S. federal securities laws and regulations. The significant differences between our corporate governance practices and those followed by U.S. companies under the Nasdaq Rules are summarized as follows:

- We follow home country practice that permits our independent directors not to hold regularly scheduled meetings at which only independent directors are present in lieu of complying with Rule 5605(b)(2).

16.H. Mine Safety Disclosure

Not applicable.

16.I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

16.J. Insider Trading Policies

Our board of directors has adopted insider trading policies and procedures governing the purchase, sale, and other dispositions of our securities by directors, senior management, and employees that are reasonably designed to promote compliance with applicable insider trading laws, rules, and regulations, and any listing standards applicable to us. Our insider trading policy is filed as an exhibit to this annual report.

16.K. Cybersecurity

Risk Management and Strategy

To enhance information security, our company has collaborated with Deloitte Taiwan, a third-party consulting firm, for the fiscal year ended December 31, 2024 and 2025, to strengthen our risk management procedures. Currently, our company maintains the Risk Assessment Work Instructions, the Network and Communication Management Work Instructions, and the Emergency Response and Disaster Recovery Management Work Instructions. These guidelines enable the effective implementation of risk management and assessment strategies, network control measures, information security incident classification, and incident reporting procedures.

With the increasing frequency of cyberattacks, our company continues to strengthen its information security and risk management framework and conducts regular reviews of related governance structures and processes. To enhance the consistency of information security management, we commenced the implementation of the ISO/IEC 27001:2022 information security management standard during 2026 and are updating relevant policies, procedures, and controls accordingly. Our information technology (IT) department is led by a supervisor with more than 20 years of management experience. The department comprises professionals specializing in information security technology and software development. Security specialists within the department are responsible for implementing network security control measures, including firewall intrusion detection and prevention, internal and external network domain access control, regular antivirus software updates, physical management of information equipment, and periodic updates of IT hardware. These measures aim to ensure a secure R&D environment and mitigate operational risks.

For additional information regarding risks to the Company from cybersecurity threats. Please see “Item 3.D. Key Information — Risk Factors — Risks Related to Our Financial Condition and Business — System security risks, data protection breaches or unexpected system outages or failures could impact our business.”

Governance

Our company has established an Information Security Committee, chaired by the Vice President of the Sales and Operations Center, with representatives from each department serving as committee members. The committee coordinates various information security control measures and management strategies. Under the committee, a task-oriented Emergency Response Team has been formed. When a suspected information security incident occurs, this team evaluates the severity of the incident. In case of significant cybersecurity incidents, the team will implement damage control and recovery procedures, followed by root-cause analysis, investigation, and improvement actions. Additionally, an Information Security Management Team composed of representatives from the IT department and each functional unit has been established to execute policy discussions, policy tracking, and related operational tasks.

Our company’s Information Security Committee reports annually to the Board of Directors regarding information security achievements. The report includes assessments of internal and external cybersecurity risks, investigation and handling of information security incidents, action plans for high-risk cybersecurity matters, and annual information security programs. Additionally, cybersecurity awareness training is conducted annually for Board members to enhance their expertise in cybersecurity governance.

[Table of Contents](#)

In 2025, our company experienced no significant information security incidents. To further strengthen employees' cybersecurity awareness, the company not only conducts cybersecurity awareness campaigns but also administers four cybersecurity assessments each year. All employees who participated in these assessments have successfully met the required standards, ensuring the effective implementation of our information security policies.

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

Our consolidated financial statements and the report thereon by our independent registered public accounting firm listed below are attached hereto as follows:

- (a) Report of Independent Registered Public Accounting Firm.
- (b) Consolidated Statements of Financial Position as of December 31, 2024 and 2025.
- (c) Consolidated Statements of Profit or Loss for the years ended December 31, 2023, 2024 and 2025.
- (d) Consolidated Statements of Other Comprehensive Income for the years ended December 31, 2023, 2024 and 2025.
- (e) Consolidated Statements of Changes in Equity for the years ended December 31, 2023, 2024 and 2025.
- (f) Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2024 and 2025.
- (g) Notes to the Consolidated Financial Statements.

ITEM 19. EXHIBITS

Exhibit Number	Description of Document
1.1	Third Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect. (Incorporated by reference to Exhibit 1.1 from our Annual Report on Form 20-F (file no. 000-51847) filed with the Securities and Exchange Commission on June 3, 2010.)
2.1	Registrant's Specimen American Depositary Receipt (included in Exhibit 2.3).
2.2	Registrant's Specimen Certificate for Ordinary Shares. (Incorporated by reference to Exhibit 4.2 from our Registration Statement on Form F-1 (file no. 333-132372) filed with the Securities and Exchange Commission on March 13, 2006.)
2.3	Form of Deposit Agreement among the Registrant, JPMorgan Chase Bank, N.A., as depository, and holders of the American depository receipts. (Incorporated by reference to Exhibit (a) to the Registrant's Registration Statement on Form F-6 (file no. 333-219169) filed with the Securities and Exchange Commission on July 6, 2017.)
2.4	Description of Securities.
4.1	Himax Technologies, Inc. 2011 Long-Term Incentive Plan Amended and Restated as of August 31st day, 2016, 2nd Amended and Restated as of August 28th day, 2019, 3rd Amended and Restated as of August 16th day, 2022 and 4th Amended and Restated as of August 13th day, 2025. (Incorporated herein by reference to Exhibit 99.4 to the Registrant's report of foreign private issuer on Form 6-k filed on June 13, 2025.)
4.2*	Agreement and Plan of Merger dated November 8, 2010 among Himax Display, Inc., Spatial Photonics, Inc. and Wen Hsieh. (Incorporated herein by reference to Exhibit 4.3 from our Annual Report on Form 20-F (file no. 000-51847) filed with the Securities and Exchange Commission on May 20, 2011.)
8.1	List of Subsidiaries.
11.2	Statement of Policy Concerning Insider Trading Policies. (Incorporated by reference to Exhibit 11.2 from our Annual Report on Form 20 - F (file no. 000 - 51847) filed with the Securities and Exchange Commission on April 2, 2025.)
12.1	Certification of Jordan Wu, President and Chief Executive Officer of Himax Technologies, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2	Certification of Jessica Pan, Chief Financial Officer of Himax Technologies, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1	Certification pursuant to 18 USC, Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1	Consent of KPMG, Independent Registered Public Accounting Firm.
97.1	Compensation Clawback Policy.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Confidential treatment has been requested for portions of this exhibit.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

HIMAX TECHNOLOGIES, INC.

By: /s/ Jordan Wu

Name: Jordan Wu

Title: President and Chief Executive Officer

Date: March 27, 2026

HIMAX TECHNOLOGIES, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm (KPMG, Hsinchu, Taiwan, PCAOB ID 1026)	F-2
Consolidated Statements of Financial Position as of December 31, 2024 and 2025	F-4
Consolidated Statements of Profit or Loss for the Years Ended December 31, 2023, 2024 and 2025	F-6
Consolidated Statements of Other Comprehensive Income for the Years Ended December 31, 2023, 2024 and 2025	F-7
Consolidated Statements of Changes in Equity for the Years Ended December 31, 2023, 2024 and 2025	F-8
Consolidated Statements of Cash Flows for the Years Ended December 31, 2023, 2024 and 2025	F-11
Notes to the Consolidated Financial Statements	F-13

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2023, 2024 and 2025

**(With Report of Independent Registered
Public Accounting Firm Thereon)**

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Himax Technologies, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Himax Technologies, Inc. and subsidiaries (the “Company”) as of December 31, 2024 and 2025, the related consolidated statements of profit or loss, other comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2025 and the related notes (collectively, the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2025, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2025, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated March 27, 2026 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment assessment of non-financial asset, excluding goodwill in the Wafer Level Optics cash generating unit

As discussed in Note 13 and 14 to the consolidated financial statements, the balance of other intangible assets and property, plant and equipment were \$2,565 thousand and \$120,031 thousand, respectively as of December 31, 2025, a portion of which related to the Wafer Level Optics cash generating unit (“CGU”). The Company’s non-financial assets excluding goodwill are reviewed at the reporting date to determine whether there is any indication of impairment. If any such indication exists, impairment assessment will be performed by comparing the carrying amount of the CGU with its recoverable amount, which is the higher of the fair value less costs of disposal and the value in use. The value in use is determined by discounting the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

[Table of Contents](#)

We identified the impairment assessment of non-financial assets excluding goodwill in the Wafer Level Optics CGU as a critical audit matter because of the high degree of subjective auditor's judgment required in evaluating the forecasted future revenues and discount rate assumptions and minor changes to those assumptions could have a significant effect on the Company's impairment assessment of non-financial assets in the Wafer Level Optics CGU. In addition, the evaluation of the discount rate involved specialized skills and knowledge.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's impairment assessment process of non-financial assets excluding goodwill, including controls related to the determination of forecasted future revenues and the assumptions used to develop the discount rate. We evaluated the Company's forecasted future revenues by comparing available subsequent purchase orders and industry revenue forecast. We compared the Company's historical revenue forecasts to actual results to assess the Company's ability to accurately forecast future revenues. We performed sensitivity analyses over the forecasted future revenues and discount rate to assess their impact on the recoverable amount of the CGU. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the Company's discount rate, by comparing it against an estimated discount rates developed independently based on market data and inputs.

We have served as the Company's auditor since 2001.

/s/ KPMG

Hsinchu, Taiwan

March 27, 2026

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2024 and 2025
(in thousands of US dollars)

	Note	December 31, 2024	December 31, 2025
Assets			
Current assets:			
Cash and cash equivalents	6, 22	\$ 218,148	257,504
Financial assets at amortized cost	7, 22	4,286	2,714
Financial assets at fair value through profit or loss	8, 22	2,140	26,004
Accounts receivable, net (including related parties)	10, 22, 25	236,813	200,876
Inventories	11	158,746	152,675
Income taxes receivable	22	726	492
Restricted deposit	16, 22, 26	503,700	568,200
Other receivable from related parties	22, 25	13	22
Other current assets	22	43,471	56,845
Total current assets		1,168,043	1,265,332
Financial assets at fair value through profit or loss	8, 22	23,554	26,516
Financial assets at fair value through other comprehensive income	9, 22	28,226	56,836
Equity method investments	12	8,571	10,212
Property, plant and equipment, net	14, 17, 26, 28, 29	121,280	120,031
Deferred tax assets	21	21,193	22,268
Goodwill	4(k)	28,138	28,138
Other intangible assets, net	13, 29	636	2,565
Restricted deposit	22, 26	31	—
Refundable deposits	22	221,824	185,247
Other non-current assets	18	18,025	17,875
		471,478	469,688
Total assets		\$ 1,639,521	1,735,020

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

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Consolidated Statements of Financial Position (Continued)
December 31, 2024 and 2025
(in thousands of US dollars)

	Note	December 31, 2024	December 31, 2025
Liabilities and Equity			
Current liabilities:			
Short-term unsecured borrowings	16, 22	\$ —	140
Current portion of long-term unsecured borrowings	17, 22, 26	6,000	6,000
Short-term secured borrowings	16, 22, 26	503,700	568,200
Accounts payable	22	113,203	138,683
Income taxes payable	21	9,514	14,357
Other payable to related parties	22, 25	—	364
Contract liabilities-current	28	10,622	3,322
Other current liabilities	14, 15, 22	63,595	68,443
Total current liabilities		706,634	799,509
Long-term unsecured borrowings	17, 22, 26	28,500	22,500
Deferred tax liabilities	21	564	727
Other non-current liabilities	14, 22	7,496	10,145
Total liabilities		743,194	832,881
Equity			
Ordinary shares	20	107,010	107,010
Additional paid-in capital	20	115,376	115,850
Treasury shares		(5,546)	(9,760)
Accumulated other comprehensive income	20	8,621	36,704
Retained earnings		664,600	643,588
Equity attributable to owners of Himax Technologies, Inc.		890,061	893,392
Noncontrolling interests	20	6,266	8,747
Total equity		896,327	902,139
Total liabilities and equity		\$ 1,639,521	1,735,020

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

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES

Consolidated Statements of Profit or Loss

For the years ended December 31, 2023, 2024 and 2025
(in thousands of US dollars, except per share data)

	Note	2023	2024	2025
Revenues:				
Revenues from third parties, net		\$ 945,309	906,737	832,070
Revenues from related parties, net		119	65	103
Total revenues	25, 28	<u>945,428</u>	<u>906,802</u>	<u>832,173</u>
Costs and expenses:				
Cost of revenues	11, 18, 19, 25, 29	681,931	630,601	577,812
Research and development	18, 19, 25, 29	171,392	160,329	161,128
General and administrative	18, 19, 25, 29	25,037	24,121	25,715
Sales and marketing	18, 19, 25, 29	23,856	23,530	23,392
Total costs and expenses		<u>902,216</u>	<u>838,581</u>	<u>788,047</u>
Operating income		<u>43,212</u>	<u>68,221</u>	<u>44,126</u>
Non operating income (loss):				
Interest income		8,746	9,907	9,842
Changes in fair value of financial assets at fair value through profit or loss	8, 22	1,655	1,363	1,472
Foreign currency exchange gains (losses), net		(768)	2,491	2,801
Finance costs		(6,080)	(4,014)	(3,491)
Share of losses of associates	12	(598)	(831)	(3,185)
Other gains (losses)	5	(1,932)	—	3,205
Other income		158	198	97
		<u>1,181</u>	<u>9,114</u>	<u>10,741</u>
Profit before income taxes		<u>44,393</u>	<u>77,335</u>	<u>54,867</u>
Income tax expense (benefit)	21	(5,028)	(2,435)	9,592
Profit for the year		<u>49,421</u>	<u>79,770</u>	<u>45,275</u>
Loss (profit) attributable to noncontrolling interests		<u>1,195</u>	<u>(15)</u>	<u>(1,338)</u>
Profit attributable to Himax Technologies, Inc. stockholders		<u>\$ 50,616</u>	<u>79,755</u>	<u>43,937</u>
Basic earnings per ordinary share attributable to Himax Technologies, Inc. stockholders	4(r)	<u>\$ 0.15</u>	<u>0.23</u>	<u>0.13</u>
Diluted earnings per ordinary share attributable to Himax Technologies, Inc. stockholders	4(r)	<u>\$ 0.14</u>	<u>0.23</u>	<u>0.13</u>
Basic earnings per ADS attributable to Himax Technologies, Inc. stockholders	4(r)	<u>\$ 0.29</u>	<u>0.46</u>	<u>0.25</u>
Diluted earnings per ADS attributable to Himax Technologies, Inc. stockholders	4(r)	<u>\$ 0.29</u>	<u>0.46</u>	<u>0.25</u>

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

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Consolidated Statements of Other Comprehensive Income
For the years ended December 31, 2023, 2024 and 2025
(in thousands of US dollars)

	Note	2023	2024	2025
Profit for the year		\$ 49,421	79,770	45,275
Other comprehensive income:				
Items that will not be reclassified to profit or loss:	18, 20, 21			
Remeasurements of defined benefit pension plans		10	—	—
Unrealized gain on financial assets at fair value through other comprehensive income		152	9,427	27,810
Income tax related to items that will not be reclassified subsequently		1	—	—
Items that may be reclassified subsequently to profit or loss:				
Foreign operations - foreign currency translation differences		(123)	(632)	264
Other comprehensive income for the year, net of tax		40	8,795	28,074
Total comprehensive income for the year		49,461	88,565	73,349
Total comprehensive income attributable to noncontrolling interests		1,193	(9)	(1,329)
Total comprehensive income attributable to Himax Technologies, Inc. stockholders		<u>\$ 50,654</u>	<u>88,556</u>	<u>72,020</u>

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

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023, 2024 and 2025
(in thousands of US dollars and shares, except per share data)

	Attributable to owners of Himax Technologies, Inc.									
	Ordinary shares		Additional paid-in capital	Treasury shares		Accumulated other comprehensive income	Retained earnings	Total	Noncontrolling interests	Total Equity
	Shares	Amount		Shares	Amount					
Balance at January 1, 2023	356,700	\$ 107,010	112,249	(7,866)	(5,594)	(218)	679,125	892,572	1,249	893,821
Profit (loss) for the year	—	—	—	—	—	—	50,616	50,616	(1,195)	49,421
Other comprehensive income	—	—	—	—	—	38	—	38	2	40
Total comprehensive income for the year	—	—	—	—	—	38	50,616	50,654	(1,193)	49,461
Contributions by and distributions to owners										
Declaration of cash dividends, \$0.24 per share	—	—	—	—	—	—	(83,720)	(83,720)	—	(83,720)
Dividend Equivalents	—	—	—	—	—	—	(379)	(379)	—	(379)
Share-based compensation expenses	—	—	2,623	—	—	—	—	2,623	40	2,663
Restricted stock vested	—	—	(437)	615	437	—	—	—	—	—
	—	—	2,186	615	437	—	(84,099)	(81,476)	40	(81,436)
Changes in ownership interests										
New shares issued by subsidiary	—	—	—	—	—	—	(5,098)	(5,098)	6,015	917
Purchase of subsidiaries shares from noncontrolling interest	—	—	—	—	—	—	(21)	(21)	12	(9)
Dilution gain of equity method investment	—	—	213	—	—	—	—	213	—	213
Acquired the controlling power from noncontrolling interest	—	—	—	—	—	—	—	—	811	811
Liquidation of financial assets at fair value through other comprehensive income	—	—	—	—	—	—	(76)	(76)	—	(76)
	—	—	213	—	—	—	(5,195)	(4,982)	6,838	1,856
Balance at December 31, 2023	356,700	\$ 107,010	114,648	(7,251)	(5,157)	(180)	640,447	856,768	6,934	863,702

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

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity (Continued)

For the years ended December 31, 2023, 2024 and 2025
(in thousands of US dollars and shares, except per share data)

	Attributable to owners of Himax Technologies, Inc.									
	Ordinary shares		Additional paid-in capital	Treasury shares		Accumulated other comprehensive income	Retained earnings	Total	Noncontrolling interests	Total Equity
	Shares	Amount		Shares	Amount					
Profit for the year	—	—	—	—	—	—	79,755	79,755	15	79,770
Other comprehensive income	—	—	—	—	—	8,801	—	8,801	(6)	8,795
Total comprehensive income for the year	—	—	—	—	—	8,801	79,755	88,556	9	88,565
Contributions by and distributions to owners										
Treasury shares acquired	—	—	—	(246)	(832)	—	—	(832)	—	(832)
Declaration of cash dividends, \$0.145 per share	—	—	—	—	—	—	(50,670)	(50,670)	—	(50,670)
Dividend Equivalents	—	—	2	—	—	—	(151)	(149)	—	(149)
Share-based compensation expenses	—	—	1,169	—	—	—	—	1,169	78	1,247
Restricted stock vested	—	—	(443)	625	443	—	—	—	—	—
	—	—	728	379	(389)	—	(50,821)	(50,482)	78	(50,404)
Changes in ownership interests										
New shares issued by subsidiary	—	—	—	—	—	—	62	62	9	71
Purchase of subsidiaries shares from noncontrolling interest	—	—	—	—	—	—	(4,843)	(4,843)	(764)	(5,607)
	—	—	—	—	—	—	(4,781)	(4,781)	(755)	(5,536)
Balance at December 31, 2024	356,700	\$ 107,010	115,376	(6,872)	(5,546)	8,621	664,600	890,061	6,266	896,327

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

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity (Continued)

For the years ended December 31, 2023, 2024 and 2025
(in thousands of US dollars and shares, except per share data)

	Attributable to owners of Himax Technologies, Inc.									Noncontrolling interests	Total Equity
	Ordinary shares		Additional paid-in capital	Treasury shares		Accumulated other comprehensive income	Retained earnings	Total			
	Shares	Amount		Shares	Amount						
Profit for the year	—	—	—	—	—	—	43,937	43,937	—	1,338	45,275
Other comprehensive income	—	—	—	—	—	28,083	—	28,083	—	(9)	28,074
Total comprehensive income for the year	—	—	—	—	—	28,083	43,937	72,020	—	1,329	73,349
Contributions by and distributions to owners											
Treasury shares acquired	—	—	—	(1,399)	(4,515)	—	—	(4,515)	—	—	(4,515)
Declaration of cash dividends, \$0.185 per share	—	—	—	—	—	—	(64,492)	(64,492)	—	—	(64,492)
Dividend Equivalents	—	—	3	—	—	—	(101)	(98)	—	—	(98)
Dividend to noncontrolling interest from subsidiary	—	—	—	—	—	—	—	—	(442)	—	(442)
Share-based compensation expenses	—	—	689	—	—	—	—	689	—	41	730
Restricted stock vested	—	—	(301)	424	301	—	—	—	—	—	—
	—	—	391	(975)	(4,214)	—	(64,593)	(68,416)	—	(401)	(68,817)
Changes in ownership interests											
New shares issued by subsidiary	—	—	(664)	—	—	—	(184)	(848)	1,508	—	660
Dilution gain of equity method investment	—	—	747	—	—	—	—	747	—	—	747
Purchase of subsidiaries shares from noncontrolling interest	—	—	—	—	—	—	(172)	(172)	—	45	(127)
	—	—	83	—	—	—	(356)	(273)	—	1,553	1,280
Balance at December 31, 2025	356,700	\$ 107,010	115,850	(7,847)	(9,760)	36,704	643,588	893,392	8,747	—	902,139

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

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023, 2024 and 2025
(in thousands of US dollars)

	2023	2024	2025
Cash flows from operating activities:			
Profit for the year	\$ 49,421	79,770	45,275
Adjustments for:			
Depreciation and amortization	20,322	22,354	22,549
Share-based compensation expenses	2,663	1,247	730
Loss (gains) on disposal and scrap of property, plant and equipment, net	(368)	4	10
Gains on disposal of land held for sale	—	—	(3,205)
Loss on re-measurement of the pre-existing relationships in a business combination	1,932	—	—
Changes in fair value of financial assets at fair value through profit or loss	(1,655)	(1,363)	(1,472)
Interest income	(8,746)	(9,907)	(9,842)
Finance costs	6,080	4,014	3,491
Income tax expense (benefit)	(5,028)	(2,435)	9,592
Share of losses of associates	598	831	3,185
Inventories write downs	21,540	13,551	17,087
Unrealized foreign currency exchange losses (gains)	624	(171)	264
	87,383	107,895	87,664
Changes in:			
Accounts receivable (including related parties)	20,804	(40,738)	29,380
Inventories	132,090	45,011	(10,501)
Other receivable from related parties	5	56	(9)
Other current assets	(3,863)	3,941	(8,949)
Accounts payable (including related parties)	7,676	14,567	25,766
Other payable to related parties	(268)	(110)	364
Contract liabilities	(37,051)	45	1,098
Other current liabilities	1,246	(9,010)	15,545
Other non-current liabilities	(4,602)	(2,260)	(18)
Cash generated from operating activities	203,420	119,397	140,340
Interest received	8,567	9,732	9,386
Interest paid	(6,080)	(4,015)	(3,692)
Income tax paid	(53,066)	(9,138)	(6,007)
Net cash provided by operating activities	152,841	115,976	140,027

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

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2023, 2024 and 2025
(in thousands of US dollars)

	2023	2024	2025
Cash flows from investing activities:			
Acquisitions of property, plant and equipment	\$ (23,378)	(13,054)	(20,125)
Proceeds from disposal of property, plant and equipment	111	—	—
Acquisitions of intangible assets	(115)	(153)	(397)
Acquisitions of financial assets at amortized cost	(6,911)	(11,236)	(6,217)
Proceeds from disposal of financial assets at amortized cost	3,099	19,457	7,803
Acquisitions of financial assets at fair value through profit or loss	(82,628)	(76,003)	(61,765)
Proceeds from disposal of financial assets at fair value through profit or loss	75,539	70,389	37,272
Acquisitions of financial assets at fair value through other comprehensive income	(1,379)	(17,164)	(3,300)
Proceeds from disposal of financial assets at fair value through other comprehensive income	99	—	—
Acquisition of a subsidiary, net of cash acquired (paid)	433	(5,416)	(584)
Proceeds from capital reduction of investment	360	338	—
Acquisitions of equity method investments	—	(1,236)	(1,470)
Decrease (increase) in refundable deposits	(56,933)	33,562	28,403
Releases of restricted deposit	—	—	31
Cash received in advance from disposal of land	2,821	—	—
Net cash used in investing activities	(88,882)	(516)	(20,349)
Cash flows from financing activities:			
Purchase of treasury shares	—	(832)	(4,515)
Decrease (increase) in prepayments for purchase of treasury shares	—	(2,168)	515
Payments of cash dividends	(83,720)	(50,670)	(64,934)
Payments of dividend equivalents	(148)	(233)	(218)
Proceeds from issuance of new shares by subsidiaries	916	71	189
Purchases of subsidiary shares from noncontrolling interests	(9)	(190)	(127)
Proceeds from short-term unsecured borrowings	47,226	—	946
Repayments of short-term unsecured borrowings	(47,226)	—	(1,125)
Repayments of long-term unsecured borrowings	(6,000)	(6,000)	(6,416)
Proceeds from short-term secured borrowings	1,383,300	1,780,300	2,200,560
Repayments of short-term secured borrowings	(1,299,600)	(1,729,600)	(2,136,060)
Pledge of restricted deposit	(83,700)	(50,700)	(64,500)
Payment of lease liabilities	(4,830)	(5,032)	(3,160)
Guarantee deposits received (refunded)	200	(23,163)	(1,898)
Net cash used in financing activities	(93,591)	(88,217)	(80,743)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(200)	(844)	421
Net increase (decrease) in cash and cash equivalents	(29,832)	26,399	39,356
Cash and cash equivalents at beginning of year	221,581	191,749	218,148
Cash and cash equivalents at end of year	\$ 191,749	218,148	257,504

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

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the years ended December 31, 2023, 2024 and 2025

Note 1. Reporting entity

Himax Technologies Limited, an exempted company with limited liability under the Cayman Islands Companies Law, was incorporated on April 26, 2005 and changed the name to “Himax Technologies, Inc.” on September 26, 2005. Since March 2006, Himax Technologies, Inc.’s ordinary shares have been quoted on the NASDAQ Global Select Market under the symbol “HIMX” in the form of ADSs and two ordinary shares represent one ADS with effect from August 10, 2009.

The registered office in the Cayman Islands is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal executive office is located at No. 26, Zilian Road, Xinshi District, Tainan City 744092, Taiwan, Republic of China.

The principal operating activities of Himax Technologies, Inc. and subsidiaries (collectively, the Company) are described in Note 4(b).

Note 2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were authorized for issuance by the Board of Directors on March 27, 2026.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

1. Financial assets at fair value through profit or loss;
2. Financial assets at fair value through other comprehensive income;
3. The defined benefit liability (asset) is recognized as the fair value of the plan assets less the present value of the defined benefit obligation.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

Note 3. Application of new and revised IFRS as issued by the IASB

- a. Amendments to IFRSs and the new interpretation that are mandatorily effective for the current year

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

The Company believes that the adoption of the above amendments to IFRSs did not have a material impact on its consolidated financial statements.

- b. New and revised standards, amendments and interpretations in issue but not yet effective

In preparing the accompanying consolidated financial statements, the Company has not adopted the following IFRS Accounting Standards (“IFRS”), International Accounting Standards (“IAS”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) issued by the International Accounting Standards Board (“IASB”) (collectively, “IFRSs”).

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

As of the date of the consolidated financial statements were authorized for issue, the Company continues in assessing possible impacts that application of the abovementioned amendments will have on the Company’s financial position and financial performance and will disclose these impacts when the assessment is completed.

Note 4. Material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out as below. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except if mentioned otherwise. The accounting policies have been applied consistently by consolidated entities.

- (a) Basis of Consolidation

The accompanying consolidated financial statements include the accounts and operations of Himax Technologies, Inc. and its majority owned subsidiaries and entities that it has a controlling financial interest. The Company ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All significant intercompany balances and transactions have been eliminated in consolidation.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

(b) List of Subsidiaries in the Consolidated Financial Statements

Following is general information about Himax Technologies, Inc.'s subsidiaries:

Investor	Subsidiary	Main activities	Jurisdiction of Incorporation	Percentage of Ownership	
				December 31, 2024	December 31, 2025
Himax Technologies, Inc.	Himax Technologies Limited ("Himax Taiwan")	IC design and sales	ROC	100.00 %	100.00 %
Himax Technologies, Inc.	Himax Technologies Korea Ltd.	IC design and sales	South Korea	100.00 %	100.00 %
Himax Technologies, Inc.	Himax Technologies Japan Ltd.	Sales	Japan	100.00 %	100.00 %
Himax Technologies, Inc.	Himax Semiconductor (Hong Kong) Limited	Investments	Hong Kong	100.00 %	100.00 %
Himax Technologies, Inc.	Himax Imaging, Inc.	Investments	Cayman Islands	100.00 %	100.00 %
Himax Technologies, Inc.	Viewsil Microelectronics (Shanghai) Limited ("Viewsil") ⁽¹⁾	IC design and sales	PRC		
Viewsil Microelectronics (Shanghai) Limited	Viewsil Technology Limited	IC sales	British Virgin Islands	100.00 %	100.00 %
Himax Technologies Limited	Himax Technologies (Samoa), Inc.	Investments	Samoa	100.00 %	100.00 %
Himax Technologies (Samoa), Inc.	Himax Technologies (Suzhou) Co., Ltd.	Sales and technical support	PRC	100.00 %	100.00 %
Himax Technologies (Samoa), Inc.	Himax Technologies (Shenzhen) Co., Ltd. ⁽¹⁾	Sales and technical support	PRC	100.00 %	100.00 %
Himax Technologies Limited	Himax Display, Inc.	LCoS and MEMS design, manufacturing and sales	ROC		
Himax Display, Inc.	Integrated Microdisplays Limited	LCoS design	Hong Kong	92.02 %	92.02 %
Himax Display, Inc.	Himax Display (USA) Inc.	LCoS and MEMS design, sales and technical support	Delaware, USA		
Himax Technologies Limited	Himax Analogic, Inc.	IC design and sales	ROC	98.62 %	99.89 %
Himax Technologies Limited	Himax Imaging, Ltd. ("Imaging Taiwan")	IC design and sales	ROC	98.64 %	99.46 %
Himax Imaging, Ltd.	Himax Imaging Corp.	IC design	California, USA	98.64 %	99.46 %
Himax Technologies Limited	Harvest Investment Limited	Investments	ROC	100.00 %	100.00 %
Himax Technologies Limited	Liqxtal Technology Inc.	Imaging and optical solutions provider	ROC	62.26 %	59.50 %
Liqxtal Technology Inc.	New Ken Technologies Co., Ltd. ⁽²⁾	Imaging and optical solutions provider	ROC	—	59.50 %
Himax Technologies Limited	Himax IGI Precision Ltd.	3D micro and nano structure mastering and prototype replication	Delaware, USA		
Himax Technologies Limited	CM Visual Technology Corp.	Omniwave film products design and sales	ROC	100.00 %	100.00 %
Himax Technologies Limited	Solvanta Investment Limited	Investments	ROC	77.63 %	81.42 %
Solvanta Investment Limited	Solvanta Energy Limited	Renewable-energy based electricity distribution	ROC	100.00 %	100.00 %

Note (1): On December 30, 2023, Himax Technologies, Inc. acquired the controlling interest in Viewsil and included it as the consolidated entity. Refer to Note 5 for further details. In addition, on November 22, 2024, Himax Technologies (Shenzhen) Co., Ltd. acquired the 51% of the outstanding voting shares of Viewsil, then the Company has 100% shareholdings in Viewsil. In April 2025, Viewsil changed its name from Viewsil Microelectronics (Kunshan) Limited as Viewsil Microelectronics (Shanghai) Limited.

Note (2): New Ken Technologies Co., Ltd. was wholly acquired by Liqxtal Technology Inc. and becomes a subsidiary of the Company from November 4, 2025.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

For the years ended December 31, 2023, 2024 and 2025

Principal Activities

The Company is a leading global fabless semiconductor solution provider dedicated to display imaging processing technologies. The Company's display driver ICs and timing controllers have been adopted at scale across multiple industries worldwide including TVs, PC monitors, laptops, mobile phones, tablets, automotive, ePaper devices, industrial displays, among others. As the global market share leader in automotive display technology, the Company offers innovative and comprehensive automotive IC solutions, including traditional driver ICs, advanced in-cell Touch and Display Driver Integration (TDDI), local dimming timing controllers (Local Dimming TCON), Large Touch and Display Driver Integration (LTDI) and OLED display technologies. The Company's industry-leading WiseEye™ Ultralow Power AI Sensing technology which incorporates Himax proprietary ultralow power AI processor, always-on CMOS image sensor, and CNN-based AI algorithm has been widely deployed in consumer electronics and AIoT applications. The Company optics technologies, such as wafer level optics, LCoS micro-displays and 3D sensing solutions, are critical enablers of facilitating emerging AR/VR technologies and other next-generation applications. Additionally, the Company designs and provides touch controllers, OLED ICs, LED ICs, EPD ICs, power management ICs, and CMOS image sensors for diverse display application coverage.

(c) Foreign Currency

The reporting currency of the Company is the United States dollar (USD). The functional currency for the Company and its major operating subsidiaries is the USD. Accordingly, the assets and liabilities of subsidiaries whose functional currency is other than the USD are included in the consolidation by translating the assets and liabilities into the reporting currency (the USD) at the exchange rates applicable at the end of the reporting period. Equity accounts are translated at historical rates. The statements of profit or loss and cash flows are translated at the average exchange rates at the date of transaction. Translation gains or losses are accumulated as a separate component of equity in accumulated other comprehensive income.

(d) Classification of Current and Noncurrent Assets and Liabilities

Current assets are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within one year from the end of the reporting period. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within one year from the end of the reporting period. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

(e) Cash and Cash Equivalents

Cash comprise cash balances and demand deposits. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in their fair value. Deposits with an original maturity of three months or less at the time of purchase but not for investments and other purposes and are qualified with the aforementioned criteria are classified as cash equivalent.

(f) Financial Instruments

The Company shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

1. Financial Assets

(i) Classification of financial assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are classified into the following categories: measured at amortized cost, measured at fair value through other comprehensive income (FVTOCI) and measured at fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. When, and only when, the Company changes its business model for managing financial assets it shall reclassify all affected financial assets.

i. Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- (i) the asset held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Equity investments at FVTOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI. When an investment is derecognized, the cumulative gain or loss in equity will not be reclassified to profit or loss, instead, is reclassified to retained earnings.

iii. Financial assets measured at fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Such financial assets are initially recognized at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized in profit or loss.

(ii) Impairment of financial assets

The Company recognizes loss allowances for expected credit loss on financial assets measured at amortized cost (including accounts receivable).

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

For the years ended December 31, 2023, 2024 and 2025

The loss allowance for accounts receivable is measured at an amount equal to lifetime expected credit losses. For financial assets at amortized cost and contract assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant. This includes both qualitative and quantitative information and analysis, based on the Company's historical experience and credit assessment as well as forward-looking information.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(iii) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Financial Liabilities

(i) Classification of financial liability

The Company classifies all financial liabilities as measured at amortized cost, except for financial liabilities measured at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(ii) Derecognition of financial liability

The Company removes a financial liability from its statement of financial position when, and only when, it is extinguished—when the obligation specified in the contract is discharged or cancelled or expires.

On derecognition of a financial liability at amortized cost in its entirety, the difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

For the years ended December 31, 2023, 2024 and 2025

(g) Inventories

Inventories primarily consist of raw materials, work-in-process and finished goods awaiting final assembly and test and are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. For work-in-process and manufactured inventories, cost consists of the cost of raw materials (primarily fabricated wafer and processed tape), direct labor and an appropriate proportion of production overheads. Net realizable value for raw materials is based on replacement cost. Net realizable value for finished goods and work in process is calculated based on the estimated selling price less all estimated costs of completion and necessary selling costs.

(h) Equity Method Investments

Equity investments in entities where the Company has the ability to exercise significant influence over the operating and financial policy decisions of the investee but does not have a controlling financial interest in the investee, are accounted for using the equity method. The Company's share of the net income or net loss of an investee is recognized in earnings from the date the significant influence commences until the date that significant influence ceases. The difference between the cost of an investment and the amount of underlying equity in net assets of an investee at investment date is allocated to related assets which are amortized over their useful lives. Any unallocated difference is treated as investor-level goodwill and is not amortized.

The Company discontinues the use of the equity method from the date when the Company ceases to have significant influence over an associate, and then measures the retained interests at fair value at that date. The difference between the carrying amount of the investment at the date the equity method was discontinued and the fair value of the retained interests along with any proceeds from disposing of a part of the interest in the associate is recognized in profit or loss. When the Company discontinues the use of the equity method, the Company shall account for all amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities.

At the end of each reporting period, if there is any indication of impairment, the entire carrying amount of the investment including goodwill is tested for impairment as a single asset, by comparing its recoverable amount with its carrying amount. An impairment loss recognized forms part of the carrying amount of the investment in associates. Accordingly, any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

(i) Property, Plant and Equipment

Property, plant and equipment consists primarily of land, building and machinery and equipment used in the design and development of products, and is stated at cost less accumulated depreciation and any accumulated impairment loss. Depreciation on building and machinery and equipment commences when the asset is ready for its intended use. Except for the following paragraph, depreciation is primarily calculated on the straight-line method over the estimated useful lives of related assets which range as follows: building 25 years, building improvements 4 to 16 years, machinery 4 to 10 years, research and development equipment 2 to 6 years, office furniture and equipment 3 to 8 years, others 2 to 10 years. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset. Embedded software is amortized on a straight-line basis over the estimated useful lives ranging from 2 to 10 years. Land is not depreciated.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

For the years ended December 31, 2023, 2024 and 2025

Property, plant and equipment that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized. Once classified as held for sale, the property, plant and equipment are no longer depreciated.

(j) Leases

a. Identifying a lease

A contract is, or contains, a lease when all the following conditions are satisfied:

- (i) the contract involves the use of an identified asset, and the supplier does not have a substantive right to substitute the asset; and
- (ii) the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- (iii) the Company has the right to direct the use of the identified asset throughout the period of use.

b. As a lessee

Payments for leases of low-value assets and short-term leases are recognized as expenses on a straight-line basis during the lease term for which the recognition exemption is applied. Except for leases described above, a right-of-use asset and a lease liability shall be recognized for all other leases at the lease commencement date.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments, discounted using the lessee's incremental borrowing rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred in restoring the underlying asset.

The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the useful life of the right-of-use asset or the lease term. The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured (i) if there is a change in the lease term; (ii) if there is a change in future lease payments arising from a change in an index or a rate; (iii) if there is a change in the amounts expected to be payable under a residual value guarantee; or (iv) if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in the circumstances aforementioned, a corresponding adjustment is made to the carrying amount of the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

For the years ended December 31, 2023, 2024 and 2025

Lease payments included in the measurement of the lease liability comprise the following:

- (i) fixed payments, including in-substance fixed payments.
- (ii) the exercise price under a purchase option that the Company is reasonably certain to exercise and lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option.

Moreover, the lease liability is remeasured when lease modifications occur that decrease the scope of the lease. The Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease.

c. As a lessor

Lease income from an operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the asset leased.

(k) Goodwill

Goodwill is recognized when the purchase price exceeds the fair value of identifiable net assets acquired in a business combination. Goodwill is measured at cost less accumulated impairment losses, if any.

Goodwill from acquisition of Himax Semiconductor, Inc. (formerly Wisepal Technologies, Inc., merged into Himax Technologies Limited on July 2, 2018) in 2007 amounting \$26,846 thousand has been assigned to Driver IC cash generating unit ("CGU") and goodwill from acquisition of Himax Display (USA) Inc. in 2012 amounting \$1,292 thousand has been assigned to WLO CGU because these CGUs are expected to benefit from the synergies of the business combinations.

Goodwill is not amortized and instead is reviewed for impairment at least annually, or more frequently when there is an indication that the CGU may be impaired. For the purpose of impairment testing, goodwill is allocated to each of the Company's CGU or groups of CGU that are expected to benefit from the synergies of the combination. If the recoverable amount of a cash-generating unit is less than its carrying amount, the difference is allocated first to reduce the carrying amount of any goodwill allocated to such CGU and then to the other assets of the CGU pro rata based on the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use which was calculated based on the cash flow forecast from the financial budgets covering the future five-year period with the terminal growth rate. The annual discount rate was 9.04% and 9.59% in its test of Goodwill impairment for Driver IC CGU as of December 31, 2024 and 2025, respectively, based on industry weighted average cost of capital. The annual discount rate for WLO CGU was 13.78% and 13.73% as of December 31, 2024 and 2025, respectively. The terminal growth rate, based on following 5 years average Taiwan economic growth rate published by International Monetary Fund, was 2.48% and 2.32% used in the test for both CGUs as of December 31, 2024 and 2025 respectively. The key assumptions abovementioned represents the management's forecast of the future for the related industry by considering the history information from internal and external sources.

For the years ended December 31, 2023, 2024 and 2025, the Company did not recognize any impairment loss on goodwill.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

(l) Other Intangible Assets

Acquired intangible assets include patents, intellectual property and developed technology acquired in a business combination. These intangible assets are amortized on a straight-line basis over the following estimated useful lives: software 2-10 years, patents and intellectual property 10-15 years and technology 3-7 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of Non-Financial Assets

The Company's long-term non-financial assets, which consist of property, plant and equipment and intangible assets, are reviewed at the reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Considering the terminal growth rate if non-financial assets with an indefinite useful life are allocated to the CGU in comparison with its carrying amount.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset or a CGU is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(n) Revenue Recognition

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, using a five-step model framework to determine the method, timing and amount of revenue recognized. The Company generates revenue primarily from sale of goods or services. Revenue from contracts with customers is disaggregated by primarily geographical market and major products.

Under IFRS 15, the Company identifies the contract with the customers and recognizes revenue when performance obligations are satisfied.

Revenue is measured based on the consideration that the Company expects to be entitled in the transfer of goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Customers obtain control of the product when control is transferred, which may occur upon delivery of the goods or upon customer acceptance, depending on the terms of the arrangement. Invoices are generated at that point in time.

The Company's revenue recognition from product sales is measured at the amount that is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Revenue is reduced for estimated rebates and other similar allowances.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

For the years ended December 31, 2023, 2024 and 2025

Trade receivable is recognized when the Company is entitled for unconditional right to receive payment upon delivery of goods to customers. The consideration received in advance from the customer but without delivery of goods is recognized as a contract liability, for which revenue is recognized when the control over the goods is transferred to the customer.

The Company expects that the length of time when the Company transfers the goods or services to the customer and when the customer pays for those goods or services will be less than one year. Therefore, the amount of consideration is not adjusted for the time value of money.

(o) Employee Benefits

1. Short-term employee benefits

Short-term employee benefits are expensed unless another policy allows or requires it to be capitalized. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

2. Share-based payment arrangements

The cost of employee services received in exchange for share-based compensation is measured based on the grant-date fair value of the share-based instruments issued. The cost of employee services is equal to the grant-date fair value of shares issued to employees and is recognized in earnings with a corresponding increase in equity over the service period by graded vesting. Compensation cost also considers the number of awards management believes will eventually vest. As a result, compensation cost is reduced by the estimated forfeitures. The estimate is adjusted each period to reflect the current estimate of forfeitures, and finally, the actual number of awards that vest.

3. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

4. Defined benefit plans

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each benefit plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. For defined benefit retirement benefit plans, the cost of providing benefit is recognized based on actuarial calculations. Defined benefit costs (including service cost, net interest and rereasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost), and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in profit or loss in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

(p) Income Taxes

Income tax expense comprises current and deferred taxes. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

The Company has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) upon their release on May 23, 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

For the years ended December 31, 2023, 2024 and 2025

The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred. South Korea and Japan are the only two countries which represent jurisdictions where the Company maintains subsidiaries' operations and have already enacted tax legislation on December 31, 2023. The Company has evaluated the current tax impact to be immaterial for the year ended December 31, 2023, 2024 and 2025, respectively.

1. Current tax

Current taxes comprise the expected tax payable or receivable on the taxable income or losses for the year and any adjustments to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted tax rate at the reporting date.

2. Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases, and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

(q) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Non-controlling interests are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognized in profit or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss.

(r) Earnings Per Ordinary Share

Basic earnings per ordinary share is computed using profit or loss attributable to the shareholders and weighted average number of ordinary shares outstanding during the period. Diluted earnings per ordinary share is computed using the weighted average number of ordinary and diluted ordinary equivalent shares outstanding during the period. Ordinary equivalent shares are ordinary shares that are contingently issuable upon the vesting of unvested restricted share units (RSUs) granted to employees.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

Basic and diluted earnings per ordinary share have been calculated as follows:

	Year Ended December 31,		
	2023	2024	2025
Profits attributable to Himax Technologies, Inc. stockholders (in thousands)	\$ 50,616	79,755	43,937
Denominator for basic earnings per ordinary share:			
Weighted average number of ordinary shares outstanding (in thousands)	348,990	349,593	349,034
Basic earnings per ordinary share attributable to Himax Technologies, Inc. stockholders	\$ 0.15	0.23	0.13
Basic earnings per ADS attributable to Himax Technologies, Inc. stockholders ⁽¹⁾	\$ 0.29	0.46	0.25

Contingently issuable ordinary shares underlying the unvested RSUs granted to employees are included in the calculation of diluted earnings per ordinary share based on treasury stock method.

	Year Ended December 31,		
	2023	2024	2025
Profits attributable to Himax Technologies, Inc. stockholders (in thousands)	\$ 50,616	79,755	43,937
Denominator for diluted earnings per ordinary share:			
Weighted average number of ordinary shares outstanding (in thousands)	348,990	349,593	349,034
Unvested RSUs (in thousands)	576	434	153
	349,566	350,027	349,187
Diluted earnings per ordinary share attributable to Himax Technologies, Inc. stockholders	\$ 0.14	0.23	0.13
Diluted earnings per ADS attributable to Himax Technologies, Inc. stockholders ⁽¹⁾	\$ 0.29	0.46	0.25

Note (1): As the Company's ordinary shares have been quoted on the NASDAQ Global Select Market under the symbol "HIMX" in the form of ADSs and two ordinary shares represent one ADS with effect from August 10, 2009. The number of ADS equivalent outstanding is determined by dividing the number of ordinary shares by two. Therefore, the weighted average number of ADS equivalent outstanding used in basic earnings per ADS for 2023, 2024 and 2025 is 174,495 thousand, 174,796 thousand and 174,517 thousand, respectively. Additionally, the weighted average number of ADS equivalent outstanding used in diluted earnings per ADS for 2023, 2024 and 2025 is 174,783 thousand, 175,014 thousand and 174,593 thousand, respectively. The earnings per ADS is presented solely for the convenience of the reader and does not represent a measure under IFRS.

(s) Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are reviewed regularly by the Company's chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company's CODM has been identified as the Chief Executive Officer, who regularly reviews operating results to make decisions about allocating resources and assessing performance for the Company. Management has determined that the Company has two operating segments: Driver IC and Non-driver products.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

For the years ended December 31, 2023, 2024 and 2025

The CODM assesses the performance of the operating segments based on segment sales and segment profit and loss. There are no intersegment sales in the segment revenues reported to the CODM. Segment profit and loss is determined on a basis that is consistent with how the Company reports operating income (loss) in its consolidated statements of operations. Segment profit (loss) excludes income taxes and items in non-operating income (loss).

The Company does not report segment asset information to the Company's CODM. Consequently, no asset information by segment is presented.

(t) Noncontrolling Interests

Noncontrolling interests are classified in the consolidated statements of profit or loss as part of profit (loss) for the period and the accumulated amount of noncontrolling interests as part of equity in the consolidated statements of financial position. If a change in ownership of a consolidated subsidiary results in loss of control and deconsolidation, any retained ownership interests are re-measured with the gain or loss reported in net earnings.

(u) Use of Judgments and Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments, estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

1. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period.

Due to the rapid technological changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

2. Impairment of non-financial assets other than goodwill

In the process of evaluating the potential impairment of non-financial assets other than goodwill, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future revenue and expenses related to the specific asset groups. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

3. Recognition of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the Company's subjective judgment and estimate, including the future revenue growth and profitability, the sources of taxable income, the amount of tax credits that can be utilized and feasible tax planning strategies. Changes in the economic environment, the industry trends and relevant laws and regulations may result in adjustments to the deferred tax assets.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

4. Impairment of goodwill

The assessment of impairment of goodwill requires the Company to make subjective judgment to determine the identified CGU, allocate the goodwill to relevant CGU and estimate the recoverable amount of relevant CGU. In the process of estimating the recoverable amount of relevant CGU, the Company is required to make subjective judgments in determining the discounted rate, the terminal growth rate, the independent cash flows, useful lives, expected future revenue and expenses related to the CGU.

Note 5. Consolidation

The Company held 49% of the outstanding voting shares of Viewsil in 2023. One board director appointed by the one other shareholder resigned on December 30, 2023, and that other shareholder informed the Company that it would not appoint another board of director to fill the casual vacancy in the future. Therefore, there would be 3 board directors in Viewsil and the Company would assign 2 board seats with obtaining more than half of the total number of Viewsil's directors from December 30, 2023 without consideration paid. An investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities that significantly affect the investee returns. The Company has the power to determine the major matters and the most important decisions that will significantly impact the operations and direct financial interests are resolved by majority vote of directors present in the meeting. Therefore, it is determined that the Company has controlling power over Viewsil from December 30, 2023, the acquisition date.

The Company's previously held equity interests in Viewsil was re-measured at fair value, which was determined according to the amount of underlying equity in net assets of Viewsil at acquisition date. The re-measurement loss on the previously held equity interests in Viewsil was \$1,932 thousand which is included in "other gains (losses)" in the consolidated statements of profit or loss.

The results of Viewsil's operations for 2023 have not been included in the Company's consolidated financial statements until the acquisition date on December 30, 2023. If the consolidation had occurred on January 1, 2023, management estimates that consolidated revenue would have been \$945,428 thousand (unaudited), and consolidated profit for the year would have been \$50,641 thousand (unaudited). In determining these amounts, management has assumed that the fair value adjustments that arose on the date of consolidation would have been the same if the consolidation had occurred on January 1, 2023.

The following table summarizes the amounts of estimated fair value of the assets obtained and liabilities assumed at the date of consolidation.

	<u>Fair value</u> <u>(in thousands)</u>
Recognized amounts of identifiable assets obtained and liabilities assumed:	
Cash	\$ 433
Current assets, other than cash	2,576
Other assets	7
Other current liabilities	<u>(1,425)</u>
Total identifiable net assets obtained	<u>1,591</u>
Noncontrolling interests	<u>(811)</u>
	<u>\$ 780</u>

Obtained assets were valued at estimates of their current fair values based on management's estimate.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

Note 6. Cash and Cash Equivalents

	December 31, 2024	December 31, 2025
	(in thousands)	
Cash, demand deposits and checking accounts	\$ 214,048	226,284
Time deposits with less than three months maturity date	4,100	31,220
	<u>\$ 218,148</u>	<u>257,504</u>

Refer to Note 22 and Note 23 for the disclosure of credit risk, currency risk and sensitivity analysis of the financial assets and liabilities of the Company.

As of December 31, 2024 and 2025, no cash and cash equivalents were pledged with banks as collaterals.

Note 7. Financial Assets at Amortized Cost

	December 31, 2024	December 31, 2025
	(in thousands)	
Time deposit with original maturities more than three months	<u>\$ 4,286</u>	<u>2,714</u>

The financial assets at amortized cost are in China Yuan (CNY) and US dollar denominated time deposits with original maturities of more than three months and the expected holding period as of December 31, 2024 and 2025 is due in one year or less.

As of December 31, 2024 and 2025, no financial assets at amortized cost were pledged with banks as collaterals.

Note 8. Financial Assets at Fair Value Through Profit or Loss

Following is a summary of financial assets at fair value through profit or loss as of December 31, 2024 and 2025:

	December 31, 2024	December 31, 2025
	(in thousands)	
Money market fund	\$ 2,140	24,732
Equity securities-unlisted company	23,554	26,758
Warrant-unlisted company	—	1,030
	<u>\$ 25,694</u>	<u>52,520</u>
Current	\$ 2,140	26,004
Non-current	23,554	26,516
	<u>\$ 25,694</u>	<u>52,520</u>

Net gain of \$1,655 thousand, \$1,363 thousand and \$1,472 thousand, was recognized under changes in fair value of financial assets at fair value through profit or loss in the consolidated statement of profit or loss for the years ended December 31, 2023, 2024 and 2025, respectively.

As of December 31, 2024 and 2025, no financial assets at fair value through profit or loss were pledged with banks as collaterals.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

Note 9. Financial Assets at Fair Value Through Other Comprehensive Income

The equity securities are held for long-term strategies and therefore are accounted for as FVTOCI. Capital reduction from equity security investments designated as at FVTOCI recognized for the years ended December 31, 2023, 2024 and 2025, were \$99 thousand, nil and nil, respectively, all related to investments held at the end of the reporting period.

As of December 31, 2024 and 2025, no financial assets at fair value through other comprehensive income were pledged with banks as collaterals.

Note 10. Accounts Receivable, net (including related parties)

	December 31, 2024	December 31, 2025
	(in thousands)	
Accounts receivable	\$ 236,782	200,866
Accounts receivable from related parties	31	10
Less: Loss allowance	—	—
	\$ 236,813	200,876

As of December 31, 2024 and 2025, the Company measures the loss allowance for accounts receivable using the simplified approach under IFRS 9 with the lifetime expected credit losses. To measure the expected credit losses, accounts receivable have been grouped based on the days past due, as well as incorporated forward looking information, including relevant industry information. Analysis of expected credit losses which was measured based on the aforementioned method, was as follows:

	December 31, 2024		
	Carrying amount of accounts receivable	Weighted average loss rate	Loss allowance for lifetime expected credit
	(in thousands)		(in thousands)
Not past due	\$ 235,882	0 %	\$ —
Past due within 30 days	915	0 %	—
Past due 31-60 days	14	0 %	—
Past due 61-90 days	—	0 %	—
Past due 91-120 days	2	0 %	—
Past due over 121 days	—	0%-100 %	—
	\$ 236,813		\$ —

	December 31, 2025		
	Carrying amount of accounts receivable	Weighted average loss rate	Loss allowance for lifetime expected credit
	(in thousands)		(in thousands)
Not past due	\$ 200,298	0 %	\$ —
Past due within 30 days	508	0 %	—
Past due 31-60 days	53	0 %	—
Past due 61-90 days	—	0 %	—
Past due 91-120 days	—	0 %	—
Past due over 121 days	17	0%-100 %	—
	\$ 200,876		\$ —

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

There were no changes in loss allowance as of December 31, 2024 and 2025.

There were no activities in loss allowance for the years ended December 31, 2023, 2024 and 2025, respectively.

Note 11. Inventories

	December 31, 2024	December 31, 2025
	(in thousands)	
Finished goods	\$ 40,445	36,380
Work in process	77,244	88,192
Raw materials	40,767	27,976
Supplies	290	127
	\$ 158,746	152,675

The amounts of inventories that were charged to cost of revenues were \$660,391 thousand, \$617,050 thousand and \$560,725 thousand, for the years ended December 31, 2023, 2024 and 2025, respectively, and the charges for inventories written down to net realizable value amounted to \$21,540 thousand, \$13,551 thousand and \$17,087 thousand, for the years ended December 31, 2023, 2024 and 2025, respectively, which were also included in cost of revenues.

As of December 31, 2024 and 2025, none of the Company's inventories was pledged as collateral.

Note 12. Equity Method Investments

Associates consisted of the following:

Name of Associate	Principal Activities	Place of Incorporation and Operation	December 31, 2024		December 31, 2025	
			Carrying amount (in thousands)	Holding %	Carrying amount (in thousands)	Holding %
Ganzin Technology Corp.	Eye tracking chip and module	Taipei, Taiwan	\$ —	31.21	\$ —	27.55
Iris Optronics Co., Ltd.	E-paper manufacturing and sales	Tainan, Taiwan	21	4.52	184	3.77
Guangzhou Pixtalks Information Technology Co., Ltd.	3D structured light module	Guangzhou, China	209	29.50	219	29.50
Prlit Optronics, Inc.	LCD panel components manufacturing	Tainan, Taiwan	2,505	14.95	2,099	14.95
Tilt Five, Inc.	Develops of Augmented Reality technology	Delaware, USA	5,836	21.99	4,648	21.99
Calumino Pty Limited	Develops of thermal sensing technology	Sydney, Australia	—	—	3,062	13.07
			\$ 8,571		\$ 10,212	

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

There is no individually significant associate for the Company. The following table summarized the amount recognized by the Company at its share of those associates:

	For the year ended December 31,		
	2023	2024 (in thousands)	2025
The Company's share of losses of associates	\$ (598)	(831)	(3,185)
The Company's share of other comprehensive income of associates	\$ 20	(146)	108
The Company's share of total comprehensive income of associates	\$ (578)	(977)	(3,077)

The Company has not recognized losses of \$691 thousand and \$260 thousand in relation to its interest in Ganzin Technology Corp. for the year ended December 31, 2023 and 2024, respectively, because the Company has no obligation in respect of the losses. As of December 31, 2024, the cumulative unrecognized losses in relation to the Company's interest in Ganzin Technology Corp. was \$1,277 thousand.

As of December 31, 2024 and 2025, none of the Company's equity method investments was pledged as collateral.

Note 13. Other Intangible Assets

	Technology	Software (in thousands)	Others	Total
<u>Cost</u>				
Balance at January 1, 2024	\$ 6,889	6,082	1,172	14,143
Additions	—	153	—	153
Disposals	—	(190)	—	(190)
Effect of exchange rate changes	—	(3)	—	(3)
Balance at December 31, 2024	6,889	6,042	1,172	14,103
Acquisitions through business combinations	799	89	—	888
Reclassified from other current assets	—	2,191	—	2,191
Additions	—	397	—	397
Disposals	—	(8)	—	(8)
Effect of exchange rate changes	—	1	—	1
Balance at December 31, 2025	\$ 7,688	8,712	1,172	17,572
<u>Accumulated Amortization</u>				
Balance at January 1, 2024	\$ 6,889	5,801	637	13,327
Amortization for the year	—	214	119	333
Disposals	—	(190)	—	(190)
Effect of exchange rate changes	—	(3)	—	(3)
Balance at December 31, 2024	6,889	5,822	756	13,467
Amortization for the year	44	1,433	68	1,545
Disposals	—	(8)	—	(8)
Effect of exchange rate changes	—	3	—	3
Balance at December 31, 2025	\$ 6,933	7,250	824	15,007
<u>Carrying amounts</u>				
At December 31, 2024	\$ —	220	416	636
At December 31, 2025	\$ 755	1,462	348	2,565

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

Other intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Technology	3-7 years
Software	2-10 years
Others	7-15 years

Note 14. Property, Plant and Equipment

(a)

	Land	Building and improvements	Machinery	Research and development equipment	Office furniture and equipment	Others	Prepayments for purchase of equipment and construction in progress	Total
	(in thousands)							
Cost								
Balance at January 1, 2024	\$ 37,653	77,782	94,732	50,233	14,991	50,772	4,428	330,591
Additions	—	651	2,210	5,998	739	4,844	2,028	16,470
Transfers	—	1,610	656	28	—	453	(2,870)	(123)
Disposals	—	(15)	(1,034)	(185)	(195)	(13,596)	—	(15,025)
Effect of exchange rate changes	—	—	—	(7)	(51)	(157)	—	(215)
Balance at December 31, 2024	37,653	80,028	96,564	56,067	15,484	42,316	3,586	331,698
Acquisitions through business combinations	162	55	101	—	17	31	—	366
Additions	—	483	1,551	6,414	1,116	5,362	7,027	21,953
Transfers	—	—	939	—	—	—	(939)	—
Disposals	—	—	(59)	(245)	(168)	(11,322)	—	(11,794)
Effect of exchange rate changes	(3)	(2)	(12)	3	39	106	(1)	130
Balance at December 31, 2025	<u>\$ 37,812</u>	<u>80,564</u>	<u>99,084</u>	<u>62,239</u>	<u>16,488</u>	<u>36,493</u>	<u>9,673</u>	<u>342,353</u>
Accumulated Depreciation								
Balance at January 1, 2024	\$ —	37,300	72,261	43,850	12,669	34,402	—	200,482
Depreciation for the year	—	4,394	6,863	3,823	1,018	5,923	—	22,021
Disposals	—	(15)	(1,034)	(185)	(195)	(10,504)	—	(11,933)
Effect of exchange rate changes	—	(1)	—	(6)	(43)	(102)	—	(152)
Balance at December 31, 2024	—	41,678	78,090	47,482	13,449	29,719	—	210,418
Depreciation for the year	—	4,392	4,856	5,672	985	5,099	—	21,004
Disposals	—	—	(59)	(245)	(168)	(8,726)	—	(9,198)
Effect of exchange rate changes	—	(2)	(10)	3	35	72	—	98
Balance at December 31, 2025	<u>\$ —</u>	<u>46,068</u>	<u>82,877</u>	<u>52,912</u>	<u>14,301</u>	<u>26,164</u>	<u>—</u>	<u>222,322</u>
Carrying amounts								
At December 31, 2024	\$ 37,653	38,350	18,474	8,585	2,035	12,597	3,586	121,280
At December 31, 2025	<u>\$ 37,812</u>	<u>34,496</u>	<u>16,207</u>	<u>9,327</u>	<u>2,187</u>	<u>10,329</u>	<u>9,673</u>	<u>120,031</u>

Others in property, plant and equipment includes mold equipment, leasehold improvements, right-of-use assets and other equipment.

The Company incurred non-cash capital expenditures of \$3,086 thousand, \$3,121 thousand and \$3,296 thousand in the years ended December 31, 2023, 2024 and 2025.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

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

Buildings	25 years
Building improvements	4-16 years
Machinery	4-10 years
Research and development equipment	2-6 years
Office furniture and equipment	3-8 years
Others	2-15 years

For the years ended December 31, 2023, 2024 and 2025, the Company did not recognize any impairment loss on property, plant and equipment.

Information on property, plant and equipment that were pledged to bank as collateral is provided in Note 26.

(b) Lease Arrangements

(i) Right-of-use assets

Addition to right-of-use assets during 2024 and 2025 were \$2,113 thousand and \$839 thousand, respectively. The carrying amounts of right-of-use assets for offices and buildings lease included in Others in property, plant and equipment was \$8,368 thousand and \$4,125 thousand as of December 31, 2024 and 2025, respectively. Depreciation expense of right-of-use assets amounted to \$4,609 thousand, \$4,178 thousand and \$2,519 thousand in 2023, 2024 and 2025, respectively.

(ii) Lease liabilities

	December 31, 2024	December 31, 2025
	(in thousands)	
Current portion (classified under other current liabilities)	\$ 3,708	1,752
Non-current portion (classified under other non-current liabilities)	3,452	2,466
	\$ 7,160	4,218

(iii) Additional lease information

	Year ended December 31,		
	2023	2024	2025
	(in thousands)		
Expenses relating to short-term leases	\$ 73	65	54
Expenses relating to low-value asset leases	\$ 368	246	211
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 2,195	2,739	2,438

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

The reconciliation of lease liabilities to cash flows arising from financing activities was as follows:

	Year ended December 31,	
	2024	2025
	(in thousands)	
Balance at beginning of year	\$ 11,380	7,160
Change from financing activities:		
Payment of lease liabilities	(5,032)	(3,160)
Total change from financing activities	(5,032)	(3,160)
Other changes:		
New lease	1,758	840
Interest expense	216	160
Interest paid	(216)	(160)
Lease modifications	(1,624)	(1,577)
Effect of exchange rate changes	678	955
Total liability-related other changes	812	218
Balance at end of year	<u>\$ 7,160</u>	<u>4,218</u>

Note 15. Other Current Liabilities

	December 31,	December 31,
	2024	2025
	(in thousands)	
Accrued payroll and related expenses	\$ 17,139	14,370
Accrued mask, mold fees and other expenses for RD	10,651	17,352
Received in advance from disposal of land	7,383	—
Accrued software maintenance	7,215	8,323
Lease liabilities	3,708	1,752
Payable for purchases of building and equipment	3,160	3,336
Allowance for sales return and discounts	207	588
Provision on onerous inventory contract	138	2,550
Accrued insurance, welfare expenses, professional fee and others	13,994	20,172
	<u>\$ 63,595</u>	<u>68,443</u>

The activity in the sales return and discounts is as follows:

Allowance for sales return and discounts

Period	Balance at beginning of year	Charges to earnings	Amounts utilized	Balance at end of year
	(in thousands)			
Year 2023	\$ 2,180	20,429	(22,057)	552
Year 2024	\$ 552	12,879	(13,224)	207
Year 2025	\$ 207	11,400	(11,019)	588

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

Note 16. Short-Term Borrowings

	December 31, 2024	December 31, 2025
	(in thousands)	
Unsecured borrowings	\$ —	140
Secured borrowings	\$ 503,700	568,200
Unused credit lines	\$ 258,917	258,623
Interest rate	0.3%~0.35 %	0.3%~2.22 %

As of December 31, 2024 and 2025, cash and time deposits totaling \$503,700 thousand and \$568,200 thousand are pledged as collateral, respectively.

As of December 31, 2025, unused credit lines will expire between January 2026 and October 2026. Among the unused credit lines, \$110,729 thousand will expire before the end of March 2026, and \$163,300 thousand belonging to the parent company, Himax Technologies, Inc., needs to be secured with equal amount of cash and time deposits when borrowing money from banks.

The reconciliation of borrowings to cash flows arising from financing activities was as follows:

	Unsecured borrowings	Secured borrowings
	(in thousands)	
January 1, 2024	\$ —	453,000
Change from financing activities:		
Proceeds from borrowings	—	1,780,300
Repayments of borrowings	—	(1,729,600)
Total changes from financing activities	—	50,700
December 31, 2024	—	503,700
Change from financing activities:		
Acquisitions through business combinations	325	—
Proceeds from borrowings	946	2,200,560
Repayments of borrowings	(1,125)	(2,136,060)
Effect of exchange rate changes	(6)	—
Total changes from financing activities	140	64,500
December 31, 2025	\$ 140	568,200

Note 17. Long-Term Borrowings

	December 31, 2024	December 31, 2025
	(in thousands)	
Unsecured borrowings	\$ 34,500	28,500
Less: current portion	(6,000)	(6,000)
Total	\$ 28,500	22,500
Unused long-term credit lines	\$ 140,000	138,000
Interest rate	5.39%-5.43 %	4.52%-4.53 %
Duration	2020/8/4~ 2030/9/2	2020/8/4~ 2030/9/2

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

The Company entered into unsecured borrowings with Chang Hwa Bank, in the amount of \$40,000 thousand on August 4, 2020 and \$20,000 thousand on September 2, 2020, respectively, with a term of ten years. Funding from long-term unsecured borrowings was used to repay the existing debts of financial institutions and broaden the Company's working capital.

As of December 31, 2024 and 2025, for enhancing the guaranty, land and building and improvements totaling \$59,964 thousand and \$56,738 thousand are pledged as collateral. Please refer to Note 26.

The reconciliation of borrowings to cash flows arising from financing activities was as follows:

	Year ended December 31,	
	2024	2025
	(in thousands)	
Balance at beginning of year	\$ 40,500	34,500
Change from financing activities:		
Acquisitions through business combinations	—	422
Proceeds from borrowings	—	—
Repayments of borrowings	(6,000)	(6,416)
Effect of exchange rate changes	—	(6)
Total changes from financing activities	(6,000)	(6,000)
Balance at end of year	<u>\$ 34,500</u>	<u>28,500</u>

Note 18. Employee benefits

1. Defined benefit plans

Pursuant to the ROC Labor Standards Law, the Company has established a defined benefit pension plan covering full-time employees in the ROC that provides retirement benefits to retiring employees based on years of service and the average salary for the six-month period before the employee's retirement. The contributions for the defined benefit plan of the Company are administered by a pension fund monitoring committee (the "Committee") and is deposited in the Committee's name in the Bank of Taiwan.

As of December 31, 2025, the fair value of the plan assets deposited in the Committee's name in the Bank of Taiwan was approximately \$5.1 million and the present value of the defined benefit obligation was approximately \$3 million. The Company's employees' retirement reserve has reached the point of supporting employees' retirement funds, so the Company applied to the Labor Affairs Bureau of Tainan City Government to suspend contributions, which was approved. There have not been any significant market fluctuation, reduction, repayment, or other significant one-off events during the current fiscal year.

2. Defined contribution plans

Beginning July 1, 2005, pursuant to the newly effective ROC Labor Pension Act, the Company is required to make a monthly contribution for full-time employees in the ROC that elected to participate in the Defined Contribution Plan at a rate no less than 6% of the employee's monthly wages to the employees' individual pension fund accounts at the ROC Bureau of Labor Insurance. Expenses recognized in 2023, 2024 and 2025, based on the contribution called for were \$3,922 thousand, \$3,864 thousand and \$4,097 thousand, respectively.

The Company established a defined contribution plan in the United States that qualifies under Section 401(k) of the Internal Revenue Code. This plan covers substantially all employees who meet the service requirement. The Company's contribution to the plan may be made at the discretion of the board of directors. Expenses recognized in 2023, 2024 and 2025, based on the contribution called for were \$68 thousand, \$80 thousand and \$89 thousand, respectively.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****For the years ended December 31, 2023, 2024 and 2025**

All PRC employees participate in employee social security plans, including pension and other welfare benefits, which are organized and administered by governmental authorities. The Company has no other substantial commitments to employees. The premiums and welfare benefit contributions that should be borne by the Company are calculated in accordance with relevant PRC regulations, and are paid to the labor and social welfare authorities. Expenses recognized based on this plan were \$2,390 thousand, \$2,588 thousand and \$2,737 thousand for the years ended December 31, 2023, 2024 and 2025, respectively.

Other foreign subsidiaries recognized pension expenses of \$221 thousand, \$221 thousand and \$223 thousand for the years ended December 31, 2023, 2024 and 2025, respectively, for the defined contribution plans based on their respective local government regulations.

3. Cash award

On September 26, 2023, September 26, 2024, and September 25, 2025, the Company's compensation committee granted annual bonuses by cash payouts totaling \$729 thousand, \$1,035 thousand and \$269 thousand, respectively to the Company's employees among which \$187 thousand, \$164 thousand and \$122 thousand, respectively was immediately vested on the grant date. The remainder will be equally vested at the first, second and third anniversaries of the grant date.

The amounts of cash award expenses included in applicable costs of revenues and expense categories and related tax effects are summarized as follows:

	Year ended December 31,		
	2023	2024 (in thousands)	2025
Cost of revenues	\$ 174	60	—
Research and development	15,273	6,193	1,211
General and administrative	1,401	546	102
Sales and marketing	2,797	1,086	346
Total compensation	<u>\$ 19,645</u>	<u>7,885</u>	<u>1,659</u>
Income tax benefit	<u>\$ 4,167</u>	<u>1,770</u>	<u>350</u>

Note 19. Share-Based Compensation

The amounts of share-based compensation expenses included in applicable costs of revenues and expense categories and related tax effects are summarized as follows:

	Year ended December 31,		
	2023	2024 (in thousands)	2025
Cost of revenues	\$ 157	173	89
Research and development	9,414	9,819	6,461
General and administrative	1,108	891	621
Sales and marketing	1,453	1,435	927
Total compensation	<u>\$ 12,132</u>	<u>12,318</u>	<u>8,098</u>
Income tax benefit	<u>\$ 2,545</u>	<u>2,605</u>	<u>1,738</u>

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

(a) Long-term Incentive Plan

On September 7, 2011, the Company's shareholders approved a long-term incentive plan. The amended and restated plan was amended and restated by extending its duration to September 6, 2030, which was approved by the Company's shareholders at the annual general meeting held on August 13, 2025. The plan permits the grants of options or RSUs to the Company's employees, directors and service providers where each unit of RSU represents two ordinary shares of the Company.

On September 28, 2020, the Company's compensation committee made grants of 1,402,714 RSUs to the Company's employees. The vesting schedule for the RSUs is as follows: 98.68% of the RSUs grant vested immediately on the grant date which was settled by cash amounting to \$4,762 thousand, a subsequent 0.44% will vest on each of September 30, 2021, 2022 and 2023 which will be settled by the Company's ordinary shares, subject to certain forfeiture events.

On September 28, 2021, the Company's compensation committee made grants of 2,604,545 RSUs to the Company's employees. The vesting schedule for the RSUs is as follows: 85.63% of the RSUs grant vested immediately on the grant date which was settled by cash amounting to \$23,174 thousand, a subsequent 4.79% will vest on each of September 30, 2022, 2023 and 2024 which will be settled by the Company's ordinary shares, subject to certain forfeiture events.

On September 28, 2022, the Company's compensation committee made grants of 3,987,509 RSUs to the Company's employees. The vesting schedule for the RSUs is as follows: 86.41% of the RSUs grant vested immediately on the grant date which was settled by cash amounting to \$17,535 thousand, a subsequent 4.53% will vest on each of September 30, 2023, 2024 and 2025 which will be settled by the Company's ordinary shares, subject to certain forfeiture events.

On September 26, 2023, the Company's compensation committee made grants of 1,710,607 RSUs to the Company's employees. The vesting schedule for the RSUs is as follows: 97.45% of the RSUs grant vested immediately on the grant date which was settled by cash amounting to \$9,468 thousand, a subsequent 0.85% will vest on each of September 30, 2024, 2025 and 2026 which will be settled by the Company's ordinary shares, subject to certain forfeiture events.

On September 26, 2024, the Company's compensation committee made grants of 2,014,386 RSUs to the Company's employees. The vesting schedule for the RSUs is as follows: 96.76% of the RSUs grant vested immediately on the grant date which was settled by cash amounting to \$11,071 thousand, a subsequent 1.08% will vest on each of September 30, 2025, 2026 and 2027 which will be settled by the Company's ordinary shares, subject to certain forfeiture events.

On September 25, 2025, the Company's compensation committee made grants of 862,516 RSUs to the Company's employees. The vesting schedule for the RSUs is as follows: 98.74% of the RSUs grant vested immediately on the grant date which was settled by cash amounting to \$7,368 thousand, a subsequent 0.42% will vest on each of September 30, 2026, 2027 and 2028 which will be settled by the Company's ordinary shares, subject to certain forfeiture events.

On November 9, 2022, the Company's compensation committee made the unvested RSUs generally include forfeitable dividend-equivalent rights, which entitle holders of RSUs to the same dividend value per share as holders of common stock. The dividend-equivalent rights are subject to the same vesting and other terms and conditions as the underlying RSUs.

The amount of compensation expense from the long-term incentive plan was determined based on the estimated fair value and the market price of ADS (one ADS represents two ordinary shares) underlying the RSUs granted on the date of grant, which were \$3.44 per ADS, \$10.39 per ADS, \$5.09 per ADS, \$5.68 per ADS, \$5.68 per ADS and \$8.65 per ADS on September 28, 2020, September 28, 2021, September 28, 2022, September 26, 2023, September 26, 2024, and September 25, 2025, respectively.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

RSUs activity under the long-term incentive plan during the periods indicated is as follows:

	Number of Underlying Shares for RSUs	Weighted Average Grant Date Fair Value
Balance at January 1, 2023	792,209	6.71
Granted	1,710,607	5.68
Vested	(1,974,496)	5.91
Forfeited	(2,355)	9.81
Balance at December 31, 2023	<u>525,965</u>	<u>6.36</u>
Granted	2,014,386	5.68
Vested	(2,261,433)	5.88
Forfeited	(5,307)	7.33
Balance at December 31, 2024	<u>273,611</u>	<u>5.29</u>
Granted	862,516	8.65
Vested	(1,063,725)	7.96
Forfeited	(3,588)	5.09
Balance at December 31, 2025	<u>68,814</u>	<u>6.14</u>

As of December 31, 2025, the total compensation cost related to the unvested RSUs not yet recognized was \$423 thousand. The weighted-average period over which it is expected to be recognized is 1.69 years.

In 2023, 2024 and 2025, the Company settled RSUs release with shares buyback of 615,052 shares, 624,670 shares and 423,918 shares, respectively.

The allocation of compensation expenses and related tax effects from the RSUs granted to employees under the long-term incentive plan are summarized as follows:

	Year ended December 31,		
	2023	2024 (in thousands)	2025
Cost of revenues	\$ 153	167	86
Research and development	9,353	9,751	6,427
General and administrative	1,108	891	620
Sales and marketing	1,449	1,430	924
Total compensation	<u>\$ 12,063</u>	<u>12,239</u>	<u>8,057</u>
Income tax benefit	<u>\$ 2,545</u>	<u>2,605</u>	<u>1,738</u>

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****For the years ended December 31, 2023, 2024 and 2025**

(b) Employee stock options

- (i) On March 19, 2021, board of directors of CM Visual Technology Corp. approved a plan to grant stock options, the 2021 plan, to certain employees. This plan authorizes grants to purchase up to 3,000,000 shares of CM Visual Technology Corp. authorized but unissued ordinary shares. The exercise price was NT\$10 (US\$0.36). In addition, on December 28, 2023, board of directors of CM Visual Technology Corp. approved another a plan to grant stock options, the 2023 plan, to certain employees. This plan authorizes grants to purchase up to 1,500,000 shares of CM Visual Technology Corp. authorized but unissued ordinary shares. The exercise price was NT\$10 (US\$0.32).

The 2021 plan and 2023 plan both have four years contractual life and three years vesting period. Based on the vesting schedule, 50% of the options vest one and half years after the date of grant and 50% of the options vest three years after the date of grant. The Company recognized compensation expenses of \$69 thousand, \$79 thousand and \$39 thousand in 2023, 2024 and 2025, respectively. Such compensation expense was recorded as cost of revenues, sales and marketing expenses and research and development expenses in the consolidated statements of income. There was no income tax benefit realized in the consolidated statements of income for employee stock options for the years ended December 31, 2023, 2024 and 2025, respectively.

The calculated value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model that used the weighted average assumptions in the following table. CM Visual Technology Corp. uses the simplified method to estimate the expected term of the options as it does not have sufficient historical share option exercise experience and the exercise data relating to employees of other companies is not easily obtainable. Since CM Visual Technology Corp.'s shares are not publicly traded and its shares are rarely traded privately, expected volatility is computed based on the average historical volatility of similar entities with publicly traded shares. The risk-free rate for the expected term of the options is based on the interest rates of 2 years and 5 years ROC central government bond at the time of grant.

Valuation assumptions:	2021 Plan		2023 Plan
	Granted in 2021	Granted in 2023	Granted in 2024
Expected dividend yield	0 %	0 %	0 %
Expected volatility	43.82 %	44.17 %	39.76 %
Expected term (years)	3.125	3.125	3.125
Risk-free interest rate	0.223 %	1.081 %	1.150 %

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

Stock option activity during the periods indicated is as follows:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term
Balance at January 1, 2023	2,291,000	\$ 0.36	2.5
Granted	288,000	0.33	
Exercised	—	—	
Effect of capital reduction	(1,289,500)	0.36	
Forfeited	—	—	
Balance at December 31, 2023	1,289,500	0.50	1.5
Granted	1,201,000	0.32	
Exercised	—	—	
Forfeited	(138,000)	0.47	
Balance at December 31, 2024	2,352,500	0.41	1.8
Granted	20,000	0.34	
Exercised	—	—	
Forfeited	(55,000)	0.41	
Balance at December 31, 2025	2,317,500	0.41	1.3
Exercisable at December 31, 2025	1,722,000	0.44	1.0

- (ii) On October 29, 2025, board of directors of Liqxtal Technology Inc. approved a plan to grant stock options, the 2025 plan, to certain employees. This plan authorizes grants to purchase up to 800,000 shares of Liqxtal Technology Inc.' authorized but unissued ordinary shares. The exercise price was NT\$20 (US\$0.65).

The 2025 plan has three-year vesting period, 30%, 30% and 40% of each grant will be vested subsequent to the first, second, and third anniversary of the grant date, respectively. The Company recognized compensation expenses of \$2 thousand in 2025. Such compensation expense was recorded as general and administrative expense and research and development expenses in the consolidated statements of income. There was no income tax benefit realized in the consolidated statements of income for employee stock options for the year ended December 31, 2025.

The calculated value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model that used the weighted average assumptions in the following table. Liqxtal Technology Inc. uses the simplified method to estimate the expected term of the options as it does not have sufficient historical share option exercise experience and the exercise data relating to employees of other companies is not easily obtainable. Since Liqxtal Technology Inc.' shares are not publicly traded and its shares are rarely traded privately, expected volatility is computed based on the average historical volatility of similar entities with publicly traded shares. The risk-free rate for the expected term of the options is based on the interest rates of 3 years ROC central government bond at the time of grant.

	2025 plan
Valuation assumptions:	
Expected dividend yield	13.76 %
Expected volatility	44.08 %
Expected term (years)	3.05
Risk-free interest rate	1.1815 %

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

Stock option activity during the periods indicated is as follows:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term
Balance at January 1, 2025	—	\$ —	—
Granted	681,000	0.65	—
Exercised	—	—	—
Forfeited	—	—	—
Balance at December 31, 2025	<u>681,000</u>	<u>0.65</u>	<u>3.92</u>
Exercisable at December 31, 2025	<u>—</u>	<u>—</u>	<u>—</u>

Note 20. Equity

(a) Ordinary Shares

The Company's authorized ordinary shares, with par value of \$0.3 per share, were 1,000,000,000 shares at December 31, 2024 and 2025.

In accordance with the Company's board of director's resolution on December 4, 2024, the Company authorized a share buyback program. The program allows the Company to repurchase up to \$20 million of the Company's ADSs. The Company repurchased \$5.3 million or 822,431 ADSs in the open market at an average price of \$6.46 per ADS as of December 31, 2025.

The Company's issued and fully paid ordinary shares, with par value of \$0.3 per share, were 356,699,482 shares at December 31, 2024 and 2025. The outstanding ordinary shares were 349,826,828 shares and 348,851,828 shares at December 31, 2024 and 2025, respectively. 6,872,654 treasury shares and 7,847,654 treasury shares were held by the Company as of December 31, 2024 and 2025, respectively.

The Company's ordinary shares have been quoted on the NASDAQ Global Select Market under the symbol "HIMX" in the form of ADSs and two ordinary shares represent one ADS with effect from August 10, 2009.

(b) Additional Paid-in Capital

Balance of additional paid-in capital as of December 31, 2024 and 2025 were as follows:

	December 31, 2024	December 31, 2025
	(in thousands)	
From ordinary shares	\$ 93,341	93,341
From treasury shares	5,864	5,563
From share-based compensation	14,509	15,201
From share of changes in equities of associates and subsidiaries	1,662	1,745
	<u>\$ 115,376</u>	<u>115,850</u>

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

(c) Earnings distribution

As a holding company, the major asset of the Company is the 100% ownership interest in Himax Taiwan. Dividends received from the Company's subsidiaries in Taiwan, if any, will be subjected to withholding tax under ROC law. The ability of the Company's subsidiaries to pay dividends, repay intercompany loans from the Company or make other distributions to the Company may be restricted by the availability of funds, the terms of various credit arrangements entered into by the Company's subsidiaries, as well as statutory and other legal restrictions. The Company's subsidiaries in Taiwan are generally not permitted to distribute dividends or to make any other distributions to shareholders for any year in which it did not have either earnings or retained earnings (excluding reserve). In addition, before distributing a dividend to shareholders following the end of a fiscal year, a Taiwan company must recover any past losses, pay all outstanding taxes and set aside 10% of its annual net income (less prior years' losses and outstanding taxes) as a legal reserve until the accumulated legal reserve equals its paid-in capital, and may set aside a special reserve.

The accumulated legal and special reserve provided by Himax Taiwan as of December 31, 2024 and 2025 amounted to \$159,580 thousand and \$167,891 thousand, respectively.

For the year ended December 31, 2025, the Company declared the cash dividend of \$0.185 per share, totaling \$64,492 thousand, and was paid on July 11, 2025.

(d) Accumulated other comprehensive income

Changes in accumulated other comprehensive income, net of tax, are as follows:

	Foreign currency translation	Unrealized gains (losses) on securities (in thousands)	Defined benefit pension plans	Accumulated other comprehensive income
Beginning balance, January 1, 2023	\$ (101)	(906)	789	(218)
Exchange differences arising on translation of foreign operations	(123)	—	—	(123)
Changes in fair value of financial assets	—	152	—	152
Remeasurement of defined benefit pension plans	—	—	9	9
Ending balance, December 31, 2023	(224)	(754)	798	(180)
Exchange differences arising on translation of foreign operations	(626)	—	—	(626)
Changes in fair value of financial assets	—	9,427	—	9,427
Remeasurement of defined benefit pension plans	—	—	—	—
Ending balance, December 31, 2024	(850)	8,673	798	8,621
Exchange differences arising on translation of foreign operations	273	—	—	273
Changes in fair value of financial assets	—	27,810	—	27,810
Remeasurement of defined benefit pension plans	—	—	—	—
Ending balance, December 31, 2025	<u>\$ (577)</u>	<u>36,483</u>	<u>798</u>	<u>36,704</u>

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

(e) Noncontrolling interest

	Year ended December 31,		
	2023	2024 (in thousands)	2025
Balance at the beginning of year	\$ 1,249	6,934	6,266
Equity attributable to non-controlling interests			
Profit (Loss) for the year	(1,195)	15	1,338
Remeasurement of defined benefit pension plans	2	—	—
Share-based compensation expenses	40	78	41
New shares issued by subsidiaries	6,015	9	1,508
Dividend to noncontrolling interest from subsidiary	—	—	(442)
Acquired the controlling power from noncontrolling interest	811	—	—
Purchase of subsidiaries shares from noncontrolling interest	12	(764)	45
Exchange differences arising on translation of foreign operations	—	(6)	(9)
Balance at the end of year	<u>\$ 6,934</u>	<u>6,266</u>	<u>8,747</u>

Note 21. Income Taxes

The Company is incorporated in the Cayman Islands, a tax-free country; accordingly, pretax income generated by the group parent company is not subject to local income tax. Substantially all of the Company's taxable income is derived from the operations in the ROC and, therefore, substantially all of the Company's income tax expense attributable to income from continuing operations is incurred in the ROC. Other foreign subsidiary companies calculate income tax in accordance with local tax law and regulations.

(a) Income tax expense (benefit) recognized in profit or loss for the years ended December 31, 2023, 2024 and 2025 consists of the following:

	Year ended December 31,		
	2023	2024 (in thousands)	2025
Current tax expense			
Current period	\$ 155	5,459	11,054
Adjustment for prior periods	(2,614)	(942)	(550)
	<u>(2,459)</u>	<u>4,517</u>	<u>10,504</u>
Deferred tax expense			
Origination and reversal of temporary differences	2,436	(1,590)	(1,691)
Investment tax credits and operating loss carryforward	(5,005)	(5,362)	779
	<u>(2,569)</u>	<u>(6,952)</u>	<u>(912)</u>
Total income tax expense (benefit)	<u>\$ (5,028)</u>	<u>(2,435)</u>	<u>9,592</u>

(b) Income taxes expense (benefit) recognized directly in other comprehensive income for the years ended December 31, 2023, 2024 and 2025 consist of the following:

	Year ended December 31,		
	2023	2024 (in thousands)	2025
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit pension plans	\$ (1)	—	—

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

(c) Reconciliation of the expected income tax expense computed based on the ROC statutory income tax rate of 20% compared with the actual income tax expense as reported in the consolidated statements of profit or loss for the years ended December 31, 2023, 2024 and 2025 are summarized as follows:

	Years ended December 31,					
	2023		2024		2025	
	Rate	Amount (in thousands)	Rate	Amount (in thousands)	Rate	Amount (in thousands)
Profit before income taxes		\$ 44,393		\$ 77,335		\$ 54,867
Income tax expense calculated at the statutory rate	20.0 %	8,879	20.0 %	15,467	20.0 %	10,973
Tax on undistributed earnings	4.4 %	1,931	4.7 %	3,602	3.1 %	1,720
Tax benefit resulting from setting aside legal reserve from prior year's income	(2.9)%	(1,267)	(0.3)%	(245)	(0.8)%	(440)
Increase in tax credits	(22.2)%	(9,864)	(11.2)%	(8,627)	(8.7)%	(4,749)
Effect of change of unrecognized deductible temporary differences and tax losses carryforwards	9.3 %	4,127	5.5 %	4,237	2.7 %	1,467
Net of non-taxable income and non-deductible expense	(16.0)%	(7,090)	(19.3)%	(14,910)	2.2 %	1,206
Changes in unrecognized tax benefits	(3.1)%	(1,380)	(4.0)%	(3,127)	(2.5)%	(1,378)
Foreign tax rate differential	1.7 %	752	2.8 %	2,177	1.7 %	942
Variance from audits, amendments and examinations of prior years' income tax filings	(3.0)%	(1,347)	(0.9)%	(697)	(0.2)%	(110)
Others	0.5 %	231	(0.4)%	(312)	—	(39)
Income tax expense (benefit)		<u>\$ (5,028)</u>		<u>\$ (2,435)</u>		<u>\$ 9,592</u>
Effective tax rate	(11.3)%		(3.1)%		17.5 %	

(d) As of December 31, 2024 and 2025, the components of deferred tax assets and deferred tax liabilities were as follows:

	December 31, 2024	December 31, 2025
	(in thousands)	
Deferred tax assets:		
Inventory	\$ 5,051	6,014
Tax credit carryforwards	10,367	9,437
Accrued compensated absences	1,028	1,152
Allowance for sales discounts	2,374	2,836
Depreciation	1,286	1,422
Operating loss carryforwards	—	151
Others	1,087	1,256
	<u>\$ 21,193</u>	<u>22,268</u>
Deferred tax liabilities:		
Remeasurement of defined benefit plans	\$ (240)	(243)
Unrealized foreign exchange gain	(264)	(232)
Acquired intangible assets	—	(151)
Others	(60)	(101)
	<u>\$ (564)</u>	<u>(727)</u>

As of December 31, 2025, the Company has not provided for income taxes on undistributed earnings of approximately \$1,589,949 thousand of its foreign subsidiaries since the Company has specific plans to reinvest these earnings indefinitely. A deferred tax liability will be recognized when the Company can no longer demonstrate that it plans to indefinitely reinvest these undistributed earnings. This amount becomes taxable when the ultimate parent company, Himax Technologies, Inc., executes other investments, share buybacks or shareholder dividends to be funded by cash distribution by its foreign subsidiaries. It is not practicable to estimate the amount of additional taxes that might be payable on such undistributed earnings because of the complexities of the hypothetical calculation.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

(e) Changes in deferred tax assets and liabilities were as follows:

	January 1, 2024	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2024 <small>(in thousands)</small>	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2025
Inventory	\$ 4,696	355	—	5,051	963	—	6,014
Tax credit carryforwards	5,005	5,362	—	10,367	(930)	—	9,437
Accrued compensated absences	941	87	—	1,028	124	—	1,152
Allowance for sales discounts	1,902	472	—	2,374	462	—	2,836
Depreciation	1,149	137	—	1,286	136	—	1,422
Operating loss carryforwards	—	—	—	—	151	—	151
Unrealized foreign exchange loss	(261)	(3)	—	(264)	32	—	(232)
Remeasurement of defined benefit plans	(254)	14	—	(240)	(3)	—	(243)
Acquired intangible assets	—	—	—	—	(151)	—	(151)
Others	498	529	—	1,027	128	—	1,155
Total	\$ 13,676	6,953	—	20,629	912	—	21,541

(f) Unrecognized Deferred Tax Assets

Gross amount of deferred tax assets have not been recognized in respect of the following items.

	December 31, 2024	December 31, 2025
	<small>(in thousands)</small>	
Unused tax credits	\$ 1,560	1,560
Unused operating loss carryforwards-statutory tax	202,550	194,595
Unused operating loss carryforwards-undistributed earnings tax	284,914	303,826
Others	17,422	15,637
	\$ 506,446	515,618

As of December 31, 2025, the unused investment tax credits with its expiration year from 2026 to 2034 from US operations were \$1,560 thousand.

Tax loss carryforwards is utilized in accordance with the relevant jurisdictional tax laws and regulations. Net losses from foreign subsidiaries are approved by tax authorities in respective jurisdiction to offset future taxable profits. Under ROC Income Tax Acts, the tax loss carryforward in the preceding ten years is available to be deducted from tax income for Taiwan operations. The statutory losses would be deducted for undistributed earnings tax and were not subject to expiration for Taiwan operations.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

As of December 31, 2025, the expiration period for abovementioned unrecognized deferred tax assets of unused operating loss carryforwards for statutory tax were as follows:

	Deductible amount (in thousands)	Unrecognized deferred tax assets	Expiration year
Taiwan operations	\$ 96,971	\$ 19,394	2026~2030
	81,036	16,207	2031~2035
Hong Kong operations	1,821	150	Indefinitely
US operations	14,767	3,950	2026~Indefinitely
		<u>\$ 39,701</u>	

(g) Assessments by the tax authorities

The Company's major taxing jurisdiction is Taiwan. All Taiwan subsidiaries' income tax returns have been examined and assessed by the ROC tax authorities through 2023. The income tax returns of 2024 for all Taiwan subsidiaries are open to examination by the ROC tax authorities. Taiwanese entities are customarily examined by the tax authorities and it is possible that a future examination will result in a positive or negative adjustment to the Company's unrecognized tax benefits within the next 12 months; however, management is unable to estimate a range of the tax benefits or detriment as of December 31, 2025.

Note 22. Financial Instruments

(a) Categories of financial instruments

(i) Financial assets

	December 31, 2024	December 31, 2025
	(in thousands)	
Financial assets measured at fair value through profit or loss (including current and noncurrent)	\$ 25,694	52,520
Financial assets measured at fair value through other comprehensive income	28,226	56,836
Measured at amortized cost:		
Cash and cash equivalents	218,148	257,504
Financial assets at amortized cost	4,286	2,714
Accounts receivable and other receivables (including related parties)	242,491	203,115
Restricted deposit (including current and noncurrent)	503,731	568,200
Refundable deposits (including current and noncurrent)	232,349	203,982
Subtotal	1,201,005	1,235,515
Total	<u>\$ 1,254,925</u>	<u>1,344,871</u>

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

(ii) Financial liabilities

	December 31, 2024	December 31, 2025
(in thousands)		
Measured at amortized cost:		
Short-term unsecured borrowings	\$ —	140
Short-term secured borrowings	503,700	568,200
Accounts payables and other payables (including related parties)	160,940	197,430
Long-term unsecured borrowings (including current portion)	34,500	28,500
Lease liabilities (including current and noncurrent)	7,160	4,218
Guarantee deposits	1,006	1,005
Total	<u>\$ 707,306</u>	<u>799,493</u>

(b) Liquidity risk

The following, except for payables (including related parties) that are repayable within a year, are the contractual maturities of financial liabilities, including estimated interest payments of unsecured borrowings, secured borrowings and lease liabilities.

(in thousands)	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2024						
Non-derivative financial liabilities						
Short-term secured borrowings	\$ 504,061	504,061	—	—	—	—
Long-term unsecured borrowings (including current portion)	40,745	4,079	3,944	7,591	20,527	4,604
Lease liabilities	7,449	2,788	1,062	1,621	1,978	—
Guarantee deposits	1,006	1,006	—	—	—	—
	<u>\$ 553,261</u>	<u>511,934</u>	<u>5,006</u>	<u>9,212</u>	<u>22,505</u>	<u>4,604</u>
December 31, 2025						
Non-derivative financial liabilities						
Short-term unsecured borrowings	\$ 140	140	—	—	—	—
Short-term secured borrowings	568,518	568,518	—	—	—	—
Long-term unsecured borrowings (including current portion)	31,556	3,605	3,547	6,880	17,524	—
Lease liabilities	4,386	989	859	1,385	1,153	—
Guarantee deposits	1,005	1,005	—	—	—	—
	<u>\$ 605,605</u>	<u>574,257</u>	<u>4,406</u>	<u>8,265</u>	<u>18,677</u>	<u>—</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

(c) Currency risk

i. Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

(in thousands)	December 31, 2024			December 31, 2025		
	Foreign currency	Exchange rate	Functional currency	Foreign currency	Exchange rate	Functional currency
Financial assets						
Monetary items						
NTD	235,638	32.785	7,187	409,509	31.43	13,029
CNY	38,575	7.1884	5,366	21	7.0288	3
JPY	352,275	156.1934	2,255	9,400	156.5239	60
Financial liabilities						
Monetary items						
NTD	1,246,126	32.785	38,010	1,472,661	31.43	46,855
JPY	375,040	156.1934	2,401	1,249	156.5239	8

ii. Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivable, accounts payable, other payable and lease liabilities that are denominated in foreign currency.

Depreciation or appreciation of the USD by 10% against the New Taiwan Dollars (NTD), CNY and JPY at December 31, 2024 and 2025, while all other variables were remained constant, would have increased or (decreased) the net profit before tax of \$2,560 thousand and \$3,377 thousand, respectively.

iii. Interest rate risk

The Company's short-term unsecured borrowings, secured borrowings and long-term unsecured borrowings carried floating interest rates and fixed interest rates. The Company's exposure to changes in interest rates is mainly from floating-rate borrowings. Any change in interest rates will cause the effective interest rates of borrowings to change and thus cause the future cash flows to fluctuate over time.

The following sensitivity analysis is determined based on the exposure to interest rate risk. For floating-rate debts, the analysis assumes that the balances of outstanding debts at the end of the reporting period had been outstanding for the entire year.

For the Company's floating-rate debts, assuming all other variables were remained constant, an increase or a decrease in the interest rate by 0.25% would have resulted in a decrease or an increase in the net profit before tax for the years ended December 31, 2024 and 2025 by \$86 thousand and \$71 thousand, respectively.

(d) Fair value information

i. Financial instruments not measured at fair value

The Company considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

ii. Financial instruments measured at fair value

(1) Fair value hierarchy

(in thousands)	December 31, 2024				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through profit or loss					
Money market fund	\$ 2,140	2,140	—	—	2,140
Equity securities-unlisted company	23,554	—	—	23,554	23,554
Subtotal	25,694	2,140	—	23,554	25,694
Financial assets measured at fair value through other comprehensive income					
Equity securities-listed company	27,932	3,774	24,158	—	27,932
Equity securities-unlisted company	294	—	—	294	294
Total	\$ 53,920	5,914	24,158	23,848	53,920

(in thousands)	December 31, 2025				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through profit or loss					
Money market fund	\$ 24,732	24,732	—	—	24,732
Equity securities-unlisted company	26,758	—	—	26,758	26,758
Warrant-unlisted company	1,030	—	—	1,030	1,030
Subtotal	52,520	24,732	—	27,788	52,520
Financial assets measured at fair value through other comprehensive income					
Equity securities-listed company	56,212	7,278	48,934	—	56,212
Equity securities-unlisted company	624	—	—	624	624
Total	\$ 109,356	32,010	48,934	28,412	109,356

(2) Valuation techniques and assumptions used in fair value measurement

The fair value of financial instruments traded in active markets is determined with reference to quoted market prices.

The fair value of financial instruments is based on the valuation techniques. The fair value using valuation techniques refers to the current fair value of other financial instruments with similar conditions and characteristics, or using a discounted cash flow method, or other valuation techniques which include model calculating with observable market data at the reporting date.

The fair value of equity securities-unlisted company is determined by reference to market valuations for similar operating entities quoted in an active market based on the net assets value of investees. The significant unobservable input is primarily the liquidity discounts, 28% for 2025. The estimated fair value would increase (decrease) if the liquidity discount rate were lower (higher).

(3) Transfer between levels of the fair value hierarchy

There were no transfers between levels for the years ended December 31, 2024 and 2025.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

(4) Movement in financial assets included in Level 3 of fair value hierarchy

(in thousands)	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
January 1, 2024	\$ 21,650	507	22,157
Addition	5,628	—	5,628
Disposal	(4,630)	—	(4,630)
Capital reduction of investment	(338)	—	(338)
Recognized in other comprehensive income	—	(213)	(213)
Recognized in profit or loss	1,244	—	1,244
December 31, 2024	\$ 23,554	294	23,848

(in thousands)	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
January 1, 2025	\$ 23,554	294	23,848
Acquisitions through business combinations	18	—	18
Addition	3,153	799	3,952
Disposal	—	—	—
Capital reduction of investment	(89)	—	(89)
Recognized in other comprehensive income	—	(469)	(469)
Recognized in profit or loss	1,152	—	1,152
December 31, 2025	\$ 27,788	624	28,412

Note 23. Financial Risk Management

(a) Overview

The Company is exposed to the following risks due to usage of financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

Hereinafter discloses information about the Company's exposure to variable risks, and the goals, policies and procedures of the Company's risk measurement and risk management.

(b) Risk management framework

Management of related divisions are appointed to review, control, trace and monitor the strategic risks, financial risks and operational risks faced by the Company. Management reports to executive officers the progress of risk controls from time to time and, if necessary, report to the board of directors, depending on the extent of impact of risks.

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposures to credit risk are primarily from cash and cash equivalents, financial assets at amortized cost and accounts receivable.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

For the years ended December 31, 2023, 2024 and 2025

The Company deposits its cash and cash equivalents with various reputable financial institutions. Financial assets at amortized cost are time deposits with original maturities of greater than three months. The Company has not experienced any material losses on deposits of the Company's cash and cash equivalents and financial assets at amortized cost. Management performs periodic evaluations of the relative credit standing of these financial institutions and limits the amount of credit exposure with any one institution. Management believes that there is a limited concentration of credit risk in cash and cash equivalent and financial assets at amortized cost.

The Company derived substantially all of its revenues from sales of display drivers that are incorporated into TFT-LCD panels. The TFT-LCD panel industry is intensely competitive and is vulnerable to cyclical market conditions and subject to price fluctuations. Management continuously evaluates and controls the credit quality, credit limit and financial strength of its customers to ensure any overdue receivables are taken necessary procedures.

The Company depends on two customers for majority of its revenues. The Company's sales to these two customers as a percentage of revenues are as follows:

	Year Ended December 31,		
	2023	2024	2025
Customer A and its affiliates	28.7 %	26.4 %	24.0 %
Customer C	11.0 %	8.3 %	7.8 %

The percentage of the Company's accounts receivable accounted by customers, those representing more than 10% of total accounts receivable balance, is summarized as follows:

	December 31,	December 31,
	2024	2025
Customer A and its affiliates	29.1 %	28.8 %
Customer C	8.7 %	6.0 %

Refer to Note 10 for aging analysis of accounts receivable and the movement in the loss allowance.

In addition, the Company has at times agreed to extend the payment terms for certain of its customers. Other customers have also requested extension of payment terms, and the Company may grant such requests for extension in the future. As a result, a default by any such customer, a prolonged delay in the payment of accounts receivable, or the extension of payment terms for the Company's customers could adversely affect the Company's cash flow, liquidity and operating results. Management performs ongoing credit evaluations of each customer and adjusts credit policy based upon payment history and the customer's credit worthiness, as determined by the review of their current credit information.

(d) Liquidity risk

The objective of liquidity risk management is to ensure the Company has sufficient liquidity to fund its business requirements associated with existing operations over the next 12 months. The Company manages its liquidity risk by maintaining adequate working capital and unused credit facilities.

At December 31, 2025, the Company's working capital together with existing unused credit facilities under its existing loan agreements will be sufficient to fulfill all of its contractual obligations. Therefore, management believes that there is no liquidity risk resulting from incapable of financing to fulfill the contractual obligations.

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

(1) Currency risk

The Company is exposed to currency risk on operating activities that are denominated in a currency other than the respective functional currency of the Company, the USD. The currencies used in these transactions are the NTD, CNY and JPY.

(2) Interest rate risk

The Company is exposed to interest rate risk primarily related to its outstanding borrowings. The Company's borrowings carried floating interest rates. To manage the interest rate risk, the Company periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Company also strengthens the management of working capital to reduce the dependence on bank loans as well as the risk arising from fluctuation of interest rates.

Note 24. Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Company manages its capital structure in a manner to ensure it has sufficient financial resources to fund its working capital needs, capital expenditures, research and development activities, dividend payments and other business requirements associated with its existing operations over the next 12 months.

There were no changes in the Company's approach to capital management during the year ended December 31, 2025. Neither the Company nor its subsidiaries are subject to externally imposed capital managements.

	December 31, 2024	December 31, 2025
	(in thousands)	
Total liabilities	\$ 743,194	832,881
Less: cash and cash equivalents	218,148	257,504
	\$ 525,046	575,377
Equity attributable to owners of Himax Technologies, Inc.	\$ 890,061	893,392

Note 25. Related-party Transactions

(a) Name and relationship

Name of related parties	Relationship
Viewsil Microelectronics (Kunshan) Limited (Viewsil) ⁽¹⁾	Associates
Viewsil Technology Limited (VST) ⁽¹⁾	Associates
Ganzin Technology Corp.	Associates
Prilit Optronics, Inc.	Associates
Iris Optronics Co., Ltd.	Associates
Guangzhou Pixtalks Information Technology Co., Ltd.	Associates
Calumino Pty Limited ⁽²⁾	Associates
Cheng Mei Materials Technology Corporation (CMMT) ⁽³⁾	Other related parties
Ningbo Cheng Mei Materials Technology Co., Ltd. ⁽³⁾	Other related parties

Note 1: Viewsil became a subsidiary of the Company from December 30, 2023. VST is the subsidiary of Viewsil.

Note 2: It became equity method investee of the Company in May 2025.

Note 3: CMMT resigned as a legal director and then lost significant influence on CM Visual Technology Corp. from June 25, 2024.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

(b) Significant transactions with related parties

(i) Sales and accounts receivable

	Year ended December 31,		
	2023	2024	2025
	(in thousands)		
Sales of goods			
Associates	\$ 8	54	103
Other related parties	111	11	—
	<u>\$ 119</u>	<u>65</u>	<u>103</u>

	December 31,	
	2024	2025
	(in thousands)	
Accounts receivable		
Associates	\$ —	10
Other related parties	31	—
	<u>\$ 31</u>	<u>10</u>

(ii) Purchase and accounts payable

	Year ended December 31,		
	2023	2024	2025
	(in thousands)		
Purchase of raw materials			
CMMT	<u>\$ 1,258</u>	<u>—</u>	<u>—</u>

As of December 31, 2025, the related payable resulting from the aforementioned transaction was nil.

(iii) Others

	Year ended December 31,		
	2023	2024	2025
	(in thousands)		
Revenue from miscellaneous service			
Associates	<u>\$ 78</u>	<u>92</u>	<u>58</u>
Technical service fee			
Viewsil	<u>\$ 1,140</u>	<u>—</u>	<u>—</u>
Miscellaneous fee			
CMMT	\$ 458	—	—
Associates	—	11	—
	<u>\$ 458</u>	<u>11</u>	<u>—</u>

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

	December 31,	
	2024	2025
	(in thousands)	
Other receivable		
Associates	\$ 13	22
Other payable		
Associates	\$ —	364

(c) Compensation of key management personnel

For the years ended December 31, 2023, 2024 and 2025, the aggregate cash compensation that the Company paid to the independent directors was \$150 thousand, \$150 thousand and \$150 thousand, respectively. The aggregate share-based compensation that the Company paid to the independent directors was nil.

The compensation to key management personnel for the years ended December 31, 2023, 2024 and 2025 were as follows:

	Year ended December 31,		
	2023	2024	2025
	(in thousands)		
Short-term employee benefits	\$ 1,790	1,781	1,195
Post-employment benefits	10	10	8
Share-based compensation	202	227	238
	\$ 2,002	2,018	1,441

Note 26. Pledged assets

Pledged assets	Pledged to secure	December 31, 2024	December 31, 2025
		(in thousands)	
Restricted cash and time deposit ⁽¹⁾	Short-term secured borrowings	\$ 503,700	568,200
Restricted time deposits ⁽¹⁾	For customs duties	31	—
Land ⁽²⁾	Long-term unsecured borrowings	27,500	27,500
Building and improvements ⁽²⁾	Long-term unsecured borrowings	32,464	29,238
		\$ 563,695	624,938

Note (1): The pledged assets are booked as restricted deposits and classified as current or noncurrent by its liquidity.

Note (2): Guarantee and collateral for long-term unsecured borrowings.

Note 27. Commitments and Contingencies

- (a) As of December 31, 2024 and 2025, the Company had entered into several contracts for the acquisition of equipment and computer software. Total contract prices amounted to \$15,845 thousand and \$16,267 thousand, respectively. As of December 31, 2024 and 2025, the remaining commitments were \$12,519 thousand and \$7,095 thousand, respectively.
- (b) The Company from time to time is subject to claims regarding the proprietary use of certain technologies. Currently, management is not aware of any such claims that it believes could have a material adverse effect on the Company's financial position or results of operations.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****For the years ended December 31, 2023, 2024 and 2025**

- (c) Since Himax Taiwan is not a listed company, it will depend on Himax Technologies, Inc. to meet its equity financing requirements in the future. Any capital contribution by Himax Technologies, Inc. to Himax Taiwan may require the approval of the relevant ROC authorities. The Company may not be able to obtain any such approval in the future in a timely manner, or at all. If Himax Taiwan is unable to receive the equity financing it requires, its ability to grow and fund its operations may be materially and adversely affected.
- (d) The Company has entered into several wafer fabrication or assembly and testing service arrangements or multi-year purchase agreements with suppliers. The Company may be obligated to make payments for purchase orders entered into pursuant to these arrangements. The Company's purchase obligations also include agreements to purchase goods or services, primarily inventory, that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased, fixed or variable price provisions, and the approximate timing of the transaction. Among all these purchase agreements, the longest termination term shall expire in 2030. Purchase obligations exclude agreements that are cancelable without penalty. Contractual obligations resulting from above purchase orders and agreements with known amounts approximate \$1,258 million and \$1,059 million as of December 31, 2024 and 2025 respectively. Of obligations under above purchase orders and agreements, at December 31, 2025, \$423 million is expected to be paid in the next 12 months. The refundable deposits of the long term contract for purchase agreements with suppliers amounts approximate \$231 million and \$203 million as of December 31, 2024 and 2025, respectively.
- (e) The Company is involved in various claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations, or liquidity. As of December 31, 2025, management is not aware of any pending litigation against the Company.

Note 28. Segment, Product and Geographic Information

The Company has two operating segments: Driver IC and Non-driver Products. The Driver IC segment generally is engaged in the design, research, development and sale of displays driver for large-sized TFT-LCD panels, which are used in televisions and desktop monitors, and displays driver for small and medium-sized TFT-LCD panels, which are used in mobile handsets and consumer electronics products. The Non-driver segment primarily is engaged in the design, research, manufacturing and sale of non-driver products, such as timing controllers, 3D Sensing Solution, LCoS, CMOS Image Sensors and WLO.

	Year Ended December 31, 2023		
	Driver IC	Non-driver products (in thousands)	Consolidated Total
Segment revenues	\$ 804,840	140,588	945,428
Segment operating income (loss)	\$ 75,282	(32,070)	43,212
Non operating income, net			1,181
Consolidated profit before income taxes			\$ 44,393
Significant noncash items:			
Share-based compensation	\$ 1,608	1,055	2,663
Depreciation and amortization	\$ 8,601	11,721	20,322

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

	Year Ended December 31, 2024		
	Driver IC	Non-driver products (in thousands)	Consolidated Total
Segment revenues	\$ 751,326	155,476	906,802
Segment operating income (loss)	\$ 92,699	(24,478)	68,221
Non operating income, net			9,114
Consolidated profit before income taxes			\$ 77,335
Significant noncash items:			
Share-based compensation	\$ 697	550	1,247
Depreciation and amortization	\$ 11,115	11,239	22,354

	Year Ended December 31, 2025		
	Driver IC	Non-driver products (in thousands)	Consolidated Total
Segment revenues	\$ 665,797	166,376	832,173
Segment operating income (loss)	\$ 61,737	(17,611)	44,126
Non operating income, net			10,741
Consolidated profit before income taxes			\$ 54,867
Significant noncash items:			
Share-based compensation	\$ 391	339	730
Depreciation and amortization	\$ 13,524	9,025	22,549

The following tables summarize information pertaining to the segment revenues from customers in different geographic region (based on customer's headquarter location):

	For the year ended December 31, 2023		
	Driver IC	Non-driver products (in thousands)	Consolidated Total
China	\$ 632,363	88,395	720,758
Taiwan	119,289	22,494	141,783
Korea	22,584	4,813	27,397
Japan	27,763	9,034	36,797
America	2,841	11,309	14,150
Mexico	—	627	627
Others	—	3,916	3,916
	\$ 804,840	140,588	945,428

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

	For the year ended December 31, 2024		
	Driver IC	Non-driver products (in thousands)	Consolidated Total
China	\$ 567,137	98,421	665,558
Taiwan	116,145	22,183	138,328
Korea	51,672	10,015	61,687
Japan	16,372	8,203	24,575
America	—	12,545	12,545
Mexico	—	2,807	2,807
Others	—	1,302	1,302
	\$ 751,326	155,476	906,802

	For the year ended December 31, 2025		
	Driver IC	Non-driver products (in thousands)	Consolidated Total
China	\$ 516,096	97,722	613,818
Taiwan	98,969	23,557	122,526
Korea	39,460	10,128	49,588
Japan	11,272	3,687	14,959
America	—	21,345	21,345
Mexico	—	4,847	4,847
Others	—	5,090	5,090
	\$ 665,797	166,376	832,173

The following tables summarize information pertaining to the segment revenues from major product lines:

	For the year ended December 31, 2023		
	Driver IC	Non-driver products (in thousands)	Consolidated Total
Display drivers for large-sized applications	\$ 175,666	—	175,666
Display drivers for small and medium-sized applications	629,174	—	629,174
Non-driver products	—	140,588	140,588
	\$ 804,840	140,588	945,428

	For the year ended December 31, 2024		
	Driver IC	Non-driver products (in thousands)	Consolidated Total
Display drivers for large-sized applications	\$ 125,936	—	125,936
Display drivers for small and medium-sized applications	625,390	—	625,390
Non-driver products	—	155,476	155,476
	\$ 751,326	155,476	906,802

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

	For the year ended December 31, 2025		
	Driver IC	Non-driver products (in thousands)	Consolidated Total
Display drivers for large-sized applications	\$ 90,665	—	90,665
Display drivers for small and medium-sized applications	575,132	—	575,132
Non-driver products	—	166,376	166,376
	\$ 665,797	166,376	832,173

The carrying values of the Company's property, plant and equipment are located in the following countries:

	December 31, 2024	December 31, 2025
	(in thousands)	
Taiwan	\$ 117,784	116,829
U.S.	1,433	1,299
China	1,688	1,392
Korea	286	476
Japan	89	35
	\$ 121,280	120,031

Revenues from significant customers, those representing 10% or more of total revenue for the respective periods, are summarized as follows:

	Year ended December 31,		
	2023	2024	2025
	(in thousands)		
Driver IC segment:			
Customer A and its affiliates	\$ 234,581	207,725	176,457
Customer C	102,719	73,696	61,701
	\$ 337,300	281,421	238,158
Non-driver products segment:			
Customer A and its affiliates	\$ 36,770	31,276	23,648
Customer C	1,120	1,868	3,054
	\$ 37,890	33,144	26,702

Accounts receivable from significant customers, those representing 10% or more of total accounts receivable for the respective dates, is summarized as follows:

	December 31, 2024	December 31, 2025
	(in thousands)	
Customer A and its affiliates	\$ 69,006	57,804
Customer C	20,521	12,122
	\$ 89,527	69,926

The Company has recognized the following contract liabilities in relation to revenue from contracts with customers:

	December 31, 2024	December 31, 2025
	(in thousands)	
Contract liabilities-current	\$ 10,622	3,322

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

Revenue recognized in the current reporting period amounted to \$8,714 thousand was related to carried-forward contract liabilities for performance obligations not satisfied in prior year.

All of the service contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed. As of December 31, 2025, the Company did not recognize an asset in relation to costs to fulfill a service contract.

Note 29. The Nature of Expenses

- (a) Depreciation of property, plant and equipment

	Year ended December 31,		
	2023	2024 (in thousands)	2025
Recognized in cost of revenues	\$ 4,680	7,174	6,421
Recognized in operating expenses	15,248	14,847	14,583
	<u>\$ 19,928</u>	<u>22,021</u>	<u>21,004</u>

- (b) Amortization of intangible assets

	Year ended December 31,		
	2023	2024 (in thousands)	2025
Recognized in cost of revenues	\$ 72	57	10
Recognized in operating expenses	322	276	1,535
	<u>\$ 394</u>	<u>333</u>	<u>1,545</u>

- (c) Employee benefits expense

	Year ended December 31,		
	2023	2024 (in thousands)	2025
Salary	\$ 125,813	115,626	110,828
Labor and health insurance	7,548	7,472	7,675
Pension	6,588	6,753	7,146
Others	6,545	6,674	7,217
	<u>\$ 146,494</u>	<u>136,525</u>	<u>132,866</u>
Employee benefits expense summarized by function			
Recognized in cost of revenues	\$ 4,515	4,898	4,040
Recognized in operating expenses	141,979	131,627	128,826
	<u>\$ 146,494</u>	<u>136,525</u>	<u>132,866</u>

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

Note 30. Himax Technologies, Inc. (the Parent Company only)

As a holding company, dividends received from Himax Technologies, Inc.'s subsidiaries in Taiwan, if any, will be subjected to withholding tax under ROC law as well as statutory and other legal restrictions.

The condensed separate financial information of Himax Technologies, Inc. is presented as follows:

Condensed Statements of Financial Position

	December 31, 2024	December 31, 2025
	(in thousands)	
Cash	\$ 11,632	1,534
Other current assets	2,969	2,874
Financial asset at fair value through profit or loss	20,768	24,981
Investments in subsidiaries and affiliates	1,630,045	1,707,455
Total assets	<u>\$ 1,665,414</u>	<u>1,736,844</u>
Current liabilities	\$ 445	456
Current portion of long-term unsecured borrowings	6,000	6,000
Short-term secured borrowings	503,700	568,200
Debt borrowing from a subsidiary	236,708	246,296
Long-term unsecured borrowings	28,500	22,500
Total equity	890,061	893,392
Total liabilities and equity	<u>\$ 1,665,414</u>	<u>1,736,844</u>

Himax Technologies, Inc. had no guarantees as of December 31, 2024 and 2025.

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

Condensed Statements of Profit or Loss

	Year ended December 31,		
	2023	2024 (in thousands)	2025
Revenues	\$ —	—	—
Costs and expenses	547	618	562
Operating loss	(547)	(618)	(562)
Interest income	268	543	462
Changes in fair value of financial assets at fair value through profit or loss	1,639	1,238	1,063
Foreign currency exchange gains (losses), net	(102)	(166)	15
Finance costs	(12,371)	(11,201)	(3,301)
Loss on re-measurement of the pre-existing relationships in a business combination	(1,932)	—	—
Share of profits of subsidiaries and affiliates	63,661	89,959	46,260
Profit before income taxes	50,616	79,755	43,937
Income tax expense	—	—	—
Profit for the year	<u>\$ 50,616</u>	<u>79,755</u>	<u>43,937</u>

Condensed Statements of Other Comprehensive Income

	Year Ended December 31,		
	2023	2024 (in thousands)	2025
Profit for the year	\$ 50,616	79,755	43,937
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit pension plans	8	—	—
Unrealized gain on financial assets at fair value through other comprehensive income	152	9,427	27,810
Income tax related to items that will not be reclassified subsequently	1	—	—
Items that may be reclassified subsequently to profit or loss:			
Foreign operations - foreign currency translation differences	(123)	(626)	273
Other comprehensive income for the year, net of tax	38	8,801	28,083
Total comprehensive income for the year	<u>\$ 50,654</u>	<u>88,556</u>	<u>72,020</u>

HIMAX TECHNOLOGIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
For the years ended December 31, 2023, 2024 and 2025

Condensed Statements of Cash Flows

	Year ended December 31.		
	2023	2024 (in thousands)	2025
Cash flows from operating activities:			
Profit for the year	\$ 50,616	79,755	43,937
Adjustments for:			
Changes in fair value of financial assets at fair value through profit or loss	(1,639)	(1,238)	(1,063)
Interest income	(268)	(543)	(462)
Finance costs	12,371	11,201	3,301
Share of profits of subsidiaries and affiliates	(63,661)	(89,959)	(46,260)
Loss on re-measurement of the pre-existing relationships in a business combination	1,932	—	—
Unrealized foreign currency exchange losses	96	—	—
	(553)	(784)	(547)
Changes in:			
Other current assets	(1)	(200)	9
Other current liabilities	96	55	342
Cash generated from operating activities	(458)	(929)	(196)
Interest received	218	329	33
Interest paid	(5,891)	(3,783)	(3,502)
Net cash used in operating activities	(6,131)	(4,383)	(3,665)
Cash flows from investing activities:			
Acquisitions of financial asset at amortized cost	(185)	(62)	—
Proceeds from disposals of financial asset at amortized cost	—	5,481	—
Acquisitions of financial assets at fair value through profit or loss	(4,166)	(5,064)	(3,150)
Acquisitions of financial assets at fair value through other comprehensive income	—	(1,000)	(2,500)
Acquisitions of equity method investments	—	(1,236)	(1,470)
Net cash used in investing activities	(4,351)	(1,881)	(7,120)
Cash flows from financing activities:			
Purchase of treasury stock	—	(832)	(4,514)
Prepayments for purchase of treasury stock	—	(2,168)	514
Payments of cash dividends	(83,720)	(50,670)	(64,492)
Payments of dividend equivalents	(148)	(233)	(218)
Repayments of long-term unsecured borrowings	(6,000)	(6,000)	(6,000)
Proceeds from short-term secured borrowings	1,383,300	1,780,300	2,139,800
Repayments of short-term secured borrowings	(1,299,600)	(1,729,600)	(2,075,300)
Proceeds from issue of RSUs from subsidiaries	2,343	2,460	1,318
Proceeds from debt from a subsidiary	182,230	203,230	212,809
Repayments of debt from a subsidiary	(167,230)	(182,230)	(203,230)
Net cash provided by financing activities	11,175	14,257	687
Net increase in cash	693	7,993	(10,098)
Cash at beginning of year	2,946	3,639	11,632
Cash at end of year	<u>\$ 3,639</u>	<u>11,632</u>	<u>1,534</u>

Note 31. Subsequent Events

After the reporting date, the Company received an early-stage communication referencing potential breach of contract term. No formal claims or proceedings have been initiated. Management considers this a non-adjusting event under IAS 10 and is unable to reasonably estimate any potential impact at this early stage.

**DESCRIPTION OF SECURITIES
REGISTERED UNDER SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934
(THE "EXCHANGE ACT")**

As of December 31, 2025, Himax Technologies, Inc. ("we," "us," and "our") had the following series of securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading symbol	Name of each exchange on which registered
American depositary shares, each American depositary shares represent two ordinary share, par value US\$0.3 per share	HIMX	The Nasdaq Global Select Market
Ordinary shares, par value US\$0.3 per share*	N/A	The Nasdaq Global Select Market

* Not for trading, but only in connection with the listing of the American depositary shares on the Nasdaq Global Select Market

American Depositary Shares ("ADSs"), each American depositary ordinary shares represent two ordinary share, par value US\$0.3 per share (the "ordinary shares"), have been available in the US through an American Depositary Receipt ("ADR") program since March 2006. This program was established pursuant to the Second Amended and Restated deposit agreement that we entered into with JPMorgan Chase Bank, N.A. ("JPMorgan Chase"), as depositary ("Deposit Agreement"). Our ADRs have been listed on the Nasdaq Global Select Market Inc. ("Nasdaq") since March 2006 and are traded under the symbol HIMX. In connection therewith, the ordinary shares are registered under Section 12(b) of the Exchange Act. This exhibit contains a description of the rights of (i) the holders of ordinary shares and (ii) ADR holders. The ordinary shares underlying the ADSs are held by JPMorgan Chase, the depositary, and holders of ADSs will not be treated as holders of the ordinary shares.

DESCRIPTION OF ORDINARY SHARES

The following is a summary of material provisions of our currently effective Third Amended and Restated Memorandum and Articles of Association (the "Third Memorandum and Articles of Association"), as well as the Companies Act (as amended) of the Cayman Islands (the "Companies Act") insofar as they relate to the material terms of our ordinary shares. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire Third Memorandum and Articles of Association, which has been filed with the Securities and Exchange Commission (the "SEC") as an exhibit 1.1 from our Annual Report on Form 20-F (File No. 000-51847) filed with the SEC on June 3, 2010.

Type and Class of Securities

Each of our ordinary shares has nominal value of US\$0.3 per share. The respective number of our ordinary shares that have been issued as of December 31, 2025 is provided on the cover of the annual report on Form 20-F filed on March 27, 2026 (the “2025 Form 20-F”). Our ordinary shares may be held in either certificated or uncertificated form. Certificates representing the ordinary shares are issued in registered form. We may not issue share to bearer. Our shareholders may freely hold and transfer their ordinary shares in accordance with our Third Memorandum and Articles of Association. All of our ordinary shares have equal voting rights and carry equal entitlements to dividends. No participation certificates, non-voting equity securities or profit-sharing certificates have been issued.

Preemptive Rights

Our shareholders do not have preemptive rights.

Rights of Ordinary Shares

General

Our authorized share capital is US\$300,000,000 divided into 1,000,000,000 ordinary shares of a nominal or par value of US\$0.3 each in accordance with our Third Memorandum and Articles of Association. Holders of our ordinary shares have the same rights. All of our issued and outstanding ordinary shares are fully paid and non-assessable.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to our Third Memorandum and Articles of Association and the Companies Act. No dividend may be declared and paid unless our directors determine that, immediately after the payment, we will be able to pay our debts as they become due in the ordinary course of business and we have funds lawfully available for such purpose.

Voting Rights

In respect of all matters subject to a shareholders’ vote, each ordinary share is entitled to one vote for each ordinary share registered in his or her name on our register of members. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting, any three shareholders, any shareholder present holding not less than one-tenth of the total voting rights of all shareholders having the right to vote at the meeting or any shareholder present holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A quorum required for a meeting of shareholders consists of two shareholders holding not less than one-third in nominal value of the total issued voting shares present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. However, our Third Memorandum and Articles of Association provide that we shall in each year hold a general meeting as our annual general meeting in which case we will specify the meeting as such in the notices calling it, and the annual general meeting will be held at such time and place as may be determined by our directors. Each general meeting, other than an annual general meeting, shall be an extraordinary general meeting. Shareholders' annual general meetings and any other general meetings of our shareholders may be called by a majority of our board of directors or our chairman. Our Third Memorandum and Articles of Association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings. Advance notice of at least ten (10) clear days is required for the convening of our annual general meeting and other general meetings unless such notice is waived in accordance with our articles of association.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting, while a special resolution also requires the affirmative vote of no less than two-thirds of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. A special resolution will be required for important matters such as making changes to our Third Memorandum and Articles of Association.

Transfer of Ordinary Shares

Subject to the restrictions in our Third Memorandum and Articles of Association as set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- a fee of such maximum sum as the Nasdaq may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof;
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- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is lodged at the Office or such other place at which the Register is kept in accordance with the Companies Act or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and
- if applicable, the instrument of transfer is duly and properly stamped.

If our directors refuse to register a transfer they shall, within two months after the date on which the transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers of shares or of any class of shares may, after notice has been given by advertisement in an appointed newspaper or any other newspapers or by any other means in accordance with the requirements of Nasdaq to that effect be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.

Liquidation

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them. Any distribution of assets or capital to a holder of ordinary share will be the same in any liquidation event.

Requirements to Change the Rights of Holders of Ordinary Shares

Variations of Rights of Shares

All or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time, whether or not our company is being wound-up, may be varied with the sanction of a special resolution passed at a separate meeting of the holders of the shares of such class by the holders of not less than two-thirds of the votes cast at such a meeting. The rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking pari passu therewith.

Limitations on the Rights to Own Ordinary Shares

There are no limitations under the laws of the Cayman Islands or under the Third Memorandum and Articles of Association that limit the right of non-resident or foreign owners to hold or vote ordinary shares.

Ownership Threshold

There are no provisions under the law of the Cayman Islands or under the Third Memorandum and Articles of Association that govern the ownership threshold above which shareholder ownership must be disclosed.

Differences between the Law of Different Jurisdictions

We were incorporated under, and are governed by, the laws of the Cayman Islands. The Companies Act is derived, to a large extent, from the older Companies Acts of England, but does not follow many recent English law statutory enactments. In addition, the Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the State of Delaware.

Mergers and Similar Arrangements

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (1) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (2) a “consolidation” means the combination of two or more constituent companies into a combined company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company.

In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (1) a special resolution of the shareholders of each constituent company, and (2) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the *Cayman Islands Gazette*. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a "parent" of a subsidiary if it holds issued shares that together represent at least ninety percent (90%) of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provide the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies, *provided* that the arrangement is approved by a majority in number of each class of shareholders or creditors with whom the arrangement is to be made, and who must in addition represent three- fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the Grand Court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
-

- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
 - an action which requires a resolution with a qualified (or special) majority which has not been obtained; and
 - those who control the company are perpetrating a “fraud on the minority.”
-

Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our Third Memorandum and Articles of Association provide that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person's dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our Third Memorandum and Articles of Association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party, and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Under Cayman Islands law, a company may eliminate the ability of shareholders to approve corporate matters by way of written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matters at a general meeting without a meeting being held by amending the articles of association.

Our Third Memorandum and Articles of Association do not allow shareholders to act by written resolutions.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors, or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provide shareholders with only limited rights to requisition a general meeting and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our Third Memorandum and Articles of Association do not allow our shareholders to requisition with any general meeting nor to put proposals before annual general meetings or extraordinary general meetings. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings, but we are required to convene annual general meetings under the Third Memorandum and Articles of Association.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our Third Memorandum and Articles of Association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our Third Memorandum and Articles of Association, directors may be removed with or without cause, by an ordinary resolution of our shareholders. In addition, a director's office shall be vacated if the director (i) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors; (ii) becomes of unsound mind or dies; (iii) resigns his office by notice in writing; (iv) is prohibited by any applicable laws or regulations from being a director; (v) without special leave of absence from our board of directors, is absent from six consecutive meetings of the board and the board resolves that his office be vacated; or (vi) is removed from office pursuant to any other provisions of our Third Memorandum and Articles of Association.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting share within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, the directors of the company are required to comply with fiduciary duties which they owe to the company under Cayman Islands laws, including the duty to ensure that, in their opinion, any such transactions must be entered into bona fide in the best interests of the company, and are entered into for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under the Companies Act, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so. Under the Companies Act and our Third Memorandum and Articles of Association, our company may be dissolved, liquidated or wound up by a special resolution of our shareholders.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our Third Memorandum and Articles of Association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class by the holders of not less than two-thirds of the votes cast at such a meeting.

Amendment of Governing Document

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Act and our Third Memorandum and Articles of Association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

Rights of Nonresident or Foreign Shareholders

There are no limitations imposed by our Third Memorandum and Articles of Association on the rights of nonresident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our Third Memorandum and Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed.

Exempted Company

We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies of the Cayman Islands;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on that shareholder’s shares of the company, except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil.

Changes in Capital

We may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe. We may by ordinary resolution:

- increase its share capital by new shares of such amount as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as we may determine in general meeting;
- consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- subdivide its shares, or any of them, into shares of an amount smaller than that fixed by our Third Memorandum and Articles of Association; and
- cancel any shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

We may by special resolution reduce its share capital and any capital redemption reserve or other undistributable reserve in any manner permitted by the law.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

JPMorgan Chase, as depositary, issues the ADSs. Each ADS represent two ordinary shares, par value US\$0.3 per share, deposited with the custodian, as agent of the depositary, under the deposit agreement among ourselves, the depositary, ADR holders, and all beneficial owners of an interest in the ADSs evidenced by ADRs from time to time.

The depositary's office is located at 270 Park Avenue, Floor 8, New York, NY 10017.

A beneficial owner is any person or entity having a beneficial ownership interest ADSs. A beneficial owner need not be the holder of the ADR evidencing such ADS. If a beneficial owner of ADSs is not an ADR holder, it must rely on the holder of the ADR(s) evidencing such ADSs in order to assert any rights or receive any benefits under the deposit agreement. A beneficial owner shall only be able to exercise any right or receive any benefit under the deposit agreement solely through the holder of the ADR(s) evidencing the ADSs owned by such beneficial owner. The arrangements between a beneficial owner of ADSs and the holder of the corresponding ADRs may affect the beneficial owner's ability to exercise any rights it may have.

An ADR holder shall be deemed to have all requisite authority to act on behalf of any and all beneficial owners of the ADSs evidenced by the ADRs registered in such ADR holder's name for all purposes under the deposit agreement and ADRs. The depository's only notification obligations under the deposit agreement and the ADRs is to registered ADR holders. Notice to an ADR holder shall be deemed, for all purposes of the deposit agreement and the ADRs, to constitute notice to any and all beneficial owners of the ADSs evidenced by such ADR holder's ADRs.

Unless certificated ADRs are specifically requested, all ADSs are issued on the books of our depository in book-entry form and periodic statements are mailed to ADR holder which reflect such ADR holder's ownership interest in such ADSs. In our description, references to American depository receipts or ADRs shall include the statements ADR holder receive which reflect such ADR holder's ownership of ADSs.

An ADR holder may hold ADSs either directly or indirectly through such ADR holder's broker or other financial institution. If ADR holder holds ADSs directly, by having an ADS registered in such ADR holder's name on the books of the depository, such ADR holders are an ADR holder. This description assumes ADR holders hold the ADSs directly. If an ADR holder holds the ADSs through such ADR holder's broker or financial institution nominee, the ADR holder must rely on the procedures of such broker or financial institution to assert the rights of an ADR holder described in this section. An ADR holder should consult with his or her broker or financial institution to find out what those procedures are.

We do not treat an ADR holder or beneficial owner as a shareholder of ours and such ADR holder or beneficial owner does not have any shareholder rights. Cayman Island law governs shareholder rights. Because the depository or its nominee is the shareholder of record for the shares represented by all outstanding ADSs, shareholder rights rest with such record holder. An ADR holder's or beneficial owner's rights are those of an ADR holder or of a beneficial owner. Such rights derive from the terms of the deposit agreement to be entered into among us, the depository and all holders and beneficial owners from time to time of ADRs issued under the deposit agreement and, in the case of a beneficial owner, from the arrangements between the beneficial owner and the holder of the corresponding ADRs. The obligations of the depository and its agents are also set out in the deposit agreement. Because the depository or its nominee is actually the registered owner of the shares, an ADR holder or beneficial owner must rely on it to exercise the rights of a shareholder on his or her behalf.

The deposit agreement and the ADSs are governed by New York law. Under the deposit agreement, by holding or owning an ADR or ADS or an interest therein, ADR holders and beneficial owners each irrevocably agree that any legal suit, action or proceeding against or involving ADR holders or beneficial owners brought by us or the depository, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby, may be instituted in a state or federal court in New York, New York, irrevocably waive any objection which ADR holders and beneficial owners may have to the laying of venue of any such proceeding, and irrevocably submit to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. By holding or owning an ADR or ADS or an interest therein, ADR holders and beneficial owners each also irrevocably agree that any legal suit, action or proceeding against or involving the depository brought by ADR holders or beneficial owners, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby, may only be instituted in a state or federal court in New York, New York. As a result, ADR holders may not initiate legal proceedings against or involving the depository, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated therein or thereby, in any jurisdictions outside of a state or federal court in New York, New York, while proceedings against the ADR holders may be initiated in a state or federal court in New York, New York or other jurisdictions.

The following is a summary of what we believe to be the material terms of the deposit agreement. Notwithstanding this, because it is a summary, it may not contain all the information that an ADS holder may otherwise deem important. For more complete information, an ADS holder should read the entire deposit agreement and the form of ADR which contains the terms of the ADSs. The deposit agreement has been filed with the SEC as an exhibit to a Registration Statement on Form F-6 (File No. 333-219169) for the Company. The form of ADR has also been filed with the SEC as an exhibit to our Registration Statement on Form F-6 (File No. 333-219169), as amended, initially filed with the SEC on July 6, 2017.

Share Dividends and Other Distributions

How will ADS holders receive dividends and other distributions on the shares underlying their ADSs?

We may make various types of distributions with respect to our securities. The depositary has agreed that, to the extent practicable, it will pay to an ADS holder the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after converting any cash received into U.S. dollars (if it determines such conversion may be made on a reasonable basis) and, in all cases, making any necessary deductions provided for in the deposit agreement. The depositary may utilize a division, branch or affiliate of JPMorgan Chase to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement. Such division, branch and/or affiliate may charge the depositary a fee in connection with such sales, which fee is considered an expense of the depositary. An ADS holder will receive these distributions in proportion to the number of underlying securities that his or her ADSs represent.

Except as stated below, the depositary will deliver such distributions to ADR holders in proportion to their interests in the following manner:

- *Cash.* The depositary will distribute any U.S. dollars available to it resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof (to the extent applicable), on an averaged or other practicable basis, subject to (i) appropriate adjustments for taxes withheld, (ii) such distribution being impermissible or impracticable with respect to certain registered ADR holders, and (iii) deduction of the depositary's and/or its agents' expenses in (1) converting any foreign currency to U.S. dollars to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or U.S. dollars to the United States by such means as the depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner. If exchange rates fluctuate during a time when the depositary cannot convert a foreign currency, an ADS holder may lose some or all of the value of the distribution.
 - *Shares.* In the case of a distribution in shares, the depositary will issue additional ADRs to evidence the number of ADSs representing such shares. Only whole ADSs will be issued. Any shares which would result in fractional ADSs will be sold and the net proceeds will be distributed in the same manner as cash to the ADR holders entitled thereto.
 - *Rights to receive additional shares.* In the case of a distribution of rights to subscribe for additional shares or other rights, if we timely provide evidence satisfactory to the depositary that it may lawfully distribute such rights, the depositary will distribute warrants or other instruments in the discretion of the depositary representing such rights. However, if we do not timely furnish such evidence, the depositary may:
 - (i) sell such rights if practicable and distribute the net proceeds in the same manner as cash to the ADR holders entitled thereto; or
 - (ii) if it is not practicable to sell such rights by reason of the non-transferability of the rights, limited markets therefor, their short duration or otherwise, do nothing and allow such rights to lapse, in which case ADR holders will receive nothing and the rights may lapse.
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- *Other Distributions.* In the case of a distribution of securities or property other than those described above, the depositary may either (i) distribute such securities or property in any manner it deems equitable and practicable or (ii) to the extent the depositary deems distribution of such securities or property not to be equitable and practicable, sell such securities or property and distribute any net proceeds in the same way it distributes cash.

If the depositary determines in its discretion that any distribution described above is not practicable with respect to any specific registered ADR holder, the depositary may choose any method of distribution that it deems practicable for such ADR holder, including the distribution of foreign currency, securities or property, or it may retain such items, without paying interest on or investing them, on behalf of the ADR holder as deposited securities, in which case the ADSs will also represent the retained items.

Any U.S. dollars will be distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents will be withheld without liability and dealt with by the depositary in accordance with its then current practices.

The depositary is not responsible if it fails to determine that any distribution or action is lawful or reasonably practicable.

There can be no assurance that the depositary will be able to convert any currency at a specified exchange rate or sell any property, rights, shares or other securities at a specified price, nor that any of such transactions can be completed within a specified time period. All purchases and sales of securities will be handled by the depositary in accordance with its then current policies, which are currently set forth in the "Depositary Receipt Sale and Purchase of Security" section of <https://www.adr.com/Investors/FindOutAboutDRs>, the location and contents of which the depositary shall be solely responsible for.

Deposit, Withdrawal and Cancellation

How does the depositary issue ADSs?

The depositary will issue ADSs if an ADS holder or his or her broker deposit shares or evidence of rights to receive shares with the custodian and pay the fees and expenses owing to the depositary in connection with such issuance.

Shares deposited in the future with the custodian must be accompanied by certain delivery documentation and shall, at the time of such deposit, be registered in the name of JPMorgan Chase Bank, N.A., as depositary for the benefit of holders of ADRs or in such other name as the depositary shall direct.

The custodian will hold all deposited shares for the account and to the order of the depositary, in each case for the benefit of ADR holders. ADR holders and beneficial owners thus have no direct ownership interest in the shares and only have such rights as are contained in the deposit agreement. The custodian will also hold any additional securities, property and cash received on or in substitution for the deposited shares. The deposited shares and any such additional items are referred to as “deposited securities”.

Deposited securities are not intended to, and shall not, constitute proprietary assets of the depositary, the custodian or their nominees.

Beneficial ownership in deposited securities is intended to be and shall at all times during the term of the deposit agreement continue to be, vested in the beneficial owners of the ADSs representing such deposited securities. Notwithstanding anything else contained herein, in the deposit agreement, in the form of ADR and/or in any outstanding ADSs, the depositary, the custodian and their respective nominees are intended to be and shall at all times during the term of the deposit agreement be, the record holder(s) only of the deposited securities represented by the ADSs for the benefit of the ADR holders. The depositary, on its own behalf and on behalf of the custodian and their respective nominees, disclaims any beneficial ownership interest in the deposited securities held on behalf of the ADR holders.

Upon each deposit of shares, receipt of related delivery documentation and compliance with the other provisions of the deposit agreement, including the payment of the fees and charges of the depositary and any taxes or other fees or charges owing, the depositary will issue an ADR or ADRs in the name or upon the order of the person entitled thereto evidencing the number of ADSs to which such person is entitled. All of the ADSs issued will, unless specifically requested to the contrary, be part of the depositary’s direct registration system, and a registered holder will receive periodic statements from the depositary which will show the number of ADSs registered in such holder’s name. An ADR holder can request that the ADSs not be held through the depositary’s direct registration system and that a certificated ADR be issued.

How do ADR holders cancel an ADS and obtain deposited securities?

When an ADR holder turns in his or her ADR certificate at the depositary’s office, or when an ADR holder provide proper instructions and documentation in the case of direct registration ADSs, the depositary will, upon payment of certain applicable fees, charges and taxes, deliver the underlying shares to an ADR holder or upon an ADR holder’s written order. Delivery of deposited securities in certificated form will be made at the custodian’s office. At an ADR holder’s risk, expense and request, the depositary may deliver deposited securities at such other place as an ADR holder may request.

The depositary may only restrict the withdrawal of deposited securities in connection with:

- temporary delays caused by closing our transfer books or those of the depositary or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends;
- the payment of fees, taxes and similar charges; or
- compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Record Dates

The depositary may, after consultation with us if practicable, fix record dates (which, to the extent applicable, shall be as near as practicable to any corresponding record dates set by us) for the determination of the registered ADR holders who will be entitled (or obligated, as the case may be):

- to receive any distribution on or in respect of deposited securities,
- to give instructions for the exercise of voting rights at a meeting of holders of shares, or
- to pay the fee assessed by the depositary for administration of the ADR program and for any expenses as provided for in the ADR,
- to receive any notice or to act in respect of other matters,

all subject to the provisions of the deposit agreement.

Voting Rights

How do ADR holders vote?

If the depositary asks an ADR holder to provide it with voting instructions, an ADR holder may instruct the depositary how to exercise the voting rights for the shares which underlie an ADR holder's ADSs. Subject to the next sentence, as soon as practicable after receiving notice from us of any meeting at which the holders of shares are entitled to vote, or of our solicitation of consents or proxies from holders of shares, the depositary shall fix the ADS record date in accordance with the provisions of the deposit agreement, provided that if the depositary receives a written request from us and at least 30 days prior to the date of such vote or meeting, the depositary shall, at our expense, distribute to the registered ADR holders a "voting notice" stating (i) final information particular to such vote and meeting and any solicitation materials, (ii) that each ADR holder on the record date set by the depositary will, subject to any applicable provisions of Cayman Islands law, be entitled to instruct the depositary as to the exercise of the voting rights, if any, pertaining to the deposited securities represented by the ADSs evidenced by such ADR holder's ADRs and (iii) the manner in which such instructions may be given, including instructions for giving a discretionary proxy to a person designated by us. Each ADR holder shall be solely responsible for the forwarding of voting notices to the beneficial owners of ADSs registered in such ADR holder's name. There is no guarantee that ADR holders and beneficial owners generally or any holder or beneficial owner in particular will receive the notice described above with sufficient time to enable such ADR holder or beneficial owner to return any voting instructions to the depositary in a timely manner.

Following actual receipt by the ADR department responsible for proxies and voting of ADR holders' instructions (including, without limitation, instructions of any entity or entities acting on behalf of the nominee for DTC), the depositary shall, in the manner and on or before the time established by the Depositary for such purpose, endeavor to vote or cause to be voted the deposited securities represented by the ADSs evidenced by such ADR holders' ADRs in accordance with such instructions insofar as practicable and permitted under the provisions of or governing deposited securities.

To the extent we have provided the depositary with at least 30 days' notice of a proposed meeting and the notice will be received by all holders and beneficial owners of interests in ADSs no less than 10 days prior to the date of the meeting and/or the cut-off date for the solicitation of consents, if voting instructions are not timely received by the depositary from any holder, such holder shall be deemed, and in the deposit agreement the depositary is instructed to deem such holder, to have instructed the depositary to give a discretionary proxy to a person designated by us to vote the shares represented by their ADSs as desired, provided that no such instruction shall be deemed given and no discretionary proxy shall be given unless (a) we inform the depositary in writing (and we agree to provide the depositary with such instruction promptly in writing) that (i) we wish such proxy to be given, (ii) there is no substantial opposition existing with respect to any agenda item for which the proxy would be given and (iii) the agenda item(s), if approved, would not materially or adversely affect the rights of holders of shares and (b) with respect to such meeting, the depositary obtained an opinion of counsel, in form and substance satisfactory to the depositary, confirming that (a) the granting of such discretionary proxy does not subject the depositary to any reporting obligations in the Cayman Islands, (b) the granting of such proxy will not result in a violation of the laws, rules, regulations or permits of the Cayman Islands and (c) the voting arrangement and deemed instruction as contemplated under the deposit agreement will be given effect under the laws, rules and regulations of the Cayman Islands and (d) the granting of such discretionary proxy will not under any circumstances result in the shares represented by the ADSs being treated as assets of the depositary under the laws, rules or regulations of the Cayman Islands.

The depositary may from time to time access information available to it to consider whether any of the circumstances described above exist, or request additional information from us in respect thereto. By taking any such action, the depositary shall not in any way be deemed or inferred to have been required, or have had any duty or responsibility (contractual or otherwise), to monitor or inquire whether any of the circumstances described above existed. In addition to the limitations provided for in the deposit agreement, ADR holders and beneficial owners are advised and agree that (a) the depositary will rely fully and exclusively on us to inform it of any of the circumstances set forth above, and (b) neither the depositary, the custodian nor any of their respective agents shall be obliged to inquire or investigate whether any of the circumstances described above exist and/or whether we complied with our obligation to timely inform the depositary of such circumstances. Neither the depositary, the custodian nor any of their respective agents shall incur any liability to ADR holders or beneficial owners (i) as a result of our failure to determine that any of the circumstances described above exist or our failure to timely notify the depositary of any such circumstances or (ii) if any agenda item which is approved at a meeting has, or is claimed to have, a material or adverse effect on the rights of holders of shares.

Holders are strongly encouraged to forward their voting instructions to the depositary as soon as possible. For instructions to be valid, the ADR department of the depositary that is responsible for proxies and voting must receive them in the manner and on or before the time specified, notwithstanding that such instructions may have been physically received by the depositary prior to such time. The depositary will not itself exercise any voting discretion in respect of deposited securities. The depositary and its agents will not be responsible for any failure to carry out any instructions to vote any of the deposited securities, for the manner in which any voting instructions are given, including instructions to give a discretionary proxy to a person designated by us, for the manner in which any vote is cast, including, without limitation, any vote cast by a person to whom the depositary is instructed to grant a discretionary proxy, or for the effect of any such vote.

Notwithstanding anything contained in the deposit agreement or any ADR, the depositary may, to the extent not prohibited by any law, regulation, or requirement of the stock exchange on which the ADSs are listed, in lieu of distribution of the materials provided to the depositary in connection with any meeting of, or solicitation of consents or proxies from, holders of deposited securities, distribute to the registered holders of ADRs a notice that provides such holders with, or otherwise publicizes to such holders, instructions on how to retrieve such materials or receive such materials upon request (i.e., by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

We have advised the depositary that under the Cayman Islands law and our constituent documents, each as in effect as of the date of the deposit agreement, voting at any meeting of shareholders is by show of hands unless a poll is (before or on the declaration of the results of the show of hands) demanded. In the event that voting on any resolution or matter is conducted on a show of hands basis in accordance with our constituent documents, the depositary will refrain from voting and the voting instructions received by the depositary from holders shall lapse. The depositary will not demand a poll or join in demanding a poll, whether or not requested to do so by holders of ADSs. There is no guarantee that an ADR holder will receive voting materials in time to instruct the depositary to vote and it is possible that an ADR holder, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

Reports and Other Communications

Will ADR holders be able to view our reports?

The depositary will make available for inspection by ADR holders at the offices of the depositary and the custodian the deposit agreement, the provisions of or governing deposited securities, and any written communications from us which are both received by the custodian or its nominee as a holder of deposited securities and made generally available to the holders of deposited securities.

Additionally, if we make any written communications generally available to holders of our shares, and we furnish copies thereof (or English translations or summaries) to the depositary, it will distribute the same to registered ADR holders.

Reclassifications, Recapitalizations and Mergers

If we take certain actions that affect the deposited securities, including (i) any change in par value, split-up, consolidation, cancellation or other reclassification of deposited securities or (ii) any distributions of ordinary shares or other property not made to holders of ADRs or (iii) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all of our assets, then the depositary may choose to, and shall if reasonably requested by us:

- amend the form of ADR;
- distribute additional or amended ADRs;
- distribute cash, securities or other property it has received in connection with such actions;
- sell by public or private sale any securities or property received; or
- none of the above.

If the depositary does not choose any of the above options, any of the cash, securities or other property it receives will constitute part of the deposited securities and each ADS will then represent a proportionate interest in such property.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADSs without an ADR holder's consent for any reason. ADR holders must be given at least 30 days' notice of any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, SWIFT, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or otherwise prejudices any substantial existing right of ADR holders or beneficial owners. Such notice need not describe in detail the specific amendments effectuated thereby, but must identify to ADR holders and beneficial owners a means to access the text of such amendment. If an ADR holder continues to hold an ADR or ADRs after being so notified, such ADR holder and any beneficial owner are deemed to agree to such amendment and to be bound by the deposit agreement as so amended. No amendment, however, will impair an ADR holder's right to surrender his or her ADSs and receive the underlying securities, except in order to comply with mandatory provisions of applicable law.

Any amendments or supplements which (i) are reasonably necessary (as agreed by us and the depositary) in order for (a) the ADSs to be registered on Form F-6 under the Securities Act of 1933 or (b) the ADSs or shares to be traded solely in electronic book-entry form and (ii) do not in either such case impose or increase any fees or charges to be borne by ADR holders, shall be deemed not to prejudice any substantial rights of ADR holders or beneficial owners. Notwithstanding the foregoing, if any governmental body or regulatory body should adopt new laws, rules or regulations which would require amendment or supplement of the deposit agreement or the form of ADR to ensure compliance therewith, we and the depositary may amend or supplement the deposit agreement and the ADR at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the deposit agreement in such circumstances may become effective before a notice of such amendment or supplement is given to ADR holders or within any other period of time as required for compliance.

Notice of any amendment to the deposit agreement or form of ADRs shall not need to describe in detail the specific amendments effectuated thereby, and failure to describe the specific amendments in any such notice shall not render such notice invalid, provided, however, that, in each such case, the notice given to the ADR holders identifies a means for ADR holders and beneficial owners to retrieve or receive the text of such amendment (*i.e.*, upon retrieval from the SEC's, the depositary's or our website or upon request from the depositary).

How may the deposit agreement be terminated?

The depositary may, and shall at our written direction, terminate the deposit agreement and the ADRs by mailing notice of such termination to the holders of ADRs at least 30 days prior to the date fixed in such notice for such termination; provided, however, if the depositary shall have (i) resigned as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to the ADR holders unless a successor depositary shall not be operating under the deposit agreement within 90 days of the date of such resignation, and (ii) been removed as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to registered holders of ADRs unless a successor depositary shall not be operating under the deposit agreement on the 90th day after our notice of removal was first provided to the depositary.

After the date so fixed for termination, (a) all direct registration ADRs shall cease to be eligible for the direct registration system and shall be considered ADRs issued on the ADR register maintained by the depositary and (b) the depositary shall use its reasonable efforts to ensure that the ADSs cease to be DTC eligible so that neither DTC nor any of its nominees shall thereafter be a registered holder of ADRs. At such time as the ADSs cease to be DTC eligible and/or neither DTC nor any of its nominees is a registered holder of ADRs, the depositary shall (a) instruct its custodian to deliver all shares to us along with a general stock power that refers to the names set forth on the ADR register maintained by the depositary and (b) provide us with a copy of the ADR register maintained by the depositary. Upon receipt of such shares and the ADR register maintained by the depositary, we have agreed to use our best efforts to issue to each registered ADR holder a Share certificate representing the Shares represented by the ADSs reflected on the ADR register maintained by the depositary in such registered ADR holder's name and to deliver such Share certificate to the registered ADR holder at the address set forth on the ADR register maintained by the depositary. After providing such instruction to the custodian and delivering a copy of the ADR register to us, the depositary and its agents will perform no further acts under the deposit agreement or the ADRs and shall cease to have any obligations under the deposit agreement and/or the ADRs.

Limitations on Obligations and Liability to ADR holders

Limits on our obligations and the obligations of the depositary; limits on liability to ADR holders and holders of ADSs

Prior to the issue, registration, registration of transfer, split-up, combination, or cancellation of any ADRs, or the delivery of any distribution in respect thereof, and from time to time in the case of the production of proofs as described below, we or the depositary or its custodian may require:

- payment with respect thereto of (i) any stock transfer or other tax or other governmental charge, (ii) any stock transfer or registration fees in effect for the registration of transfers of shares or other deposited securities upon any applicable register and (iii) any applicable fees and expenses described in the deposit agreement;
 - the production of proof satisfactory to it of (i) the identity of any signatory and genuineness of any signature and (ii) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial or other ownership of, or interest in, any securities, compliance with applicable law, regulations, provisions of or governing deposited securities and terms of the deposit agreement and the ADRs, as it may deem necessary or proper; and
-

- compliance with such regulations as the depository may establish consistent with the deposit agreement.

The issuance of ADRs, the acceptance of deposits of shares, the registration, registration of transfer, split-up or combination of ADRs or the withdrawal of shares, may be suspended, generally or in particular instances, when the ADR register or any register for deposited securities is closed or when any such action is deemed advisable by the depository; provided that the ability to withdraw shares may only be limited under the following circumstances: (i) temporary delays caused by closing transfer books of the depository or our transfer books or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes, and similar charges, and (iii) compliance with any laws or governmental regulations relating to ADRs or to the withdrawal of deposited securities.

The deposit agreement expressly limits the obligations and liability of the depository, ourselves and our respective agents, provided, however, that no disclaimer of liability under the Securities Act of 1933 is intended by any of the limitations of liabilities provisions of the deposit agreement. The deposit agreement provides that each of us, the depository and our respective agents will:

- incur or assume no liability if any present or future law, rule, regulation, fiat, order or decree of the United States, the Cayman Islands, Taiwan, the Republic of China, or any other country or jurisdiction, or of any governmental or regulatory authority or securities exchange or market or automated quotation system, the provisions of or governing any deposited securities, any present or future provision of our charter, any act of God, war, terrorism, nationalization, expropriation, currency restrictions, work stoppage, strike, civil unrest, revolutions, rebellions, explosions, computer failure or circumstance beyond our, the depository's or our respective agents' direct and immediate control shall prevent or delay, or shall cause any of them to be subject to any civil or criminal penalty in connection with, any act which the deposit agreement or the ADRs provide shall be done or performed by us, the depository or our respective agents (including, without limitation, voting);
- incur or assume no liability by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or things which by the terms of the deposit agreement it is provided shall or may be done or performed or any exercise or failure to exercise discretion under the deposit agreement or the ADRs including, without limitation, any failure to determine that any distribution or action may be lawful or reasonably practicable;
- incur or assume no liability if it performs its obligations under the deposit agreement and ADRs without gross negligence or willful misconduct;
- in the case of the depository and its agents, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities the ADSs or the ADRs;
- in the case of us and our agents, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities the ADSs or the ADRs, which in our or our agents' opinion, as the case may be, may involve it in expense or liability, unless indemnity satisfactory to us or our agent, as the case may be against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be requested;
- not be liable for any action or inaction by it in reliance upon the advice of or information from any legal counsel, any accountant, any person presenting shares for deposit, any registered holder of ADRs, or any other person believed by it to be competent to give such advice or information and/or, in the case of the depository, us; or
- may rely and shall be protected in acting upon any written notice, request, direction, instruction or document believed by it to be genuine and to have been signed, presented or given by the proper party or parties.

Neither the depository nor its agents have any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities, the ADSs or the ADRs. We and our agents shall only be obligated to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities, the ADSs or the ADRs, which in our opinion may involve us in expense or liability, if indemnity satisfactory to us against all expense (including fees and disbursements of counsel) and liability is furnished as often as may be required. The depository and its agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the deposit agreement, any registered holder or holders of ADRs, any ADRs or otherwise related to the deposit agreement or ADRs to the extent such information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, administrative or judicial process, banking, securities or other regulators. The depository shall not be liable for the acts or omissions made by, or the insolvency of, any securities depository, clearing agency or settlement system. Furthermore, the depository shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any custodian that is not a branch or affiliate of JPMorgan Chase Bank, N.A.

Notwithstanding anything to the contrary contained in the deposit agreement or any ADRs, the depository shall not be responsible for, and shall incur no liability in connection with or arising from, any act or omission to act on the part of the custodian except to the extent that any registered ADR holder has incurred liability directly as a result of the custodian having (i) committed fraud or willful misconduct in the provision of custodial services to the depository or (ii) failed to use reasonable care in the provision of custodial services to the depository as determined in accordance with the standards prevailing in the jurisdiction in which the custodian is located. The depository shall not have any liability for the price received in connection with any sale of securities, the timing thereof or any delay in action or omission to act nor shall it be responsible for any error or delay in action, omission to act, default or negligence on the part of the party so retained in connection with any such sale or proposed sale.

The depository has no obligation to inform ADR holders or beneficial owners about the requirements of the laws, rules or regulations or any changes therein or thereto of the Cayman Islands, Taiwan, the Republic of China or any other country or jurisdiction or of any governmental or regulatory authority or any securities exchange or market or automated quotation system.

Additionally, none of us, the depository or the custodian shall be liable for the failure by any holder of registered ADRs or beneficial owner therein to obtain the benefits of credits or refunds of non-U.S. tax paid against such ADR holder's or beneficial owner's income tax liability. The depository is under no obligation to provide the ADR holders and beneficial owners, or any of them, with any information about our tax status. Neither we nor the depository shall incur any liability for any tax or tax consequences that may be incurred by registered ADR holders or beneficial owners on account of their ownership or disposition of ADRs or ADSs.

Neither the depository nor its agents will be responsible for any failure to carry out any instructions to vote any of the deposited securities, for the manner in which any voting instructions are given, including instructions to give a discretionary proxy to a person designated by us, for the manner in which any vote is cast, including, without limitation, any vote cast by a person to whom the depository is instructed to grant a discretionary proxy, or for the effect of any such vote. The depository may rely upon instructions from us or our counsel in respect of any approval or license required for any currency conversion, transfer or distribution. The depository shall not incur any liability for the content of any information submitted to it by us or on our behalf for distribution to ADR holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the deposited securities, for the validity or worth of the deposited securities, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of the deposit agreement or for the failure or timeliness of any notice from us. The depository shall not be liable for any acts or omissions made by a successor depository whether in connection with a previous act or omission of the depository or in connection with any matter arising wholly after the removal or resignation of the depository. Neither the depository nor any of its agents shall be liable for any indirect, special, punitive or consequential damages (including, without limitation, legal fees and expenses) or lost profits, in each case of any form incurred by any person or entity (including, without limitation holders or beneficial owners of ADRs and ADSs), whether or not foreseeable and regardless of the type of action in which such a claim may be brought.

No provision of the deposit agreement or the ADRs is intended to constitute a waiver or limitation of any rights which an ADR holder or any beneficial owner may have under the Securities Act of 1933 or the Securities Exchange Act of 1934, to the extent applicable.

The depository and its agents may own and deal in any class of securities of our company and our affiliates and in ADRs.

Disclosure of Interest in ADSs

To the extent that the provisions of or governing any deposited securities may require disclosure of or impose limits on beneficial or other ownership of, or interest in, deposited securities, other shares and other securities and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, ADR holders or beneficial owners agree to comply with all such disclosure requirements and ownership limitations and to comply with any reasonable instructions we may provide in respect thereof.

Books of Depositary

The depositary or its agent will maintain a register for the registration, registration of transfer, combination and split-up of ADRs, which register shall include the depositary's direct registration system. Registered holders of ADRs may inspect such records at the depositary's office at all reasonable times, but solely for the purpose of communicating with other ADR holders in the interest of the business of our company or a matter relating to the deposit agreement. Such register may be closed at any time or from time to time, when deemed expedient by the depositary or, in the case of the issuance book portion of the ADR Register, when reasonably requested by the Company solely in order to enable the Company to comply with applicable law.

The depositary will maintain facilities for the delivery and receipt of ADRs.

Appointment

In the deposit agreement, each registered holder of ADRs and each beneficial owner, upon acceptance of any ADSs or ADRs (or any interest in any of them) issued in accordance with the terms and conditions of the deposit agreement will be deemed for all purposes to:

- be a party to and bound by the terms of the deposit agreement and the applicable ADR or ADRs,
 - appoint the depositary its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all actions contemplated in the deposit agreement and the applicable ADR or ADRs, to adopt any and all procedures necessary to comply with applicable laws and to take such action as the depositary in its sole discretion may deem necessary or appropriate to carry out the purposes of the deposit agreement and the applicable ADR and ADRs, the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof; and
 - acknowledge and agree that (i) nothing in the deposit agreement or any ADR shall give rise to a partnership or joint venture among the parties thereto, nor establish a fiduciary or similar relationship among such parties, (ii) the depositary, its divisions, branches and affiliates, and their respective agents, may from time to time be in the possession of non-public information about us, ADR holders, beneficial owners and/or their respective affiliates, (iii) the depositary and its divisions, branches and affiliates may at any time have multiple banking relationships with us, ADR holders, beneficial owners and/or the affiliates of any of them, (iv) the depositary and its divisions, branches and affiliates may, from time to time, be engaged in transactions in which parties adverse to us, ADR holders, beneficial owners and/or their respective affiliates may have interests, (v) nothing contained in the deposit agreement or any ADR(s) shall (A) preclude the depositary or any of its divisions, branches or affiliates from engaging in any such transactions or establishing or maintaining any such relationships, or (B) obligate the depositary or any of its divisions, branches or affiliates to disclose any such transactions or relationships or to account for any profit made or payment received in any such transactions or relationships, (vi) the depositary shall not be deemed to have knowledge of any information held by any branch, division or affiliate of the depositary and (vii) notice to an ADR holder shall be deemed, for all purposes of the deposit agreement and the ADRs, to constitute notice to any and all beneficial owners of the ADSs evidenced by such ADR holder's ADRs. For all purposes under the deposit agreement and the ADRs, the ADR holders thereof shall be deemed to have all requisite authority to act on behalf of any and all beneficial owners of the ADSs evidenced by such ADRs.
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Governing Law

The deposit agreement, the ADSs and the ADRs are governed by and construed in accordance with the laws of the State of New York.

In the deposit agreement, we have submitted to the non-exclusive jurisdiction of the courts of the State of New York and appointed an agent for service of process on our behalf. Any action based on the deposit agreement, the ADSs, the ADRs or the transactions contemplated therein or thereby may be instituted by the depositary against us in any competent court in the Cayman Islands, Taiwan, the Republic of China, the United States and/or any other court of competent jurisdiction.

Under the deposit agreement, by holding or owning an ADR or ADS or an interest therein, ADR holders and beneficial owners each irrevocably agree that any legal suit, action or proceeding against or involving ADR holders or beneficial owners brought by us or the depositary, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby, may be instituted in a state or federal court in New York, New York, irrevocably waive any objection which ADR holders and beneficial owners may have to the laying of venue of any such proceeding, and irrevocably submit to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. By holding or owning an ADR or ADS or an interest therein, ADR holders and beneficial owners each also irrevocably agree that any legal suit, action or proceeding against or involving the depositary brought by ADR holders or beneficial owners, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby, may only be instituted in a state or federal court in New York, New York. As a result, ADR holders may not initiate legal proceedings against or involving the depositary, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated therein or thereby, in any jurisdictions outside of a state or federal court in New York, New York, while proceedings against the ADR holders may be initiated in a state or federal court in New York, New York or other jurisdictions.

Notwithstanding the foregoing, (i) the depositary may, in its sole discretion, elect to institute any dispute, suit, action, controversy, claim or proceeding directly or indirectly based on, arising out of or relating to the deposit agreement, the ADSs, the ADRs or the transactions contemplated therein or thereby, including without limitation any question regarding its or their existence, validity, interpretation, performance or termination, against any other party or parties to the deposit agreement (including, without limitation, against ADR holders and beneficial owners of interests in ADSs), by having the matter referred to and finally resolved by an arbitration conducted under the terms described below, and (ii) the depositary may in its sole discretion require, by written notice to the relevant party or parties, that any dispute, suit, action, controversy, claim or proceeding against the depositary by any party or parties to the deposit agreement (including, without limitation, by ADR holders and beneficial owners of interests in ADSs) shall be referred to and finally settled by an arbitration conducted under the terms described below. Any such arbitration shall be conducted in the English language either in New York, New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association or in Hong Kong following the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL). Notwithstanding the foregoing, such provisions do not prevent an ADS holder from pursuing claims under the United States federal securities laws in federal courts.

Jury Trial Waiver

In the deposit agreement each party thereto (including, for avoidance of doubt, each holder and beneficial owner and/or holder of interests in ADSs and ADRs) irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any suit, action or proceeding against the depositary and/or us directly or indirectly arising out of or relating to the shares or other deposited securities, the ADSs or the ADRs, the deposit agreement or any transaction contemplated therein, or the breach thereof (whether based on contract, tort, common law or any other theory), including any claim under the U.S. federal securities laws.

If we or the depositary were to oppose a jury trial demand based on such waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable state and federal law, including whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. The waiver to right to a jury trial of the deposit agreement is not intended to be deemed a waiver by any holder or beneficial owner of ADSs of the Company's or the depositary's compliance with the U.S. federal securities laws and the rules and regulations promulgated thereunder.

Himax Technologies, Inc.

List of Subsidiaries

Subsidiary	Jurisdiction of Incorporation	Percentage of Our Ownership Interest
Himax Technologies Limited	ROC	100.0%
Himax Technologies Korea Ltd.	South Korea	100.0%
Himax Technologies (Samoa), Inc.	Samoa	100.0% ⁽¹⁾
Himax Technologies (Suzhou) Co., Ltd.	PRC	100.0% ⁽²⁾
Himax Technologies (Shenzhen) Co., Ltd.	PRC	100.0% ⁽²⁾
Himax Display, Inc.	ROC	92.0% ⁽¹⁾
Integrated Microdisplays Limited	Hong Kong	92.0% ⁽³⁾
Himax Display (USA) Inc.	Delaware, USA	92.0% ⁽³⁾
Himax Analogic, Inc.	ROC	99.9% ⁽¹⁾
Himax Imaging, Inc.	Cayman Islands	100.0%
Himax Imaging, Ltd.	ROC	99.5% ⁽¹⁾
Himax Imaging Corp.	California, USA	99.5% ⁽⁴⁾
Harvest Investment Limited	ROC	100.0% ⁽¹⁾
Himax Technologies Japan Ltd.	Japan	100.0%
Himax Semiconductor (Hong Kong) Limited	Hong Kong	100.0%
Liqxtal Technology Inc.	ROC	59.5% ⁽¹⁾
New Ken Technologies Co., Ltd.	ROC	59.5% ⁽⁵⁾
Himax IGI Precision Ltd.	Delaware, USA	100.0% ⁽¹⁾
CM Visual Technology Corp.	ROC	81.4% ⁽¹⁾
Viewsil Microelectronics (Shanghai) Limited	PRC	100.0%
Viewsil Technology Limited	British Virgin Islands	100.0% ⁽⁶⁾
Solvanta Investment Limited	ROC	100.0% ⁽¹⁾
Solvanta Energy Limited	ROC	100.0% ⁽⁷⁾

(1) Indirectly, through our 100.0% ownership of Himax Technologies Limited.

(2) Indirectly, through our 100.0% ownership of Himax Technologies (Samoa), Inc.

(3) Indirectly, through our 92.0% ownership of Himax Display, Inc.

(4) Indirectly, through our 99.5% ownership of Himax Imaging, Ltd.

(5) Indirectly, through our 59.5% ownership of Liqxtal Technology Inc.

(6) Indirectly, through our 100.0% ownership of Viewsil Microelectronics (Shanghai) Limited.

(7) Indirectly, through our 100.0% ownership of Solvanta Investment Limited.

Certification

I, Jordan Wu, certify that:

1. I have reviewed this annual report on Form 20-F of Himax Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 27, 2026

By: /s/ Jordan Wu
Name: Jordan Wu
Title: President and Chief Executive Officer

Certification

I, Jessica Pan, certify that:

1. I have reviewed this annual report on Form 20-F of Himax Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 27, 2026

By: /s/ Jessica Pan
Name: Jessica Pan
Title: Chief Financial Officer

Certification

March 27, 2026

The certification set forth below is being submitted to the Securities and Exchange Commission in connection with the Annual Report on Form 20-F for the year ended December 31, 2025 (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Jordan Wu, the President and Chief Executive Officer of Himax Technologies, Inc., and Jessica Pan, the Chief Financial Officer of Himax Technologies, Inc., each certifies that, to the best of his or her knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Himax Technologies, Inc.

By: /s/ Jordan Wu
Name: Jordan Wu
Title: President and Chief Executive Officer

By: /s/ Jessica Pan
Name: Jessica Pan
Title: Chief Financial Officer

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (No. 333-137585 and No. 333-176863) on Form S-8 of our reports dated March 27, 2026, with respect to the consolidated financial statements of Himax Technologies, Inc. and subsidiaries and the effectiveness of internal control over financial reporting.

/s/ KPMG
Hsinchu, Taiwan
March 27, 2026

Himax Technologies, Inc.
Compensation Clawback Policy

This Himax Technologies, Inc. Compensation Clawback Policy (the “Policy”) has been adopted by the Board of Directors (the “Board”) of Himax Technologies, Inc. (the “Company”) on November 21st, 2023 and amended on March 17th, 2026. This Policy provides for the clawback of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under U.S. federal securities laws in accordance with the terms and conditions set forth herein. This Policy is intended to comply with the requirements of Section 10D of the Exchange Act (as defined below) and Section 5608 of the Nasdaq Listing Rules (the “Listing Rule”).

1. Definitions.

For the purposes of this Policy, the following terms shall have the meanings set forth below.

- (a) “Committee” means the compensation committee of the Board or any successor committee thereof. If there is no compensation committee of the Board, references herein to the “Committee” shall refer to the Company’s committee of independent directors that is responsible for executive compensation decisions, or in the absence of such a compensation committee, the independent members of the Board.
- (b) “Covered Compensation” means any Incentive-based Compensation “received” by a Covered Executive during the applicable Clawback Period; provided that:
 - (i) such Incentive-based Compensation was received by such Covered Executive (A) on or after the Effective Date, (B) after he or she commenced service as an Executive Officer and (C) while the Company had a class of securities publicly listed on a United States national securities exchange; and
 - (ii) such Covered Executive served as an Executive Officer at any time during the performance period applicable to such Incentive-based Compensation. For purposes of this Policy, Incentive-based Compensation is “received” by a Covered Executive during the fiscal period in which the Financial Reporting Measure applicable to such Incentive-based Compensation (or portion thereof) is attained, even if the payment or grant of such Incentive-based Compensation is made thereafter.
- (c) “Covered Executive” means any current or former Executive Officer.
- (d) “Effective Date” means the date on which the Listing Rule becomes effective.
- (e) “Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.
- (f) “Executive Officer” means, with respect to the Company, its Chief Executive Officer, Chief Financial Officer and any other executive officer named by the Company in its annual report on Form 20-F, from time to time. The determination as to an individual’s status as an Executive Officer shall be made by the Committee and such determination shall be final, conclusive and binding on such individual and all other interested persons.
- (g) “Financial Reporting Measure” means any (i) measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, (ii) stock price measure or (iii) total shareholder return measure (and any measures that are derived wholly or in part from any measure referenced in clause (i), (ii) or (iii) above). For the avoidance of doubt, any such measure does not need to be presented within the Company’s financial statements or included in a filing with the U.S. Securities and Exchange Commission to constitute a Financial Reporting Measure.
- (h) “Financial Restatement” means a restatement of the Company’s financial statements due to the Company’s material noncompliance with any financial reporting requirement under U.S. federal securities laws that is required in order to correct:
 - (i) an error in previously issued financial statements that is material to the previously issued financial statements; or
 - (ii) an error that would result in a material misstatement if the error were (A) corrected in the current period or (B) left uncorrected in the current period.

For purposes of this Policy, a Financial Restatement shall not be deemed to occur in the event of a revision of the Company's financial statements due to an out-of-period adjustment (i.e., when the error is immaterial to the previously issued financial statements and the correction of the error is also immaterial to the current period) or a retrospective (1) application of a change in accounting principles; (2) revision to reportable segment information due to a change in the structure of the Company's internal organization; (3) reclassification due to a discontinued operation; (4) application of a change in reporting entity, such as from a reorganization of entities under common control; (5) revision for stock splits, reverse stock splits, stock dividends or other changes in capital structure; or (6) adjustment to provisional amounts in connection with a prior business combination.

- (i) "Incentive-based Compensation" means any compensation (including, for the avoidance of doubt, any cash or equity or equity-based compensation, whether deferred or current) that is granted, earned and/or vested based wholly or in part upon the achievement of a Financial Reporting Measure. For purposes of this Policy, "Incentive-based Compensation" shall also be deemed to include any amounts which were determined based on (or were otherwise calculated by reference to) Incentive-based Compensation (including, without limitation, any amounts under any long-term disability, life insurance or supplemental retirement or severance plan or agreement or any notional account that is based on Incentive-based Compensation, as well as any earnings accrued thereon).
 - (j) "Nasdaq" means the NASDAQ Global Select Market, or any successor thereof.
 - (k) "Clawback Period" means the three fiscal years completed immediately preceding the date of any applicable Clawback Trigger Date. Notwithstanding the foregoing, the Clawback Period additionally includes any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years, provided that a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine (9) to twelve (12) months would be deemed a completed fiscal year.
 - (l) "Clawback Trigger Date" means the earlier of (i) the date that the Board (or a committee thereof or the officer(s) of the Company authorized to take such action if Board action is not required) concludes, or reasonably should have concluded, that the Company is required to prepare a Financial Restatement, and (ii) the date on which a court, regulator or other legally authorized body directs the Company to prepare a Financial Restatement.
2. Clawback of Erroneously Awarded Compensation.
- (a) In the event of a Financial Restatement, if the amount of any Covered Compensation received by a Covered Executive (the "Awarded Compensation") exceeds the amount of such Covered Compensation that would have otherwise been received by such Covered Executive if calculated based on the Financial Restatement (the "Adjusted Compensation"), the Company shall reasonably promptly recover from such Covered Executive an amount equal to the excess of the Awarded Compensation over the Adjusted Compensation, each calculated on a pre-tax basis (such excess amount, the "Erroneously Awarded Compensation").
 - (b) If (i) the Financial Reporting Measure applicable to the relevant Covered Compensation is stock price or total shareholder return (or any measure derived wholly or in part from either of such measures) and (ii) the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the Financial Restatement, then the amount of Erroneously Awarded Compensation shall be determined (on a pre-tax basis) based on the Company's reasonable estimate of the effect of the Financial Restatement on the Company's stock price or total shareholder return (or the derivative measure thereof) upon which such Covered Compensation was received.
 - (c) For the avoidance of doubt, the Company's obligation to recover Erroneously Awarded Compensation is not dependent on (i) if or when the restated financial statements are filed or (ii) any fault of any Covered Executive for the accounting errors or other actions leading to a Financial Restatement.
 - (d) Notwithstanding anything to the contrary in Sections 2(a) through (c) hereof, the Company shall not be required to recover any Erroneously Awarded Compensation if both (x) the conditions set forth in either of the following clauses (i), (ii), or (iii) are satisfied and (y) the Committee has determined that recovery of the Erroneously Awarded Compensation would be impracticable:

- (i) the direct expense paid to a third party to assist in enforcing the recovery of the Erroneously Awarded Compensation under this Policy would exceed the amount of such Erroneously Awarded Compensation to be recovered; provided that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation pursuant to this Section 2(d), the Company shall have first made a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to make such recovery and provide that documentation to the Nasdaq;
 - (ii) recovery of the Erroneously Awarded Compensation would violate the laws of the Cayman Islands to the extent such law was adopted prior to November 28, 2022 (provided that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation pursuant to this Section 2(d)), the Company shall have first obtained an opinion of home country counsel of the Cayman Islands, that is acceptable to the Nasdaq, that recovery would result in such a violation, and the Company must provide such opinion to the Nasdaq; or
 - (iii) recovery of the Erroneously Awarded Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Sections 401(a)(13) or 411(a) of the U.S. Internal Revenue Code of 1986, as amended (the "Code").
- (e) The Company shall not indemnify any Covered Executive, directly or indirectly, for any losses that such Covered Executive may incur in connection with the recovery of Erroneously Awarded Compensation pursuant to this Policy, including through the payment of insurance premiums or gross-up payments.
- (f) The Committee shall determine, in its sole discretion, the manner and timing in which any Erroneously Awarded Compensation shall be recovered from a Covered Executive in accordance with applicable law, including, without limitation, by (i) requiring reimbursement of Covered Compensation previously paid in cash; (ii) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity or equity-based awards; (iii) offsetting the Erroneously Awarded Compensation amount from any compensation otherwise owed by the Company or any of its affiliates to the Covered Executive; (iv) cancelling outstanding vested or unvested equity or equity-based awards; and/or (v) taking any other remedial and recovery action permitted by applicable law. For the avoidance of doubt, except as set forth in Section 2(d), in no event may the Company accept an amount that is less than the amount of Erroneously Awarded Compensation; provided that, to the extent necessary to avoid any adverse tax consequences to the Covered Executive pursuant to Section 409A of the Code, any offsets against amounts under any nonqualified deferred compensation plans (as defined under Section 409A of the Code) shall be made in compliance with Section 409A of the Code.

3. Administration.

This Policy shall be administered by the Committee. All decisions of the Committee shall be final, conclusive and binding upon the Company and the Covered Executives, their beneficiaries, executors, administrators and any other legal representative. The Committee shall have full power and authority to (i) administer and interpret this Policy; (ii) correct any defect, supply any omission and reconcile any inconsistency in this Policy; and (iii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of this Policy and to comply with applicable law (including Section 10D of the Exchange Act) and applicable stock market or exchange rules and regulations. Notwithstanding anything to the contrary contained herein, to the extent permitted by Section 10D of the Exchange Act and the Listing Rule, the Board may, in its sole discretion, at any time and from time to time, administer this Policy in the same manner as the Committee.

4. Amendment/Termination.

Subject to Section 10D of the Exchange Act and the Listing Rule, this Policy may be amended or terminated by the Board at any time. To the extent that any applicable law, or stock market or exchange rules or regulations require recovery of Erroneously Awarded Compensation in circumstances in addition to those specified herein, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover Erroneously Awarded Compensation to the fullest extent required by such applicable law, stock market or exchange rules and regulations. Unless otherwise required by applicable law, this Policy shall no longer be effective from and after the date that the Company no longer has a class of securities publicly listed on a United States national securities exchange.

5. Interpretation.

Notwithstanding anything to the contrary herein, this Policy is intended to comply with the requirements of Section 10D of the Exchange Act and the Listing Rule (and any applicable regulations, administrative interpretations or stock market or exchange rules and regulations adopted in connection therewith). The provisions of this Policy shall be interpreted in a manner that satisfies such requirements and this Policy shall be operated accordingly. If any provision of this Policy would otherwise frustrate or conflict with this intent, the provision shall be interpreted and deemed amended so as to avoid such conflict.

6. Other Compensation Clawback Rights.

Any right of clawback under this Policy is in addition to, and not in lieu of, any other remedies, rights or requirements with respect to the clawback of any compensation that may be available to the Company pursuant to the terms of any other clawback policy of the Company (or any of its affiliates) that may be in effect from time to time, any provisions in any employment agreement, offer letter, equity plan, equity award agreement or similar plan or agreement, and any other legal remedies available to the Company, as well as applicable law, stock market or exchange rules, listing standards or regulations; provided, however, that any amounts clawed back under any other policy that would be clawbackable under this Policy shall count toward any required clawback under this Policy and vice versa.

7. Exempt Compensation.

Notwithstanding anything to the contrary herein, the Company has no obligation under this Policy to seek clawback of amounts paid to a Covered Executive which are granted, vested or earned based solely upon the occurrence or non-occurrence of nonfinancial events. Such exempt compensation includes, without limitation, base salary, time-vesting awards, compensation awarded on the basis of the achievement of metrics that are not Financial Reporting Measures or compensation awarded solely at the discretion of the Committee or the Board, provided that such amounts are in no way contingent on, and were not in any way granted on the basis of, the achievement of any Financial Reporting Measure performance goal.

8. Miscellaneous.

- (a) Any applicable award agreement or other document setting forth the terms and conditions of any compensation covered by this Policy shall be deemed to include the restrictions imposed herein and incorporate this Policy by reference and, in the event of any inconsistency, the terms of this Policy will govern. For the avoidance of doubt, this Policy applies to all compensation that is received on or after the Effective Date, regardless of the date on which the award agreement or other document setting forth the terms and conditions of the Covered Executive's compensation became effective, including, without limitation, compensation received under any incentive-based compensation related plan or any modification, amendment and successor plan thereto.
- (b) This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators, or other legal representatives.
- (c) All issues concerning the construction, validity, enforcement and interpretation of this Policy and all related documents, including, without limitation, any employment agreement, offer letter, equity award agreement or similar agreement, shall be governed by, and construed in accordance with, the laws of Taiwan, without giving effect to any choice of law or conflict of law rules or provisions (whether of Taiwan or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than Taiwan.
- (d) The Covered Executives, their beneficiaries, executors, administrators and any other legal representative and the Company shall initially attempt to resolve all claims, disputes or controversies arising under, out of or in connection with this Policy by conducting good faith negotiations amongst themselves. To ensure the timely and economical resolution of disputes that arise in connection with this Policy, the courts sitting within Taiwan shall be the sole and exclusive forums for any and all disputes, claims, or causes of action arising from or relating to the enforcement, performance or interpretation of this Policy. The Covered Executives, their beneficiaries, executors, administrators and any other legal representative and the Company, shall not commence any suit, action or other proceeding arising out of or based upon this Policy except in Tainan District Court, and hereby waive, and agree not to assert, by way of motion, as a defense or otherwise, in any such suit, action or proceeding, any claim that such party is not subject to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Policy or the subject matter hereof may not be enforced in or by such courts.
- (e) If any provision of this Policy is determined to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted by applicable law and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.