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**PEGAVISION CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
AS OF MARCH 31, 2024 AND 2023
AND FOR THE THREE-MONTH PERIODS THEN ENDED**

Address: No.5 Shing Yeh Street, GuiShan District, Taoyuan City, Taiwan 33341
Telephone: (03)329-8808

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

**Consolidated Financial Statements
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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To : the Board of Directors and Shareholders of
Pegavision Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Pegavision Corporation (the “Company”) and its subsidiaries as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2024 and 2023, and their consolidated financial performance and cash flows for the three-month periods ended March 31, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

/s/Chang, Chih-Ming

/s/Kuo, Shao-Pin

Ernst & Young
Taiwan, R.O.C.
April 29th, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practice to review such consolidated financial statements are those generally accepted and applied in the Republic of China on Taiwan.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Pegavision Corporation and Subsidiaries
Consolidated Balance Sheets
As of March 31, 2024, December 31, 2023 and March 31, 2023
(Amounts Expressed In Thousands of New Taiwan Dollars)

| Assets | | | As of March 31, 2024 | | As of December 31, 2023 | | As of March 31, 2023 | |
|--------|-------------------------------------------------------|------------------|----------------------|------------|-------------------------|------------|----------------------|------------|
| Code | Accounts | Notes | Amount | % | Amount | % | Amount | % |
| 11xx | Current assets | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$1,129,860 | 8 | \$1,500,502 | 11 | \$1,007,460 | 10 |
| 1110 | Financial assets at fair value through profit or loss | 6(2) | 2,270,108 | 16 | 2,635,465 | 19 | 1,358,322 | 14 |
| 1136 | Financial assets measured at amortized cost | 6(3) | 494,821 | 4 | 2,098,369 | 15 | 526,000 | 5 |
| 1170 | Accounts receivable, net | 6(4), 6(17),7 | 824,367 | 5 | 831,045 | 6 | 746,129 | 7 |
| 1200 | Other receivables | | 72,435 | 1 | 34,630 | - | 16,833 | - |
| 1220 | Current tax assets | | 3,381 | - | 442 | - | 2,943 | - |
| 1310 | Inventories, net | 6(5) | 637,112 | 5 | 583,479 | 4 | 589,413 | 6 |
| 1410 | Prepayments | | 143,572 | 1 | 127,135 | 1 | 103,206 | 1 |
| 1470 | Other current assets | | 81,786 | 1 | 63,553 | 1 | 64,160 | 1 |
| | Total current assets | | <u>5,657,442</u> | <u>41</u> | <u>7,874,620</u> | <u>57</u> | <u>4,414,466</u> | <u>44</u> |
| 15xx | Non-current assets | | | | | | | |
| 1550 | Investment accounted for using equity method | 6(6) | 19,912 | - | 19,817 | - | - | - |
| 1600 | Property, plant and equipment, net | 6(7), 8, 9 | 7,701,193 | 55 | 4,724,153 | 34 | 5,051,752 | 51 |
| 1755 | Right-of-use assets, net | 6(18), 7 | 371,230 | 3 | 266,620 | 2 | 325,880 | 3 |
| 1780 | Intangible assets, net | 6(8) | 17,970 | - | 19,540 | - | 22,083 | - |
| 1840 | Deferred tax assets | 4, 6(22) | 50,894 | - | 38,390 | - | 22,667 | - |
| 1900 | Other non-current assets | 6(7), 6(9), 7, 8 | 139,948 | 1 | 915,712 | 7 | 99,565 | 2 |
| | Total non-current assets | | <u>8,301,147</u> | <u>59</u> | <u>5,984,232</u> | <u>43</u> | <u>5,521,947</u> | <u>56</u> |
| | Total Assets | | <u>\$13,958,589</u> | <u>100</u> | <u>\$13,858,852</u> | <u>100</u> | <u>\$9,936,413</u> | <u>100</u> |

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

Pegavision Corporation and Subsidiaries
Consolidated Balance Sheets (Continued)
As of March 31, 2024, December 31, 2023 and March 31, 2023
(Amounts Expressed In Thousands of New Taiwan Dollars)

| Liabilities and Equity | | | As of March 31, 2024 | | As of December 31, 2023 | | As of March 31, 2023 | |
|------------------------|---------------------------------------------------|-----------------|----------------------|-----|-------------------------|-----|----------------------|-----|
| Code | Accounts | Notes | Amount | % | Amount | % | Amount | % |
| 21xx | Current liabilities | | | | | | | |
| 2100 | Short-term borrowings | 6(10) | \$569,178 | 4 | \$908,620 | 7 | \$544,168 | 5 |
| 2130 | Contract liabilities | 6(16), 7 | 64,457 | - | 87,354 | 1 | 85,334 | 1 |
| 2150 | Notes payable | | 3,204 | - | 589 | - | 1,351 | - |
| 2170 | Accounts payable | | 222,885 | 2 | 232,727 | 2 | 184,543 | 2 |
| 2200 | Other payables | 6(11), 7 | 2,304,751 | 16 | 1,571,000 | 10 | 2,010,406 | 20 |
| 2230 | Current tax liabilities | 4, 6(22) | 166,827 | 2 | 95,548 | 1 | 142,837 | 2 |
| 2280 | Lease liabilities | 6(18), 7 | 30,284 | - | 133,272 | 1 | 132,014 | 1 |
| 2300 | Other current liabilities | 6(12), 6(13), 8 | 258,012 | 2 | 277,722 | 2 | 205,037 | 2 |
| | Total current liabilities | | 3,619,598 | 26 | 3,306,832 | 24 | 3,305,690 | 33 |
| 25xx | Non-current liabilities | | | | | | | |
| 2540 | Non-current portion of long-term borrowings | 6(13), 8 | 470,735 | 3 | 365,092 | 3 | 256,127 | 3 |
| 2570 | Deferred tax liabilities | 4, 6(22) | 68,518 | - | 65,368 | - | 43,343 | - |
| 2580 | Lease liabilities | 6(18), 7 | 70,774 | 1 | 140,048 | 1 | 200,351 | 2 |
| 2645 | Guarantee deposits received | | 500 | - | 1,004 | - | 970 | - |
| 2670 | Other non-current liabilities | 6(12) | 188 | - | 268 | - | 106 | - |
| | Total non-current liabilities | | 610,715 | 4 | 571,780 | 4 | 500,897 | 5 |
| | Total liabilities | | 4,230,313 | 30 | 3,878,612 | 28 | 3,806,587 | 38 |
| 31xx | Equity attributable to shareholders of the parent | | | | | | | |
| 3100 | Capital | 6(15) | | | | | | |
| 3110 | Common stock | | 780,000 | 6 | 780,000 | 6 | 700,000 | 7 |
| 3200 | Capital surplus | 6(15) | 4,269,521 | 30 | 4,269,521 | 30 | 1,810,341 | 18 |
| 3300 | Retained earnings | 6(15) | | | | | | |
| 3310 | Legal reserve | | 520,327 | 4 | 520,327 | 4 | 367,572 | 4 |
| 3320 | Special reserve | | 12,934 | - | 12,934 | - | 16,367 | - |
| 3350 | Unappropriated retained earnings | | 4,082,532 | 29 | 4,352,686 | 31 | 3,184,506 | 32 |
| 3400 | Other equity interest | | (15,794) | - | (27,786) | - | (13,740) | - |
| 36xx | Non-controlling interests | | 78,756 | 1 | 72,558 | 1 | 64,780 | 1 |
| | Total equity | | 9,728,276 | 70 | 9,980,240 | 72 | 6,129,826 | 62 |
| | Total liabilities and equity | | \$13,958,589 | 100 | \$13,858,852 | 100 | \$9,936,413 | 100 |

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

Pegavision Corporation and Subsidiaries
Consolidated Statements of Comprehensive Incomes
For the three-month periods ended March 31, 2024 and 2023
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

| Code | Items | Notes | For the three-month period ended March 31, | | | |
|------|-------------------------------------------------------------------------------------------------|----------|--------------------------------------------|------|-------------|------|
| | | | 2024 | | 2023 | |
| | | | Amount | % | Amount | % |
| 4000 | Operating revenue | 6(16) | \$1,725,121 | 100 | \$1,459,658 | 100 |
| 5000 | Operating costs | 6(5), 7 | (729,423) | (42) | (693,549) | (48) |
| 5900 | Gross profit | | 995,698 | 58 | 766,109 | 52 |
| 6000 | Operating expenses | 7 | | | | |
| 6100 | Selling expenses | | (171,295) | (10) | (135,794) | (9) |
| 6200 | Administrative expenses | | (102,152) | (6) | (84,834) | (6) |
| 6300 | Research and development expenses | | (171,748) | (10) | (129,324) | (9) |
| 6450 | Expected credit gains (losses) | 6(17) | 41,229 | 2 | (1,930) | - |
| | Operating expenses total | | (403,966) | (24) | (351,882) | (24) |
| 6900 | Operating income | | 591,732 | 34 | 414,227 | 28 |
| 7000 | Non-operating income and expenses | 6(20) | | | | |
| 7100 | Interest income | | 5,605 | - | 4,011 | - |
| 7010 | Other income | | 6,421 | - | 2,165 | - |
| 7020 | Other gains or losses | | 296 | - | (8,805) | - |
| 7050 | Finance costs | 7 | (13,430) | - | (8,323) | - |
| 7060 | Share of profit or loss of associates and joint ventures accounted | | 95 | - | - | - |
| | Total non-operating incomes and expenses | | (1,013) | - | (10,952) | - |
| 7900 | Income from continuing operations before income tax | | 590,719 | 34 | 403,275 | 28 |
| 7950 | Income tax | 4, 6(22) | (75,734) | (4) | (58,326) | (4) |
| 8200 | Net income | | 514,985 | 30 | 344,949 | 24 |
| 8300 | Other comprehensive income (loss) | 6(21) | | | | |
| 8360 | Items that may be reclassified subsequently to profit or loss | | | | | |
| 8380 | Exchange differences resulting from translating the financial statements of a foreign operation | | 13,096 | 1 | (855) | - |
| 8399 | Income tax relating to components of other comprehensive income | | (45) | - | - | - |
| | Total other comprehensive income, net of tax | | 13,051 | 1 | (855) | - |
| 8500 | Total comprehensive income | | \$528,036 | 31 | \$344,094 | 24 |
| 8600 | Net income (loss) attributable to: | | | | | |
| 8610 | Shareholders of the parent | | \$509,846 | 30 | \$338,400 | 23 |
| 8620 | Non-controlling interests | | 5,139 | 1 | 6,549 | 1 |
| | | | \$514,985 | 31 | \$344,949 | 24 |
| 8700 | Comprehensive income (loss) attributable to: | | | | | |
| 8710 | Shareholders of the parent | | \$521,838 | 30 | \$337,594 | 23 |
| 8720 | Non-controlling interests | | 6,198 | 1 | 6,500 | 1 |
| | | | \$528,036 | 31 | \$344,094 | 24 |
| 9750 | Earnings per share-basic (in NTD) | 6(23) | \$6.54 | | \$4.83 | |
| 9850 | Earnings per share-diluted (in NTD) | 6(23) | \$6.51 | | \$4.81 | |

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

Pegavision Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the three-month periods ended March 31, 2024 and 2023
(Amounts Expressed In Thousands of New Taiwan Dollars)

| Code | Items | Equity Attributable to Shareholders of the Parent | | | | | Exchange differences arising on translation of foreign operations | Total | Non-controlling Interests | Total Equity |
|------|------------------------------------------------------------------------------------------------|---------------------------------------------------|--------------------|-------------------|-----------------|-------------------------|-------------------------------------------------------------------|--------------------|---------------------------|--------------------|
| | | Capital | Capital Surplus | Retained Earnings | | | | | | |
| | | | | Legal Reserve | Special reserve | Unappropriated Earnings | | | | |
| 3100 | 3200 | 3310 | 3320 | 3350 | 3410 | 31XX | 36XX | 3XXX | | |
| A1 | Balance as of January 1, 2023 | \$700,000 | \$1,810,341 | \$367,572 | \$16,367 | \$3,546,106 | \$(12,934) | \$6,427,452 | \$58,280 | \$6,485,732 |
| B5 | Appropriation and distribution of 2022 earnings Cash dividends-common share | | | | | (700,000) | | (700,000) | | (700,000) |
| D1 | Net income for the three-month period ended March 31, 2023 | | | | | 338,400 | | 338,400 | 6,549 | 344,949 |
| D3 | Other comprehensive income (loss), net of tax, for the three-month period ended March 31, 2023 | | | | | | (806) | (806) | (49) | (855) |
| D5 | Total comprehensive income (loss) | - | - | - | - | 338,400 | (806) | 337,594 | 6,500 | 344,094 |
| Z1 | Balance as of March 31, 2023 | <u>\$700,000</u> | <u>\$1,810,341</u> | <u>\$367,572</u> | <u>\$16,367</u> | <u>\$3,184,506</u> | <u>\$(13,740)</u> | <u>\$6,065,046</u> | <u>\$64,780</u> | <u>\$6,129,826</u> |
| A1 | Balance as of January 1, 2024 | \$780,000 | \$4,269,521 | \$520,327 | \$12,934 | \$4,352,686 | \$(27,786) | \$9,907,682 | \$72,558 | \$9,980,240 |
| B5 | Appropriation and distribution of 2023 earnings Cash dividends-common share | | | | | (780,000) | | (780,000) | | (780,000) |
| D1 | Net income for the three-month period ended March 31, 2024 | | | | | 509,846 | | 509,846 | 5,139 | 514,985 |
| D3 | Other comprehensive income (loss), net of tax, for the three-month period ended March 31, 2024 | | | | | | 11,992 | 11,992 | 1,059 | 13,051 |
| D5 | Total comprehensive income (loss) | - | - | - | - | 509,846 | 11,992 | 521,838 | 6,198 | 528,036 |
| Z1 | Balance as of March 31, 2024 | <u>\$780,000</u> | <u>\$4,269,521</u> | <u>\$520,327</u> | <u>\$12,934</u> | <u>\$4,082,532</u> | <u>\$(15,794)</u> | <u>\$9,649,520</u> | <u>\$78,756</u> | <u>\$9,728,276</u> |

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

Pegavision Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2024 and 2023
(Amounts Expressed in Thousands of New Taiwan Dollars)

| Code | Items | For the three-month periods ended March 31, | | Code | Items | For the three-month periods ended March 31, | |
|--------|----------------------------------------------------------------------------------------|---------------------------------------------|-----------|--------|-----------------------------------------------------------------------|---------------------------------------------|-------------|
| | | 2024 | 2023 | | | 2024 | 2023 |
| AAAA | Cash flows from operating activities: | | | BBBB | Cash flows from investing activities: | | |
| A10000 | Income before income tax | \$590,719 | \$403,275 | B00040 | Disposal (acquisition) of financial assets measured at amortised cost | 1,603,548 | (526,000) |
| A20000 | Adjustments: | | | B02700 | Acquisition of property, plant and equipment | (2,586,725) | (102,668) |
| A20010 | Profit or loss not effecting cash flows: | | | B03800 | Decrease (increase) in refundable deposits | 12,366 | 6,167 |
| A20100 | Depreciation (including right-of-use assets) | 199,548 | 238,293 | B04500 | Acquisition of intangible assets | (1,978) | (3,303) |
| A20200 | Amortization | 3,548 | 3,443 | B05350 | Acquisition of right-of use assets | (112,573) | - |
| A20300 | Expected credit losses (gain) | (41,229) | 1,930 | BBBB | Net cash provided by (used in) investing activities | (1,085,362) | (625,804) |
| A20400 | Net loss (gain) of financial assets (liabilities) at fair value through profit or loss | (7,831) | (2,834) | CCCC | Cash flows from financing activities: | | |
| A20900 | Interest expense | 13,430 | 8,323 | C00100 | Increase in (repayment of) short-term borrowings | (339,442) | 259,701 |
| A21200 | Interest income | (5,605) | (4,011) | C01600 | Increase in long-term borrowings | 101,093 | - |
| A22300 | Share of profit or loss of associates and joint ventures | (95) | - | C01700 | Repayment of long-term borrowings | (2,593) | (103,715) |
| A23700 | Impairment loss on non-financial assets | 19,242 | 2,797 | C03000 | Increase (decrease) in guarantee deposits received | (504) | (4) |
| A29900 | Gain on lease modification | (1,636) | - | C04020 | Payments of lease liabilities | (36,306) | (35,454) |
| A29900 | Gain on government grants | (81) | (110) | CCCC | Net cash provided by (used in) financing activities | (277,752) | 120,528 |
| A30000 | Changes in operating assets and liabilities: | | | DDDD | Effect of exchange rate changes | 10,534 | (1,376) |
| A31115 | Financial assets at fair value through profit or loss | 373,188 | (689,000) | EEEE | Increase (decrease) in cash and cash equivalents | (370,642) | (838,660) |
| A31150 | Accounts receivable | 47,900 | (2,864) | E00100 | Cash and cash equivalents at beginning of period | 1,500,502 | 1,846,120 |
| A31180 | Other receivables | (45,520) | (10,234) | E00200 | Cash and cash equivalents at end of period | \$1,129,860 | \$1,007,460 |
| A31200 | Inventories | (53,633) | (20,785) | | | | |
| A31230 | Prepayments | (16,437) | (26,322) | | | | |
| A31240 | Other current assets | (18,233) | (5,098) | | | | |
| A32125 | Contract liabilities | (22,897) | 7,631 | | | | |
| A32130 | Notes payable | 2,615 | (2,559) | | | | |
| A32150 | Accounts payable | (9,842) | (6,100) | | | | |
| A32180 | Other payables | (15,005) | (155,857) | | | | |
| A32230 | Other current liabilities | (12,625) | (49,318) | | | | |
| A33000 | Cash generated from operations | 999,521 | (309,400) | | | | |
| A33100 | Interest received | 13,317 | 2,934 | | | | |
| A33300 | Interest paid | (14,445) | (6,016) | | | | |
| A33500 | Income tax paid | (16,455) | (19,526) | | | | |
| AAAA | Net cash provided by (used in) operating activities | 981,938 | (332,008) | | | | |

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

Pegavision Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

For the three-month periods ended March 31, 2024 and 2023

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

Pegavision Corporation (referred to “the Company”) was established on August 12, 2009. Its main business activities include the manufacture of medical device, optical instrument, precision instrument and sales of the previous related products. The Company’s stocks have been governmentally approved on October 7, 2014 to be listed and traded in Taiwan Over-The-Counter Securities Exchanges starting December 30, 2014 and traded in Taiwan Stock Exchange starting on October 7, 2019. The registered business premise and main operation address is at No.5 Shing Yeh Street, GuiShan District, Taoyuan City, Taiwan 33341.

Kinsus Interconnect Technology Corp. is the Company’s parent, while Pegatron Corporation is the ultimate controller of the Group to which the Company belongs.

2. DATE AND PROCEDURE OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the three-month periods ended March 31, 2024 and 2023 were authorized for issue by the Board of Directors on April 29th, 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2024. The adoption of these new standards and amendments and interpretations of initial application has no material impact on the Group.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Standards or interpretations issued, revised, or amended, by International Accounting Standards Board (“IASB”) which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

| Items | New, Revised or Amended Standards and Interpretations | Effective Date issued by IASB |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| a | IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures | To be determined by IASB |
| b | IFRS 17 “Insurance Contracts” | January 1, 2023 |
| c | Lack of Exchangeability – Amendments to IAS 21 | January 1, 2025 |
| d | IFRS 18 “Presentation and Disclosure in Financial Statements” | January 1, 2027 |

(a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation, and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017, and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

(d) IFRS 18 “Presentation and Disclosure in Financial Statements”

The main changes in the new standard are as below:

i. Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

ii. Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

iii. Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

IFRS 18 replaces IAS 1 Presentation of Financial Statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group assesses all standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the three-month periods ended March 31, 2024 and 2023 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

Except the following 4(3) ~ 4(4), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2023. For more details, please refer to Note 4 of the Company’s consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of New Taiwan Dollars (“NT\$”) unless otherwise specified.

(3) Basis of consolidation

The same principles of consolidation have been applied in the Company’s consolidated financial statements as those applied in the Company’s consolidated financial statements for the year ended December 31, 2023. For the principles of consolidation, please refer to Note 4(3) of the Company’s consolidated financial statements for the year ended December 31, 2023.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The consolidated entities are listed as follows:

| Investor | Subsidiary | Main business | Percentage of Ownership (%) | | | |
|---------------------------------|--------------------------------------------------|-------------------------------------------------|-----------------------------|--------------|--------------|--------|
| | | | Mar 31, 2024 | Dec 31, 2023 | Mar 31, 2023 | Note |
| The Company | Pegavision Japan Inc. | Selling medical equipment | 100.00% | 100.00% | 100.00% | None |
| The Company | Pegavision (Jiangsu) Limited | Producing and selling medical equipment | 100.00% | 100.00% | 100.00% | None |
| The Company | Mayin Investment Co., Ltd. | Investing activities | 100.00% | 100.00% | 100.00% | None |
| The Company | PEGAVISION VIETNAM COMPANY LIMITED | Producing and selling medical equipment | 100.00% | 100.00% | -% | Note 2 |
| Mayin Investment Co., Ltd. | BeautyTech Platform Corporation | Selling medical equipment and cosmetic products | 85.00% | 85.00% | 85.00% | None |
| Mayin Investment Co., Ltd. | FacialBeau International Corporation | Selling medical equipment and cosmetic products | 55.00% | 55.00% | 55.00% | None |
| BeautyTech Platform Corporation | Pegavision Contact Lenses (Shanghai) Corporation | Selling medical equipment | 100.00% | 100.00% | 100.00% | None |
| BeautyTech Platform Corporation | BeautyTech Platform (Shanghai) Corporation | Selling medical equipment and cosmetic products | 100.00% | 100.00% | 100.00% | None |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| Investor | Subsidiary | Main business | Percentage of Ownership (%) | | | |
|--------------------------------------------------|-------------------------------------------|-------------------------------------------------|-----------------------------|--------------|--------------|--------|
| | | | Mar 31, 2024 | Dec 31, 2023 | Mar 31, 2023 | Note |
| BeautyTech Platform Corporation | BEAUTYTECH PLATFORM (SINGAPORE) PTE. LTD. | Selling medical equipment and cosmetic products | 100.00% | 100.00% | 100.00% | None |
| Pegavision Contact Lenses (Shanghai) Corporation | Gemvision Technology (Zhejiang) Limited | Selling medical equipment | 100.00% | 100.00% | 100.00% | None |
| FacialBeau International Corporation | FacialBeau (Jiangsu) Corporation | Selling medical equipment and cosmetic products | 100.00% | 100.00% | 100.00% | Note 1 |
| FacialBeau International Corporation | IKIDO Inc. | Selling medical equipment and cosmetic products | 100.00% | 100.00% | 100.00% | None |
| FacialBeau International Corporation | RODNA Co., Ltd. | Selling medical equipment and cosmetic products | 100.00% | 100.00% | 100.00% | None |
| FacialBeau International Corporation | Aquamax Vision Corporation | Selling medical equipment and cosmetic products | 100.00% | 100.00% | 100.00% | None |

Note 1: To improve the synergy of the Group, the board of directors decided to reorganize and set up the Subsidiaries on July 26, 2021:

(a) FacialBeau (Jiangsu) Corporation which is 100% held by FacialBeau International Corporation was registered on February 25, 2022. The investment amount has not been remitted as of March 31, 2024.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note 2: Taking into consideration the long-term developmental needs and to diversify production risks of the Company, the board meeting was held on February 13, 2023 and passed the resolution to establish a wholly owned subsidiary PEGAVISION VIETNAM COMPANY LIMITED by Pegavision Corporation, which completed registration on November 14, 2023.

(4) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

- ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The same significant accounting judgments, estimates and assumptions have been applied in the Company's consolidated financial statements for the three-month period ended March 31, 2024 as those applied in the Company's consolidated financial statements for the year ended December 31, 2023. For significant accounting judgments, estimates and assumptions, please refer to Note 5 of the Company's consolidated financial statements for the year ended December 31, 2023.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | As of | | |
|-----------------------|--------------------|--------------------|--------------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Cash and petty cash | \$5,141 | \$5,212 | \$3,646 |
| Checkings and savings | 764,607 | 479,509 | 370,480 |
| Time deposit | 360,112 | 1,015,781 | 633,334 |
| Total | <u>\$1,129,860</u> | <u>\$1,500,502</u> | <u>\$1,007,460</u> |

(2) Financial assets at fair value through profit or loss

| | As of | | |
|------------------------------------------------------------|--------------------|--------------------|--------------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Mandatorily measured at fair value through profit or loss: | | | |
| Money market fund | \$2,263,048 | \$2,631,606 | \$1,356,234 |
| Valuation adjustment | 7,060 | 3,859 | 2,088 |
| Total | <u>\$2,270,108</u> | <u>\$2,635,465</u> | <u>\$1,358,322</u> |
| Current | \$2,270,108 | \$2,635,465 | \$1,358,322 |
| Non-current | - | - | - |
| Total | <u>\$2,270,108</u> | <u>\$2,635,465</u> | <u>\$1,358,322</u> |

No financial asset measured at fair value through profit or loss was pledged as collateral.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Financial asset measured at amortized cost

| | As of | | |
|----------------------|------------------|--------------------|------------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Time deposit | \$494,821 | \$2,098,369 | \$526,000 |
| Less: loss allowance | - | - | - |
| Total | <u>\$494,821</u> | <u>\$2,098,369</u> | <u>\$526,000</u> |
| Current | <u>\$494,821</u> | <u>\$2,098,369</u> | <u>\$526,000</u> |
| Non-current | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> |

The Group deals with financial institution with good credit condition, there is no significant credit risk.

No financial asset measured at amortized cost was pledged as collateral.

(4) Accounts receivable, net

A. Accounts receivable, net

| | As of | | |
|--------------------------------|------------------|------------------|------------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Accounts receivable, gross | \$831,485 | \$879,385 | \$756,199 |
| Less: loss allowance | (7,118) | (48,340) | (10,070) |
| Total accounts receivable, net | <u>\$824,367</u> | <u>\$831,045</u> | <u>\$746,129</u> |

B. Accounts receivable were not pledged.

C. Accounts receivable are generally on T/T to 90 days terms. The total carrying amount is NT\$831,485 thousand, NT\$879,385 thousand and NT\$756,199 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively. Please refer to Note 6 (17) for more details on loss allowance of accounts receivable for the three-month periods ended March 31, 2024 and 2023. Please refer to Note 12 for more details on credit risk management.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Inventory

A. Details of inventory:

| | As of | | |
|-----------------|------------------|------------------|------------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Merchandises | \$24,880 | \$10,876 | \$10,039 |
| Raw materials | 87,121 | 89,244 | 86,202 |
| Supplies | 9,405 | 7,558 | 8,853 |
| Work in process | 164,224 | 128,226 | 159,963 |
| Finished goods | 351,482 | 347,575 | 324,356 |
| Total | <u>\$637,112</u> | <u>\$583,479</u> | <u>\$589,413</u> |

B. For the three-month periods ended March 31, 2024 and 2023, the Group recognized NT\$729,423 thousand and NT\$693,549 thousand under the caption of costs of sale, respectively. The following items were also included in cost.

| Item | For the three-month period ended March 31, | |
|--------------------------------------------|--------------------------------------------|------------------|
| | 2024 | 2023 |
| Loss (Gain) from inventory market decline | \$6,937 | \$(24,848) |
| Loss from inventory write-off obsolescence | - | 17,157 |
| Total | <u>\$6,937</u> | <u>\$(7,691)</u> |

The Group recognized gains on recovery of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed.

C. The inventories were not pledged.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Investments accounted for under the equity method

The following table lists the investments accounted for using the equity method of the Group:

| Investees | As of | | | | | | Note |
|----------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|------|
| | Mar. 31, 2024 | | Dec. 31, 2023 | | Mar. 31, 2023 | | |
| | Carrying amount | Percentage of ownership | Carrying amount | Percentage of ownership | Carrying amount | Percentage of ownership | |
| <u>Unlisted company</u> | | | | | | | |
| Zhuhe Investment Co., Ltd. | <u>\$19,912</u> | 11.76% | <u>\$19,817</u> | 11.76% | | Not applicable | None |

A. Investments in associates

The information regarding non-significant associates of the Group is as follows:

In August 2023, the Group invested cash in Zhuhe Investment Co., Ltd., holding 11.76% ownership and was appointed one seat of directorship. Therefore, the Group only has material influence but does not have control over Zhuhe Investment Co., Ltd.

As of March 31, 2024 and December 31, 2023, the aggregated carrying amount of the Group's investment in Zhuhe Investment Co., Ltd. amounted to NT\$19,912 thousand and NT\$19,817 thousand. The summarized financial information for the share of associates of the Group is as follows:

| | For the three-month periods March 31, 2024 |
|------------------------------------------|-----------------------------------------------|
| Profit (loss) from continuing operations | \$95 |
| Other comprehensive income (post-tax) | - |
| Total comprehensive loss | <u>\$95</u> |

B. The associates and jointly controlled entities had no contingent liabilities or capital commitments and investments in associates and jointly controlled entities were not pledged.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7)Property, plant and equipment

| | Land | Buildings | Machinery and equipment | Transportation equipment | Computer equipment | Office equipment | Other equipment | Construction in progress and equipment awaiting inspection (including prepayment for equipment) | Total |
|-------------------|--------------------|--------------------|----------------------------|-----------------------------|-----------------------|---------------------|--------------------|-------------------------------------------------------------------------------------------------------------------|---------------------|
| <u>Cost:</u> | | | | | | | | | |
| As of 1/1/2024 | \$1,522,877 | \$170,165 | \$4,921,250 | \$1,973 | \$86,656 | \$2,532 | \$1,078,370 | \$2,065,196 | \$9,849,019 |
| Addition | - | - | - | - | - | - | - | 2,557,349 | 2,557,349 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Transfer | 1,912,686 | 1,142,405 | 2,786 | - | 1,839 | - | 169,283 | (3,228,999) | - |
| Effect of EX rate | (224) | (122) | - | - | 80 | (58) | 3,234 | 148 | 3,058 |
| As of 3/31/2024 | <u>\$3,435,339</u> | <u>\$1,312,448</u> | <u>\$4,924,036</u> | <u>\$1,973</u> | <u>\$88,575</u> | <u>\$2,474</u> | <u>\$1,250,887</u> | <u>\$1,393,694</u> | <u>\$12,409,426</u> |
| As of 1/1/2023 | \$1,514,524 | \$165,620 | \$4,876,270 | \$1,973 | \$84,335 | \$- | \$991,212 | \$1,133,177 | \$8,767,111 |
| Addition | - | - | - | - | 134 | - | 297 | 169,468 | 169,899 |
| Disposals | - | - | (700) | - | (74) | - | (1,030) | - | (1,804) |
| Transfer | - | - | 29,966 | - | 354 | - | 20,180 | (50,500) | - |
| Effect of EX rate | - | - | - | - | 11 | - | 353 | 27 | 391 |
| As of 3/31/2023 | <u>\$1,514,524</u> | <u>\$165,620</u> | <u>\$4,905,536</u> | <u>\$1,973</u> | <u>\$84,760</u> | <u>\$-</u> | <u>\$1,011,012</u> | <u>\$1,252,172</u> | <u>\$8,935,597</u> |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| | Land | Buildings | Machinery and equipment | Transportation equipment | Computer equipment | Office equipment | Other equipment | Construction in progress and equipment awaiting inspection (including prepayment for equipment) | Total |
|-------------------------------------|------|-----------|----------------------------|-----------------------------|-----------------------|---------------------|-----------------|-------------------------------------------------------------------------------------------------------------------|-------------|
| <u>Depreciation and impairment:</u> | | | | | | | | | |
| As of 1/1/2024 | \$- | \$52,979 | \$3,522,598 | \$1,366 | \$80,732 | \$32 | \$776,230 | \$- | \$4,433,937 |
| Depreciation | - | 675 | 134,933 | 52 | 1,163 | 49 | 28,108 | - | 164,980 |
| Impairment loss | - | 19,242 | - | - | - | - | - | - | 19,242 |
| Disposal | - | - | - | - | - | - | - | - | - |
| Transfer | - | - | - | - | - | - | - | - | - |
| Effect of EX rate | - | (1) | - | - | 51 | 1 | 640 | - | 691 |
| As of 3/31/2024 | \$- | \$72,895 | \$3,657,531 | \$1,418 | \$81,946 | \$82 | \$804,978 | \$- | \$4,618,850 |
| As of 1/1/2023 | \$- | \$41,075 | \$2,865,878 | \$1,114 | \$75,651 | \$- | \$657,393 | \$- | \$3,641,111 |
| Depreciation | - | 1,068 | 171,759 | 75 | 1,625 | - | 29,250 | - | 203,777 |
| Impairment loss | - | - | - | - | - | - | 2,797 | - | 2,797 |
| Disposal | - | - | (700) | - | (74) | - | (1,030) | - | (1,804) |
| Transfer | - | - | - | - | - | - | - | - | - |
| Effect of EX rate | - | - | - | - | 3 | - | 38 | - | 41 |
| As of 3/31/2023 | \$- | \$42,143 | \$3,036,937 | \$1,189 | \$77,205 | \$- | \$688,448 | \$- | \$3,845,922 |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| | Land | Buildings | Machinery and equipment | Transportation equipment | Computer equipment | Office equipment | Other equipment | Construction in progress and equipment awaiting inspection (including prepayment for equipment) | Total |
|-----------------------------|-------------|-------------|----------------------------|-----------------------------|-----------------------|---------------------|-----------------|-------------------------------------------------------------------------------------------------------------------|-------------|
| <u>Net carrying amount:</u> | | | | | | | | | |
| As of 3/31/2024 | \$3,435,339 | \$1,239,553 | \$1,266,505 | \$555 | \$6,629 | \$2,392 | \$445,909 | \$1,393,694 | \$7,790,576 |
| As of 12/31/2023 | \$1,522,877 | \$117,186 | \$1,398,652 | \$607 | \$5,924 | \$2,500 | \$302,140 | \$2,065,196 | \$5,415,082 |
| As of 3/31/2023 | \$1,514,524 | \$123,477 | \$1,868,599 | \$784 | \$7,555 | \$- | \$322,564 | \$1,252,172 | \$5,089,675 |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A.Details of property, plant & equipment and prepayment for equipment is as follows:

| | As of | | |
|--------------------------------|--------------------|--------------------|--------------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Property, plant, and equipment | \$7,701,193 | \$4,724,153 | \$5,051,752 |
| Prepayment for equipment | 89,383 | 690,929 | 37,923 |
| Total | <u>\$7,790,576</u> | <u>\$5,415,082</u> | <u>\$5,089,675</u> |

B.For the three-month periods ended March 31, 2024 and 2023, NT\$19,242 thousand and NT\$2,797 thousand impairment loss represented the write down of certain property, plant, and equipment to the recoverable amount. This has been recognized in the statement of comprehensive income. The recoverable value is measured at usage values by the individual units.

C.Please refer to Note 8 for more details on property, plant and equipment under pledged.

(8)Intangible assets

| | <u>Computer software</u> |
|---------------------------------|--------------------------|
| <u>Cost:</u> | |
| As of January 1, 2024 | \$59,276 |
| Additions – acquired separately | - |
| Transfer | 1,978 |
| Derecognized upon retirement | - |
| Effect of EX rate | - |
| As of March 31, 2024 | <u>\$61,254</u> |
| As of January 1, 2023 | \$48,385 |
| Additions – acquired separately | - |
| Transfer | 3,303 |
| Derecognized upon retirement | - |
| Effect of EX rate | - |
| As of March 31, 2023 | <u>\$51,688</u> |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| | <u>Computer software</u> |
|-------------------------------------|--------------------------|
| <u>Amortization and Impairment:</u> | |
| As of January 1, 2024 | \$39,736 |
| Amortization | 3,548 |
| Derecognized upon retirement | - |
| Effect of EX rate | - |
| As of March 31, 2024 | <u>\$43,284</u> |
| | |
| As of January 1, 2023 | \$26,162 |
| Amortization | 3,443 |
| Derecognized upon retirement | - |
| Effect of EX rate | - |
| As of March 31, 2023 | <u>\$29,605</u> |
| | |
| <u>Carrying amount, net:</u> | |
| As of March 31, 2024 | <u>\$17,970</u> |
| As of December 31, 2023 | <u>\$19,540</u> |
| As of March 31, 2023 | <u>\$22,083</u> |

Amounts of amortization recognized for intangible assets are as follows:

| | <u>For the three-month period ended March 31,</u> | |
|----------------------------------|---------------------------------------------------|----------------|
| | <u>2024</u> | <u>2023</u> |
| Manufacturing expense | \$32 | \$93 |
| Selling expense | - | 130 |
| Administrative expense | 3,425 | 2,938 |
| Research and development expense | 91 | 282 |
| Total | <u>\$3,548</u> | <u>\$3,443</u> |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(9)Other non-current assets

| | As of | | |
|---------------------------------------|--------------|--------------|--------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Refundable deposits | \$50,565 | \$62,931 | \$61,642 |
| Prepayment for property and equipment | 89,383 | 690,929 | 37,923 |
| Prepayment for land use right | - | 161,852 | - |
| Total | \$139,948 | \$915,712 | \$99,565 |

(10)Short-term borrowings

A.Details of Short-term borrowings

| | As of | | |
|----------------------|--------------|--------------|--------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Unsecured bank loans | \$569,178 | \$908,620 | \$544,168 |
| Interest Rate (%) | 5.90%~5.98% | 3.86%~6.25% | 5.3%~5.92% |

B.The Group's unused short-term lines of credits amounts to NT\$880,812 thousand, NT\$398,535 thousand and NT\$604,312 thousand, as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

(11)Other payable

| | As of | | |
|--------------------------------|--------------|--------------|--------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Accrued expenses | \$1,438,941 | \$1,453,946 | \$1,113,594 |
| Accrued interest payable | 3,953 | 5,821 | 2,068 |
| Payable to equipment suppliers | 81,857 | 111,233 | 194,744 |
| Dividends payable | 780,000 | - | 700,000 |
| Total | \$2,304,751 | \$1,571,000 | \$2,010,406 |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(12)Other current liabilities

A.Details of other current liabilities

| | As of | | |
|--------------------------------------|------------------|------------------|------------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Other current liabilities | \$23,429 | \$22,698 | \$19,850 |
| Refund liability | 224,938 | 238,294 | 175,179 |
| Deferred government grants income | 325 | 326 | 447 |
| Long-term borrowings-current portion | 9,320 | 16,404 | 9,561 |
| Total | <u>\$258,012</u> | <u>\$277,722</u> | <u>\$205,037</u> |

B.The changes in the Group's balances of deferred government grants income are as follows:

| | For the three-month period ended March, 31 | |
|---------------------------------------------------|--------------------------------------------|--------------|
| | 2024 | 2023 |
| Beginning balance | \$594 | \$663 |
| Received during the period | - | - |
| Released to the statement of comprehensive income | (81) | (110) |
| Ending Balance | <u>\$513</u> | <u>\$553</u> |
| Current | <u>\$325</u> | <u>\$447</u> |
| Non-current | <u>\$188</u> | <u>\$106</u> |

C.Please refer to Note 6(13) for more details on interest rate of deferred government grants income.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13) Long-term borrowings

A. Details of long-term borrowings

| Debtor | Type of Loan | Maturity | As of | | | Repayment |
|---------------------------------------------------------|--------------|-----------------------|--------------|--------------|--------------|-----------|
| | | | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 | |
| Chang Hwa Commercial Bank – Beitou Branch | Credit loan | 2020.03.25-2025.03.15 | \$2,493 | \$3,118 | \$4,974 | Note 1 |
| The Shanghai Commercial & Savings Bank – ZhongLi Branch | Secured loan | 2020.11.10-2030.10.15 | 8,169 | 8,471 | 9,352 | Note 2 |
| The Shanghai Commercial & Savings Bank – ZhongLi Branch | Secured loan | 2021.04.08-2030.10.15 | 32,370 | 33,577 | 37,410 | Note 2 |
| Mega International Commercial Bank – Lan-Ya Branch | Secured loan | 2021.10.08-2026.09.15 | 4,030 | 4,430 | 4,952 | Note 3 |
| Chang Hwa Commercial Bank – Beitou Branch | Secured loan | 2022.06.22-2031.06.21 | 209,000 | 209,000 | 209,000 | Note 4 |
| Mega International Commercial Bank – Lan-Ya Branch | Credit loan | 2023.12.15-2030.12.15 | 127,996 | 122,900 | - | Note 5 |
| Mega International Commercial Bank – Lan-Ya Branch | Secured loan | 2024.03.12-2030.11.15 | 95,997 | - | - | Note 6 |
| Total | | | 480,055 | 381,496 | 265,688 | |
| Less: current portion | | | (9,320) | (16,404) | (9,561) | |
| Non-current portion | | | \$470,735 | \$365,092 | \$256,127 | |

Note 1: A term is defined as every 1 month starting from the initial draw-down date. Grace period is 3 years (36 terms). The rest is repayable in installments of equal amount for 24 terms.

Note 2: A term is defined as every 1 month starting from the initial draw-down date. Grace period is 2 years (24 terms). The rest is repayable in installments of equal amount for 96 terms.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note 3: A term is defined as every 1 month starting from the initial draw-down date. Grace period is 2 years (24 terms). The rest is repayable in installments of equal amount for 36 terms.

Note 4: A term is defined as every 1 month starting from the initial draw-down date. Grace period is 3 years (36 terms). The rest is repayable in installments of equal amount for 204 terms.

Note 5: A term is defined as every 3 month starting from the initial draw-down date. Grace period is 3 years (12 terms). The rest is repayable in installments of equal amount for 16 terms.

Note 6: A term is defined as every 3 month starting from the initial draw-down date. Grace period is 3 years (36 terms). The rest is repayable in installments of equal amount for 16 terms.

B. The interest rate intervals for long-term borrowings are as follows:

| | As of | | |
|---------------------------------|--------------|--------------|--------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| The interest rate intervals (%) | 1.15%~6.23% | 1.15%~6.34% | 1.15%~1.90% |

The Group obtained from the Ministry of Economy a low-interest government loan amounting NT\$60,000 thousands with a term of 5~10 years and annual interest rates of 0.50% and monthly interest payment on the 15th of each month. The loan was recorded under the caption of other liabilities-deferred government grants income. The Group shall recognize the government grant income when it is reasonably assured that the Group satisfy all the terms of the government grant agreement.

C. Please refer to Note 8 for more details regarding assets pledged for secured bank borrowings.

(14) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended March 31, 2024 and 2023 were NT\$13,892 thousand and NT\$12,774 thousand, respectively.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Pension for the three-month periods ended March 31, 2024 and 2023 were NT\$11 thousand and NT\$0, respectively.

(15)Equity

A.Common stock

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Company's authorized capital were NT\$1,000,000 thousand, and paid-in capital were NT\$780,000 thousand, NT\$780,000 thousand and NT\$700,000 thousand, each share at par value of NT\$10, divided into 78,000 thousand shares, 78,000 thousand shares and 70,000 thousand shares. Each share has one voting right and a right to receive dividends.

On April 28, 2023, the Company's board of directors resolved to increase capital by cash with a total of 8,000 thousand shares issued at NT\$310 per share. The application was approved by the Financial Supervisory Commission with No. Jin-Guan-Cheng-Fa-Zi 1120344879, and the effective date was set on September 7, 2023.

B.Capital surplus

| | As of | | |
|----------------------------------------------------|--------------------|--------------------|--------------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Additional paid-in capital | \$4,204,928 | \$4,204,928 | \$1,804,928 |
| Changes in ownership interests in subsidiaries | 4,609 | 4,609 | 4,609 |
| Additional paid-in capital-Employee stock warrants | 59,359 | 59,359 | 804 |
| Expired employee stock warrants | 625 | 625 | - |
| Total | <u>\$4,269,521</u> | <u>\$4,269,521</u> | <u>\$1,810,341</u> |

According to Taiwan Company Act, the capital surplus shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them. Capital surplus related to long-term equity investments cannot be used for any purpose.

C. Appropriation of earnings and dividend policies

a. Distribution of earnings

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- I. Payment of all taxes and dues;
- II. Offset prior years' operation losses;
- III. Set aside 10% of the remaining amount as legal reserve. There is no requirement to further make such reserve when legal reserve reaches the capital amount.
- IV. Set aside or reverse special reserve in accordance with law and regulations; and
- V. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

If the above-mentioned dividends are distributed to shareholders in the form of cash, the Board of Directors have been authorized to approve by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and report to the shareholder's meeting.

b. Dividend policies

The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders' demand for cash, the Group's dividend policy aims for steadiness and balancing. Dividends to be distributed in cash for each year shall not be less than 10% of the total dividends paid.

c. Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

d. Special reserve

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion and transfer to retained earnings.

The Company did not incur any special reserve upon the first-time adoption of T-IFRS.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

e. The appropriations of earnings for the Years 2023 and 2022 were approved through the Board of Directors' meetings and shareholders' meeting held on January 29, 2024 and May 24, 2023, respectively. The details of the distribution are as follows.

| | Appropriation of earnings | | Dividend per share (in NT\$) | |
|-----------------|---------------------------|-----------|---------------------------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| Legal reserve | \$165,590 | \$152,755 | | |
| Special reserve | 14,852 | (3,433) | | |
| Cash dividend | 780,000 | 700,000 | \$10.0 | \$10.0 |

Please refer to Note 6(20) for details on employees' compensation and remuneration to directors and supervisors.

D. Non-controlling interests

| | For the three-month period ended March 31, | |
|-------------------------------------------|--------------------------------------------|----------|
| | 2024 | 2023 |
| Beginning balance | \$72,558 | \$58,280 |
| Comprehensive income attributable to NCIs | 6,198 | 6,500 |
| Ending balance | \$78,756 | \$64,780 |

(16) Operating revenue

| | For the three-month period ended March 31, | |
|---------------------------------|--------------------------------------------|-------------|
| | 2024 | 2023 |
| Revenue from customer contracts | | |
| Sales of goods | \$1,725,121 | \$1,459,658 |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Analysis of revenue from contracts with customers for the three-month periods ended March 31, 2024 and 2023 are as follows:

A. Disaggregation of revenue

| | For the three-month period ended March 31, | |
|-------------------------------------|--------------------------------------------|-------------------|
| | 2024 | 2023 |
| | Single department | Single department |
| Sales of goods | \$1,725,121 | \$1,459,658 |
| The timing for revenue recognition: | | |
| At a point in time | \$1,725,121 | \$1,459,658 |

B. Contract balances

a. Contract liabilities – current

| | As of | | | |
|-----------------------------|--------------|--------------|--------------|-------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 | 1 Jan. 2023 |
| Sales of goods | \$62,516 | \$85,544 | \$82,433 | \$74,709 |
| Customer loyalty programmes | 1,941 | 1,810 | 2,901 | 2,994 |
| Total | \$64,457 | \$87,354 | \$85,334 | \$77,703 |

The changes in the Group's balances of contract liabilities for the three-month periods ended March 31, 2024 are as follows:

| | Sales of goods | Customer loyalty programs |
|--------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------------|
| The opening balance transferred to revenue | \$(79,335) | \$(1,810) |
| Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period) | 56,307 | 1,941 |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The changes in the Group's balances of contract liabilities for the three-month periods ended March 31, 2023 are as follows:

| | Sales of goods | Customer loyalty programs |
|--------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------------|
| The opening balance transferred to revenue | \$(65,219) | \$(2,994) |
| Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period) | 72,943 | 2,901 |

(17)Expected credit gains (losses)

| | For the three-month period ended March 31, | |
|-----------------------------------------------------|--------------------------------------------|-----------|
| | 2024 | 2023 |
| Operating expenses – Expected credit gains (losses) | | |
| Accounts receivable | \$41,229 | \$(1,930) |

A. The Group considers the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follow:

March 31, 2024

| | Not past due | Past due ≤60 days | Total |
|----------------------------------------|--------------|----------------------|-----------|
| Gross carrying amount | \$831,181 | \$304 | \$831,485 |
| Loss rate | 0.86% | 1% | |
| Lifetime expected credit losses | (7,115) | (3) | (7,118) |
| Carrying amount of accounts receivable | \$824,066 | \$301 | \$824,367 |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

December 31, 2023

| | Not past due | Past due | | | | Total |
|----------------------------------------|--------------|-----------|------------|-------------|------------|-----------|
| | | <=60 days | 61-90 days | 91-240 days | >=241 days | |
| Gross carrying amount | \$837,532 | \$775 | \$- | \$- | \$41,078 | \$879,385 |
| Loss rate | 0.87% | 1 % | -% | -% | 100% | |
| Lifetime expected credit losses | (7,254) | (8) | - | - | (41,078) | (48,340) |
| Carrying amount of accounts receivable | \$830,278 | \$767 | \$- | \$- | \$- | \$831,045 |

March 31, 2023

| | Not past due | Past due | | Total |
|----------------------------------------|--------------|-----------|---------------------|-----------|
| | | <=60 days | Separate assessment | |
| Gross carrying amount | \$737,999 | \$11,532 | \$6,668 | \$756,199 |
| Loss rate | 0.45% | 1% | 100% | |
| Lifetime expected credit losses | (3,287) | (115) | (6,668) | (10,070) |
| Carrying amount of accounts receivable | \$734,712 | \$11,417 | \$- | \$746,129 |

B.The movement in the provision for impairment of accounts receivable for the three-month periods ended March 31, 2024 and 2023 are as follows:

| | <u>Accounts receivable</u> |
|-----------------------|----------------------------|
| As of January 1, 2024 | \$48,340 |
| Addition (reversal) | (41,229) |
| Effect of EX rate | 7 |
| As of March 31, 2024 | <u>\$7,118</u> |
| As of January 1, 2023 | \$8,140 |
| Addition (reversal) | 1,930 |
| Effect of EX rate | - |
| As of March 31, 2023 | <u>\$10,070</u> |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(18)Leases

A.Group as a lessee

The Group leases various properties, including real estate such as buildings, machinery and equipment, transportation equipment. The lease terms range from 1 to 10 years. The Group may not allow to lend, sublease, sell without obtaining the consent from the lessors.

The effect of leases on the Group's consolidated financial position, financial performance and cash flows are as follow:

a.Amounts recognized in the consolidated balance sheet

I.Right-of-use assets

| | Land | Buildings | Total |
|-------------------------------------|------------------|------------------|------------------|
| <u>Cost:</u> | | | |
| As of 1/1/2024 | \$- | \$512,585 | \$512,585 |
| Addition | 274,425 | 6,372 | 280,797 |
| Disposal | - | (346,400) | (346,400) |
| Effect of EX rate | - | 2,146 | 2,146 |
| As of 3/31/2024 | <u>\$274,425</u> | <u>\$174,703</u> | <u>\$449,128</u> |
| | | | |
| As of 1/1/2023 | \$- | \$492,223 | \$492,223 |
| Addition | - | 3,467 | 3,467 |
| Disposal | - | (3,933) | (3,933) |
| Effect of EX rate | - | 161 | 161 |
| As of 3/31/2023 | <u>\$-</u> | <u>\$491,918</u> | <u>\$491,918</u> |
| | | | |
| <u>Depreciation and impairment:</u> | | | |
| As of 1/1/2024 | \$- | \$245,965 | \$245,965 |
| Depreciation | - | 34,568 | 34,568 |
| Impairment loss | - | - | - |
| Disposal | - | (203,595) | (203,595) |
| Effect of EX rate | - | 960 | 960 |
| As of 3/31/2024 | <u>\$-</u> | <u>\$77,898</u> | <u>\$77,898</u> |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| | Land | Buildings | Total |
|-----------------------------|-----------|-----------|-----------|
| As of 1/1/2023 | \$- | \$135,280 | \$135,280 |
| Depreciation | - | 34,516 | 34,516 |
| Impairment loss | - | - | - |
| Disposal | - | (3,829) | (3,829) |
| Effect of EX rate | - | 71 | 71 |
| As of 3/31/2023 | \$- | \$166,038 | \$166,038 |
| <u>Net carrying amount:</u> | | | |
| As of 3/31/2024 | \$274,425 | \$96,805 | \$371,230 |
| As of 12/31/2023 | \$- | \$266,620 | \$266,620 |
| As of 3/31/2023 | \$- | \$325,880 | \$325,880 |

II. Lease liabilities

| | As of | | |
|-------------------|--------------|--------------|--------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Lease liabilities | \$101,058 | \$273,320 | \$332,365 |
| Current | \$30,284 | \$133,272 | \$132,014 |
| Non-current | \$70,774 | \$140,048 | \$200,351 |

Please refer to Note 6(20) (d) for the interest on lease liabilities recognized for the three-month periods ended March 31, 2024 and 2023, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of March 31, 2024, December 31, 2023 and March 31, 2023.

b. Income and costs relating to leasing activities

| | For the three-month period ended March 31, | |
|----------------------------------------------------|--------------------------------------------|-----------|
| | 2024 | 2023 |
| The expense relating to short-term leases | \$(4,652) | \$(4,809) |
| The expense relating to leases of low-value assets | (592) | (337) |
| Income from subleasing right-of-use assets | 241 | 197 |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of March 31, 2024 and 2023, the portfolio of short-term leases of the Group to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments is NT\$0.

For the three-month periods ended March 31, 2024 and 2023, the Group recognized NT\$0 and NT\$19 thousand respectively as income to account the rent concession arising as a direct consequence of the covid-19 pandemic as a variable lease payment.

c. Cash outflow relating to leasing activities

| | For the three-month period ended March 31, | |
|-------------------------|--------------------------------------------|----------|
| | 2024 | 2023 |
| Cash outflow for leases | \$41,550 | \$40,600 |

(19) Summary statement of employee benefits, depreciation and amortization by function is as follows:

| Nature | Function | For the three-month period ended March 31, | | | | | |
|--------------------------------|----------|--------------------------------------------|--------------------|-----------|-----------------|--------------------|-----------|
| | | 2024 | | | 2023 | | |
| | | Operating Costs | Operating expenses | Total | Operating Costs | Operating expenses | Total |
| Employee benefit expense | | | | | | | |
| Salaries | | \$254,782 | \$218,073 | \$472,855 | \$229,631 | \$179,316 | \$408,947 |
| Labor and health insurance | | 22,003 | 10,089 | 32,092 | 20,861 | 9,329 | 30,190 |
| Pension | | 7,282 | 6,622 | 13,904 | 6,817 | 5,957 | 12,774 |
| Other employee benefit expense | | 10,828 | 11,126 | 21,954 | 10,283 | 8,803 | 19,086 |
| Depreciation | | 178,383 | 21,165 | 199,548 | 217,999 | 20,294 | 238,293 |
| Amortization | | 31 | 3,517 | 3,548 | 93 | 3,350 | 3,443 |

According to the Article of Incorporation, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Group's accumulated losses shall have been covered.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit, the Company estimated the amounts of the employees' compensation and remuneration to directors for the three-month periods ended March 31, 2024 amounted to NT\$74,379 thousand and NT\$6,468 thousand, respectively. The employees' compensation and remuneration to directors for the three-month periods ended March 31, 2023 amounted to NT\$49,632 thousand and NT\$4,309 thousand, respectively, recognized as employee benefits.

For the year ended December 31, 2023, the Company distributed the employees' compensation and directors' remuneration in the amount of NT\$246,865 thousand and NT\$21,460 thousand, respectively, which were not significantly different from the amount accounted for in the financial statements.

For the year ended December 31, 2022, the Company distributed the employees' compensation and directors' remuneration in the amount of NT\$231,589 thousand and NT\$20,136 thousand, respectively, which were not significantly different from the amount accounted for in the financial statements.

(20) Non-operating incomes and expenses

A. Interest income

| | For the three-month period ended March 31, | |
|---------------------------------------------|--------------------------------------------|----------------|
| | 2024 | 2023 |
| Interest income | | |
| Deposit interest | \$2,124 | \$862 |
| Financial assets measured at amortized cost | 3,481 | 3,149 |
| Total | <u>\$5,605</u> | <u>\$4,011</u> |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Other incomes

| | For the three-month period ended March 31, | |
|--------------------------|--------------------------------------------|---------|
| | 2024 | 2023 |
| Rent income | \$367 | \$318 |
| Government grants income | 81 | 110 |
| Other income - others | 5,973 | 1,737 |
| Total | \$6,421 | \$2,165 |

C. Other gains and losses

| | For the three-month period ended March 31, | |
|-------------------------------------------------------------------------|--------------------------------------------|-----------|
| | 2024 | 2023 |
| Foreign exchange gain (loss), net | \$10,249 | \$(8,791) |
| Gain (loss) on financial assets at fair value through profit or loss | 7,831 | 2,834 |
| Gains on lease modification | 1,636 | - |
| Impairment loss on non-financial assets | (19,242) | (2,797) |
| Other losses | (178) | (51) |
| Total | \$296 | \$(8,805) |

D. Finance costs

| | For the three-month period ended March 31, | |
|-----------------------------------|--------------------------------------------|---------|
| | 2024 | 2023 |
| Interests on borrowings from bank | \$12,636 | \$7,338 |
| Interest on lease liabilities | 794 | 985 |
| Total | \$13,430 | \$8,323 |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(21) Components of other comprehensive income (loss)

For the three-month periods ended March 31, 2024

| | Arising during the period | Reclassification during the period | Subtotal | Income tax benefit (expense) | OCI, Net of tax |
|-------------------------------------------------------------------------|---------------------------------|---------------------------------------|----------|------------------------------------|--------------------|
| May be reclassified to profit or loss in subsequent period: | | | | | |
| Exchange differences arising on translation of foreign operations | \$13,096 | \$- | \$13,096 | \$(45) | \$13,051 |

For the three-month periods ended March 31, 2023

| | Arising during the period | Reclassification during the period | Subtotal | Income tax benefit (expense) | OCI, Net of tax |
|-------------------------------------------------------------------------|---------------------------------|---------------------------------------|----------|------------------------------------|--------------------|
| May be reclassified to profit or loss in subsequent period: | | | | | |
| Exchange differences arising on translation of foreign operations | \$(855) | \$- | \$(855) | \$- | \$(855) |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(22)Income tax

A.The major components of income tax expense (income) are as follows:

Income tax expense (benefit) recognized in profit or loss

| | <u>For the three-month period ended March 31,</u> | |
|------------------------------------------------------------------------------------|---------------------------------------------------|-----------------|
| | <u>2024</u> | <u>2023</u> |
| Current income tax expense: | | |
| Current income tax expense | \$85,609 | \$56,240 |
| Adjustments in respect of current income tax of prior periods | (442) | 812 |
| Deferred tax expense: | | |
| Deferred tax expense relating to origination and reversal of temporary differences | (9,433) | 1,274 |
| Total income tax expense | <u>\$75,734</u> | <u>\$58,326</u> |

B.The assessment of income tax return

| | <u>The assessment of income tax return</u> |
|-------------------------------------------------|--------------------------------------------|
| The Company | Assessed and approved up to 2021. |
| Subsidiary - BeautyTech Platform Corporation | Assessed and approved up to 2021. |
| Subsidiary - Mayin Investment Co., Ltd. | Assessed and approved up to 2022. |
| Subsidiary-FacialBeau International Corporation | Assessed and approved up to 2021. |

(23)Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common stocks outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of common stocks outstanding during the year plus the weighted average number of common stocks that would be issued on conversion of all the dilutive potential common stocks into common stocks.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. Basic earnings per share

| | For the three-month period ended March 31, | |
|---------------------------------------------------------------------------|--------------------------------------------|-----------|
| | 2024 | 2023 |
| Net income available to common shareholders of the parent | \$509,846 | \$338,400 |
| Weighted average number of common stocks outstanding (in thousand shares) | 78,000 | 70,000 |
| Basic earnings per share (in NT\$) | \$6.54 | \$4.83 |

B. Diluted earnings per share

| | For the three-month period ended March 31, | |
|------------------------------------------------------------------------------------------|--------------------------------------------|-----------|
| | 2024 | 2023 |
| Net income available to common shareholders of the parent | \$509,846 | \$338,400 |
| Net income available to common shareholders of the parent after dilution | \$509,846 | \$338,400 |
| Weighted average number of common stocks outstanding (in thousand shares) | 78,000 | 70,000 |
| Effect of dilution: | | |
| Employee bonus (compensation) - stock (in thousand shares) | 371 | 364 |
| Weighted average number of common stocks outstanding after dilution (in thousand shares) | 78,371 | 70,364 |
| Diluted earnings per share (in NT\$) | \$6.51 | \$4.81 |

No other transactions that would significantly change the outstanding common stocks or potential common stocks incurred during the period subsequent to reporting date and up to the approval date of financial statements.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

7.RELATED PARTY TRANSACTIONS

(1)Deal with related parties as of the end of the reporting period

Related parties and Relationship

| Related parties | Relation |
|--------------------------------------|-------------------------|
| Pegatron Corporation | Ultimate parent company |
| Kinsus Interconnect Technology Corp. | Parent company |
| Pegatron Japan Inc. | Other related party |
| Pegatron Czech S.R.O. | Other related party |

(2)Significant transactions with related parties

A.Sales

| Related parties | For the three-month period ended March 31, | |
|--------------------------------------|--------------------------------------------|------|
| | 2024 | 2023 |
| Kinsus Interconnect Technology Corp. | \$14 | \$- |

Selling prices is set by the fixed price for sale to other customers and taking into account the cost of its after-sales services plus reasonable profit. Collecion terms for related parties were 90 days after monthly closing.

B.Lease-related parties

a.Right-of-use assets

| Related parties | Nature | As of | | |
|----------------------|-----------|--------------|--------------|--------------|
| | | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Pegatron Japan Inc. | Buildings | \$- | \$- | \$130 |
| Pegatron Corporation | Buildings | - | 165,302 | 239,688 |
| Total | | \$- | \$165,302 | \$239,818 |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b. Lease liabilities

| Related parties | As of | | |
|----------------------|--------------|--------------|--------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Pegatron Japan Inc. | \$- | \$- | \$131 |
| Pegatron Corporation | - | 166,949 | 240,998 |
| Total | \$- | \$166,949 | \$241,129 |

c. Interest expenses

| Related parties | For the three-month period ended March 31, | |
|----------------------|--------------------------------------------|-------|
| | 2024 | 2023 |
| Pegatron Corporation | \$449 | \$745 |

d. Lease payment (Rental expense)

| Related parties | Nature | For the three-month period ended March 31, | |
|----------------------|-----------|--------------------------------------------|------|
| | | 2024 | 2023 |
| Pegatron Corporation | Buildings | \$34 | \$94 |

Note : The lease agreement for the right to use assets with Pegatron Corporation was terminated in March, 2024.

C. Operating expense

| Related parties | Nature | For the three-month period ended March 31, | |
|-----------------------|------------------------------------------------|--------------------------------------------|----------|
| | | 2024 | 2023 |
| Pegatron Corporation | Pay utilities | \$37,312 | \$32,621 |
| Pegatron Japan Inc. | Provide services and pay utilities and postage | \$19 | \$26 |
| Pegatron Czech S.R.O. | Provide services | \$54 | \$40 |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D.Accounts receivable

| Related parties | As of | | |
|----------------------|--------------|--------------|--------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Pegatron Corporation | \$- | \$145 | \$- |

E.Refundable deposits

| Related parties | As of | | |
|----------------------|--------------|--------------|--------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Pegatron Corporation | \$- | \$10,000 | \$10,000 |

F.Contract liabilities

| Related parties | As of | | |
|--------------------------------------|--------------|--------------|--------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Kinsus Interconnect Technology Corp. | \$140 | \$140 | \$- |

G.Other payables

| Related parties | As of | | |
|----------------------|--------------|--------------|--------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Pegatron Corporation | \$24,331 | \$27,658 | \$21,503 |

H. On September 21, 2023, the Company's board of directors resolved to purchase Land and Buildings from the related party. Pegatron Corporation, and the total transaction amounted to NT\$3,040,000 thousand (exclude business tax). As of March 2024, Land and Buildings transfer have been completed.

I.Salaries and rewards to key management of the Group

| | For the three-month period ended March, 31 | |
|-----------------------------------------------------------|--------------------------------------------|---------|
| | 2024 | 2023 |
| Short-term employee benefits and post-employment benefits | \$10,679 | \$9,754 |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

8. ASSETS PLEDGED AS COLLATERAL

The following table lists assets of the Group pledged as collateral:

| Item | Carrying Amount as of | | | Secured liabilities |
|-----------------------------------------------------------------|-----------------------|------------------|------------------|--------------------------------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 | |
| Property, plant, and equipment - Land (carrying amount) | \$196,960 | \$196,960 | \$196,960 | Secured borrowings |
| Property, plant, and equipment - Buildings (carrying amount) | 92,813 | 112,677 | 123,477 | Secured borrowings |
| Refundable deposits | 2,000 | 2,000 | 2,000 | Security deposit to custom authority |
| Total | <u>\$291,773</u> | <u>\$311,637</u> | <u>\$322,437</u> | |

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of March 31, 2024, the Group's outstanding contracts relating to significant construction in progress and purchased property, plant and equipment were as follows:

| Nature of Contract | Contract Amount | Amount Paid | Amount unpaid |
|-------------------------|--------------------|--------------------|------------------|
| Buildings | \$1,880,436 | \$1,272,915 | \$607,521 |
| Machinery and equipment | 69,117 | 15,077 | 54,040 |
| Total | <u>\$1,949,553</u> | <u>\$1,287,992</u> | <u>\$661,561</u> |

Contract amount paid recorded above is recorded at Construction in progress and equipment awaiting inspection.

10. LOSSES DUE TO MAJOR DISASTERS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

12. OTHERS

(1) Categories of financial instruments

Financial assets

| | As of | | |
|-----------------------------------------------------------|--------------------|--------------------|--------------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Financial assets at fair value through profit or loss: | | | |
| Mandatorily measured at fair value through profit or loss | \$2,270,108 | \$2,635,465 | \$1,358,322 |
| Financial assets measured at amortized cost | | | |
| Cash and cash equivalents (exclude cash on hand) | 1,124,719 | 1,495,290 | 1,003,814 |
| Financial assets measured at amortized cost | 494,821 | 2,098,369 | - |
| Accounts receivables | 824,367 | 831,045 | 746,129 |
| Other receivables | 72,435 | 34,630 | 16,833 |
| Refundable deposits | 50,565 | 62,931 | 59,642 |
| Subtotal | <u>2,566,907</u> | <u>4,522,265</u> | <u>1,826,418</u> |
| Total | <u>\$4,837,015</u> | <u>\$7,157,730</u> | <u>\$3,184,740</u> |

Financial liabilities

| | As of | | |
|---------------------------------------------------------------------------------|--------------------|--------------------|--------------------|
| | 31 Mar. 2024 | 31 Dec. 2023 | 31 Mar. 2023 |
| Financial liabilities at amortized cost: | | | |
| Short-term borrowings | \$569,178 | \$908,620 | \$544,168 |
| Payables | 2,530,840 | 1,804,316 | 2,196,300 |
| Long-term borrowings (including current portion with maturity less than 1 year) | 480,055 | 381,496 | 265,688 |
| Lease liabilities | 101,058 | 273,320 | 332,365 |
| Total | <u>\$3,681,131</u> | <u>\$3,367,752</u> | <u>\$3,338,521</u> |

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies, measures, and manages the aforementioned risks based on its policy and risk appetite.

The Group has established appropriate policies, procedures, and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises currency risk and interest rate risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to foreign currency risk relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign operations.

The Group has certain foreign currency receivables denominated in the same foreign currency as certain foreign currency payables; therefore natural hedge is achieved. Therefore, hedge accounting is not adopted.

The foreign currency sensitivity analysis of possible change in foreign exchange rates on the Group's profit/loss and equity is performed on significant monetary items denominated in foreign currencies as of the reporting period-end. The Group's foreign currency risk is mainly related to volatility in the exchange rates of US dollars and CNY dollars. The information of the sensitivity analyses is as follows:

When NTD appreciates/depreciates against USD by 1%, net income (loss) for the three-month periods ended March 31, 2024 and 2023 would decrease/increase by NT\$930 thousand and NT\$9,992 thousand, respectively.

When NTD appreciates/depreciates against CNY by 1%, net income (loss) for the three-month periods ended March 31, 2024 and 2023 would decrease/increase by NT\$2,098 thousand and NT\$1,697 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the Group's investments with variable interest rates and loans with fixed and variable interest rates, which are all categorized as loans and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and bank borrowing with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the three-month periods ended March 31, 2024 and 2023 would increase /decrease by NT\$255 thousand and by NT\$585 thousand, respectively.

(4)Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers' financial status, credit ratings from credit institutions, past transactions, current economic conditions, and the Group's internal credit ratings. The Group also employs some credit enhancement instruments (e.g., prepayment or insurance) to reduce certain customers' credit risk.

As of March 31, 2024, December 31, 2023 and March 31, 2023, receivables from the top ten customers were accounted for 84.34%, 79.56% and 77.13% of the Group's total accounts receivable, respectively. The concentration of credit risk is relatively insignificant for the remaining receivables.

Credit risk from balances with banks, fixed-income securities and other financial instruments is managed by the Group's finance division in accordance with the Group's policy. The counterparties that the Group transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Conclusively, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for contract assets and trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5)Liquidity risk management

The Group maintains financial flexibility through the use of cash and cash equivalents, highly-liquid marketable securities, bank loans, etc. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial instruments

| | Less than 1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | >5 years | Total |
|--------------------------------|------------------|--------------|--------------|--------------|--------------|-----------|-------------|
| <u>As of March 31, 2024</u> | | | | | | | |
| Borrowings | \$601,504 | \$27,862 | \$51,107 | \$89,753 | \$86,028 | \$300,124 | \$1,156,378 |
| Payables | 2,530,840 | - | - | - | - | - | 2,530,840 |
| Lease liabilities | 31,450 | 23,100 | 17,769 | 11,533 | 8,557 | 11,878 | 104,287 |
| <u>As of December 31, 2023</u> | | | | | | | |
| Borrowings | \$944,655 | \$20,425 | \$31,707 | \$79,527 | \$71,457 | \$286,336 | \$1,434,107 |
| Payables | 1,804,316 | - | - | - | - | - | 1,804,316 |
| Lease liabilities | 135,797 | 91,115 | 17,811 | 11,905 | 8,382 | 13,220 | 278,230 |
| <u>As of March 31, 2023</u> | | | | | | | |
| Borrowings | \$564,418 | \$14,096 | \$13,256 | \$23,454 | \$22,239 | \$218,293 | \$855,756 |
| Payables | 2,196,300 | - | - | - | - | - | 2,196,300 |
| Lease liabilities | 134,999 | 124,638 | 56,267 | 8,511 | 5,411 | 7,710 | 337,536 |

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the three-month periods ended March 31, 2024:

| | Short-term borrowings | Long-term borrowings | Refundable deposits | Lease liabilities | Total liabilities from financing activities |
|--------------------------------|-----------------------|----------------------|---------------------|-------------------|---------------------------------------------|
| As of January 1, 2024 | \$908,620 | \$381,496 | \$1,004 | \$273,320 | \$1,564,440 |
| Cash flows | (339,442) | 98,500 | (504) | (36,306) | (277,752) |
| Non-cash changes | | | | | |
| Lease range changes | - | - | - | (138,069) | (138,069) |
| Interests on lease liabilities | - | - | - | 794 | 794 |
| Others | - | 59 | - | - | 59 |
| Currency rate change | - | - | - | 1,319 | 1,319 |
| As of March 31, 2024 | \$569,178 | \$480,055 | \$500 | \$101,058 | \$1,150,791 |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Movement schedule of liabilities for the three-month periods ended March 31, 2023:

| | Short-term borrowings | Long-term borrowings | Refundable deposits | Lease liabilities | Total liabilities from financing activities |
|-----------------------------------|--------------------------|-------------------------|------------------------|-------------------|---------------------------------------------------|
| As of January 1, 2023 | \$284,467 | \$369,336 | \$974 | \$363,360 | \$1,018,137 |
| Cash flows | 259,701 | (103,715) | (4) | (35,454) | 120,528 |
| Non-cash changes | | | | | |
| Lease range changes | - | - | - | 3,363 | 3,363 |
| Interests on lease liabilities | - | - | - | 985 | 985 |
| Others | - | 67 | - | - | 67 |
| Currency rate change | - | - | - | 111 | 111 |
| As of March 31, 2023 | \$544,168 | \$265,688 | \$970 | \$332,365 | \$1,143,191 |

(7) Fair values of financial instruments

A. The evaluation methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Group in estimating the fair values of financial assets and liabilities:

- a. The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity.
- b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds).

c. Fair value of equity instruments without market quotations, bank borrowing and other non-current liabilities are determined based on the counterparty prices or valuation method (including private placement of listed equity securities, unquoted public Group and private Group equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measure at amortized cost approximates their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of March 31, 2024

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------|-------------|---------|---------|-------------|
| <u>Financial assets:</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Money market fund | \$2,270,108 | \$- | \$- | \$2,270,108 |
| <u>Financial liabilities:</u> | | | | |
| None | | | | |

As of December 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------|-------------|---------|---------|-------------|
| <u>Financial assets:</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Money market fund | \$2,635,465 | \$- | \$- | \$2,635,465 |
| <u>Financial liabilities:</u> | | | | |
| None | | | | |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of March 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------|-------------|---------|---------|-------------|
| <u>Financial assets:</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Money market fund | \$1,358,322 | \$- | \$- | \$1,358,322 |

Financial liabilities:

None

(9) Significant financial assets and liabilities denominated in foreign currencies

Information regarding the significant financial assets and liabilities denominated in foreign currencies was listed below. (In Thousands)

| | As of | | | | | |
|------------------------------------------------------------|--------------------|---------------|-----------|--------------------|---------------|-----------|
| | 31 Mar. 2024 | | | 31 Dec. 2023 | | |
| | Foreign Currencies | Exchange Rate | NTD | Foreign Currencies | Exchange Rate | NTD |
| <u>Financial assets</u> | | | | | | |
| Monetary items: | | | | | | |
| USD | \$27,280 | 31.8967 | \$887,351 | \$32,068 | 30.5667 | \$980,221 |
| CNY | \$57,727 | 4.5101 | \$260,352 | \$49,276 | 4.3388 | \$213,797 |
| <u>Financial liabilities</u> | | | | | | |
| Monetary items: | | | | | | |
| USD | \$24,825 | 31.9990 | \$794,368 | \$31,679 | 30.7250 | \$973,333 |
| CNY | \$11,208 | 4.5101 | \$50,549 | \$28,495 | 4.3380 | \$123,611 |
| <u>Foreign currency resulting in exchange gain or loss</u> | | | | | | |
| USD | | | \$2,518 | USD | | \$5,990 |
| CNY | | | \$10,135 | CNY | | \$(397) |
| Other | | | \$(2,404) | Other | | \$(39) |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| | As of | | |
|------------------------------------------------------------|-----------------------|------------------|-------------|
| | 31 Mar. 2023 | | |
| | Foreign Currencies | Exchange Rate | NTD |
| <u>Financial assets</u> | | | |
| Monetary items: | | | |
| USD | \$50,844 | 30.4206 | \$1,546,691 |
| CNY | \$48,111 | 4.4314 | \$213,200 |
| <u>Financial liabilities</u> | | | |
| Monetary items: | | | |
| USD | \$17,981 | 30.4515 | \$547,536 |
| CNY | \$9,826 | 4.4314 | \$43,545 |
| <u>Foreign currency resulting in exchange gain or loss</u> | | | |
| USD | | | \$(9,392) |
| CNY | | | \$348 |
| Other | | | \$253 |

(10)Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages and adjusts its capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13.ADDITIONAL DISCLOSURES

(1)Information on significant transactions

A.Financing provided to others: None.

B.Endorsement/Guarantee provided to others: Please refer to attachment 1.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Marketable securities held as of March 31, 2024 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.

D. Individual securities acquired or disposed of with accumulated amount of at least NT\$ 300 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2024: Please refer to attachment 3.

E. Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2024: Please refer to attachment 4.

F. Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2024: None.

G. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2024: Please refer to attachment 5.

H. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of March 31, 2024: Please refer to attachment 6.

I. Derivative instrument transactions: None.

J. Inter Group relationships and significant inter Group transactions for the three-month period ended March 31, 2024: Please refer to attachment 11.

(2) Information on investees

A. Investees over whom the Group exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 7.

B. Investees over which the Group exercises control shall be disclosed of information under Note 13(1):

a. Financing provided to others: None.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- b. Endorsement/Guarantee provided to others: None.

- c. Marketable securities held as of March 31, 2024 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 8.

- d. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital for the three-month periods ended March 31, 2024: None.

- e. Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2024: Please refer to attachment 9.

- f. Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2024: None.

- g. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2024: Please refer to attachment 10.

- h. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of March 31, 2024: None.

- i. Derivative instrument transactions: None.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Information on investments in Mainland China:

A. Name of investee in China, main business, paid-in capital, method of investment, investment flows, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, inward remittance of earning or loss and the upper limit on investment in China:

(In Thousands of New Taiwan Dollars/ In Thousands of foreign currency)

| Name of Investee in China | Main Business | Paid-in Capital | Method of Investment (Note 1) | Accumulated Outflow of Investment from Taiwan as of January 1, 2024 | Investment Flows | | Accumulated Outflow of Investment from Taiwan as of March 31, 2024 | Profit/Loss of Investee | Percentage of Ownership (Direct or Indirect Investment) | Share of Profit/Loss | Carrying Amount as of March 31, 2024 | Accumulated Inward Remittance of Earnings as of March 31, 2024 | Accumulated Outflow of Investment from Taiwan to Mainland China as of March 31, 2024 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment in China by Investment Commission, MOEA |
|------------------------------|-----------------------------------------|-----------------------|-------------------------------|---------------------------------------------------------------------|------------------|--------|--------------------------------------------------------------------|--------------------------|---------------------------------------------------------|----------------------------|--------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------|
| | | | | | Outflow | Inflow | | | | | | | | | |
| Pegavision (Jiangsu) Limited | Producing and selling medical equipment | \$101,205 (USD 3,500) | (1) | \$101,205 | \$- | \$- | \$101,205 | \$(7,263) (Note 5 and 6) | 100% | \$(7,263) (Note 5、6 and 7) | \$79,230 (Note 5、6 and 7) | \$- | \$101,205 | \$101,205 | \$5,836,966 |

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

| | | | | | | | | | | | | | | | |
|--------------------------------------------------|-------------------------------------------------|--------------------------------------|-----------------|-----------|-----|-----|-----------|---------------------------|-----|-----------------------------|-------------------------------|-----|----------|----------|-----------|
| BeautyTech Platform (Shanghai) Corporation | Selling medical equipment and cosmetic products | \$14,885 (USD 500) | (3) (Note 2) | \$14,885 | \$- | \$- | \$14,885 | \$1,625 (Note 5 and 6) | 85% | \$1,381 (Note 5、6 and 7) | \$27,337 (Note 5、6 and 7) | \$- | \$14,885 | \$14,885 | \$242,833 |
| Pegavision Contact Lenses (Shanghai) Corporation | selling medical equipment | \$112,559 (USD 3,600) | (3) (Note 3) | \$112,559 | \$- | \$- | \$112,559 | \$5,351 (Note 5 and 6) | 85% | \$4,548 (Note 5、6 and 7) | \$118,520 (Note 5、6 and 7) | \$- | \$95,043 | \$95,043 | |
| Gemvision Technology (Zhejiang) Limited | selling medical equipment | \$99,222 (RMB 22,000) (Note 5) | (3) (Note 4) | \$- | \$- | \$- | \$- | \$5,347 (Note 5 and 6) | 85% | \$4,545 (Note 5、6 and 7) | \$111,522 (Note 5、6 and 7) | \$- | \$- | \$- | |

Note 1: The investment methods are divided into the following three types, just indicate the types:

- (1) Go directly to the mainland China for investment.
- (2) Reinvest in mainland China through a third-region company.
- (3) Other methods.

Note 2: 100% Shares of BeautyTech Platform (Shanghai) Corporation owned and directly invested by BeautyTech Platform Corporation.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note 3: To improve the synergy of the Group, the equity of Pegavision Contact Lenses (Shanghai) Corporation was transferred to BeautyTech Platform Corporation from the Company.

Note 4: 100% Shares of Gemvision Technology (Zhejiang) Limited owned and directly invested by Pegavision Contact Lenses (Shanghai) Corporation.

Note 5: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 6: Gain/loss on investment is recognized based on the reviewed financial statements of the parent company's Auditors in Taiwan.

Note 7: Transaction between consolidated entities are eliminated in the consolidated financial statements.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Significant transactions with investees in China:

a. Purchase and balances of related accounts payable as of March 31, 2024: None.

b. Sale and balance of related accounts receivable as of March 31, 2024: Please refer to attachment 11.

c. Property transaction amounts and resulting gain or loss: None.

d. Ending balance of endorsements/guarantees or collateral provided and the purposes: None.

e. Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: None.

f. Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered: Please refer to attachment 11.

g. Above transactions are eliminated upon preparation of consolidated financial statements. Please refer to attachment 11 for details.

(4) Information on major shareholders

| Major shareholders | Shares | % |
|-----------------------------------------------------------------------------------------|------------|--------|
| Kinsus Investment Co., Ltd. | 21,233,736 | 27.22% |
| Asuspower Investment Co., Ltd. | 6,372,796 | 8.17% |
| Asustek Investment Co., Ltd. | 4,934,434 | 6.32% |
| The 2022 first discretionary investment account of Labor Pension Fund in Schroders plc. | 4,806,546 | 6.16% |

14. OPERATING SEGMENT

The major operating revenues of the Group come from selling contact lenses. The chief operating decision maker reviewed the overall operating results to make decision about resources to be allocated to and evaluated the overall performance.

Pegavision Corporation and Subsidiaries
 Endorsement/Guarantee Provided to Others
 For the three-month period ended March 31, 2024

Attachment 1
 (In Thousand of New Taiwan Dollars)

| Endorsement/ Guarantee Provider | | Guaranteed Party | | Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party | Maximum Balance for the Period | Ending Balance | Amount Actually Drawn | Amount of Endorsement/ Guarantee secured by Properties | Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements | Maximum Endorsement/ Guarantee Amount Allowed | Endorsement provided by parent company to subsidiaries | Endorsement provided by subsidiaries to parent company | Endorsement provided to entities in China |
|------------------------------------|------|------------------|---------------------------|------------------------------------------------------------------------------------|-----------------------------------|----------------|--------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------|
| No. (Note 1) | Name | Name | Nature of Relationship | | | | | | | | | | |
| - | - | - | - | - | \$- | \$- | \$- | \$- | -% | - | - | - | - |

Note 1: The Company is coded "0".

Note 2: The endorsement and guaranteed amount of the Company and the consolidated subsidiary is NT\$2,000 thousand.

Pegavision Corporation and Subsidiaries

Marketable Securities Held as of March 31, 2024 (excluding investments in subsidiaries, associates and joint ventures)

Attachment 2

(In Thousands of New Taiwan Dollars)

| Name of Held Company | Type and Name of Marketable Securities | Relationship with the Issuer | Financial Statement Account | As of March 31, 2024 | | | Fair Value | Note |
|------------------------|----------------------------------------|------------------------------|-------------------------------------------------------|----------------------|--------------------|----------------|--------------------|------|
| | | | | Shares / Units | Carrying Amount | Shareholding % | | |
| Pegavision Corporation | Money market funds: | | | | | | | |
| | Yuanta Wan-Tai Money Market Fund | - | Financial assets at fair value through profit or loss | 6,400,626 | \$99,464 | -% | \$99,866 | |
| | Yuanta De-Li Money Market Fund | - | Financial assets at fair value through profit or loss | 6,475,107 | 108,390 | -% | 108,904 | |
| | Mega Diamond Money Market Fund | - | Financial assets at fair value through profit or loss | 71,260,417 | 919,000 | -% | 922,224 | |
| | FSITC Taiwan Money Market Fund | - | Financial assets at fair value through profit or loss | 55,355,480 | 872,999 | -% | 874,063 | |
| | Add: Valuation Adjustment | | | | 5,204 | | | |
| | Total | | | | <u>\$2,005,057</u> | | <u>\$2,005,057</u> | |

Pegavision Corporation and Subsidiaries

Individual Securities Acquired or Disposed of with accumulated amount of At Least NT\$300 Million or 20% of The Paid-In Capital

For the Year Ended March 31, 2024

Attachment 3

(In Thousands of New Taiwan Dollars)

| Company Name | Type and Name of Marketable Securities | Financial Statement Account | Counter-party | Nature of Relationship | Beginning Balance | | Acquisition | | Disposal | | | | Ending Balance | | Note |
|------------------------|----------------------------------------|-------------------------------------------------------|---------------|------------------------|-------------------|--------------------|--------------|--------------------|--------------|--------------------|--------------------|-----------------------|----------------|------------------|------|
| | | | | | Shares/Units | Amount | Shares/Units | Amount | Shares/Units | Amount | Carrying Value | Gain/Loss on Disposal | Shares/Units | Amount | |
| Pegavision Corporation | Money Market Funds: | | | | | | | | | | | | | | |
| | Mega Diamond Money Market Fund | Financial assets at fair value through profit or loss | - | - | 88,870,417 | <u>\$1,146,384</u> | 12,210,012 | <u>\$158,000</u> | 29,820,012 | <u>\$385,188</u> | <u>\$384,000</u> | <u>\$1,188</u> | 71,260,417 | <u>\$922,224</u> | Note |
| | | | | | | | | | | | <u>\$1,840</u> | | | | |
| Pegavision Corporation | FSITC Taiwan Money Market Fund | Financial assets at fair value through profit or loss | - | - | 67,078,751 | <u>\$1,055,719</u> | 80,619,102 | <u>\$1,271,000</u> | 92,342,373 | <u>\$1,456,000</u> | <u>\$1,452,558</u> | <u>\$3,442</u> | 55,355,480 | <u>\$874,063</u> | Note |
| | | | | | | | | | | | <u>\$(98)</u> | | | | |

Note: Which is adjustments related to financial assets based on the fair value method.

Pegavision Corporation and Subsidiaries

Acquisition of Individual Real Estate with Amount of at Least NT\$ 300 million or 20% of the Paid-in Capital

As of March 31, 2024

Attachment 4

(In Thousands of New Taiwan Dollars)

| Acquiring Company | Name of Property | Transaction Date (Note 1) | Transaction Amount | Payment Status | Counter-party | Relationship | Prior Transaction of Related Counter-party | | | | Price Reference | Purpose and Use of Acquisition | Other Terms |
|------------------------|------------------|------------------------------|--------------------------------|----------------|----------------------|----------------------------|--------------------------------------------|----------------------------------|---------------|--------|----------------------------------------------------------------------------|---------------------------------------|----------------|
| | | | | | | | Owner | Relationship with the Company | Transfer Date | Amount | | | |
| Pegavision Corporation | Land | 2023.9.21 | \$1,912,290 | By Contract | Pegatron Corporation | Ultimate parent company | ASUSTeK Computer Incorporation | Non-related party | 2008.1 | Note 2 | The transaction amount refer to professional appraisal institutions. | Satisfy the growth of business sales. | None |
| | Buildings | 2023.9.21 | 1,127,710 | By Contract | Pegatron Corporation | Ultimate parent company | ASUSTeK Computer Incorporation | Non-related party | 2008.1 | Note 2 | The transaction amount refer to professional appraisal institutions. | Satisfy the growth of business sales. | None |
| | Total | | <u>\$3,040,000</u> (Note 3) | | | | | | | | | | |

Note 1: Transaction date means the date of agreement, date of contract signing, date of payment, date of resolution of the board of directors or a committee established by it, or other date that can confirm the counter-party and monetary amount of the transaction, whichever date is earlier.

Note 2: The total amount was NT\$1,415,191 thousand.

Note 3: As of March 2024, Land and Buildings transfer have been completed.

Pegavision Corporation and Subsidiaries

Related Party Transactions with Purchase or Sales Amount of At least NT\$100 Million or 20% of the Paid-in Capital

For the Year Ended ,March 31, 2024

Attachment 5

(In Thousands of New Taiwan Dollars)

| Company Name | Related Party | Nature of Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/ Accounts Payable or Receivable | | Note |
|------------------------|-----------------------|------------------------|---------------------|-----------|------------|-------------------------------|--------------------------------------------|--------------------------------------|---------------------------------------|------------|------|
| | | | Purchase/ Sale | Amount | % to Total | Payment/ Collection Term | Unit Price | Payment/ Collection Term | Ending Balance | % to Total | |
| Pegavision Corporation | Pegavision Japan Inc. | Subsidiary | Sales | \$830,932 | 53.63% | 90 days after monthly closing | Similar to those to third party customers. | T/T to 90 days after monthly closing | Accounts receivable \$591,520 | 54.08% | Note |

Note: Transactions are eliminated when preparing the consolidated financial statements.

Pegavision Corporation and Subsidiaries

Receivables from Related Parties of at Least NT\$ 100 Million or 20% of the Paid-in Capital

As of March 31, 2024

Attachment 6

(In Thousands of New Taiwan Dollars)

| Company Name | Related Party | Nature of Relationship | Ending Balance | Turnover Ratio | Overdue | | Amount Received in Subsequent Periods | Loss allowance |
|------------------------|-----------------------------------------|------------------------|---------------------|----------------|---------|--------------|---------------------------------------|----------------|
| | | | | | Amount | Action Taken | | |
| Pegavision Corporation | Pegavision Japan Inc. | Subsidiary | \$591,520 (note) | 5.65 | \$- | - | \$283,797 | \$- |
| Pegavision Corporation | BeautyTech Platform Corporation | Subsidiary | \$108,511 (note) | 2.87 | \$- | - | \$24,947 | \$- |
| Pegavision Corporation | Gemvision Technology (Zhejiang) Limited | Subsidiary | \$123,262 (note) | 4.01 | \$- | - | \$- | \$- |

Note : Transactions are eliminated when preparing the consolidated financial statements.

Pegavision Corporation and Subsidiaries
Investees over Whom the Company Exercise Significant Influence or Control (Excluding Investees in Mainland China)
As of March 31, 2024

Attachment 7

(In Thousands of Foreign Currency / New Taiwan Dollars)

| Investor | Investee | Business Location | Main Business and Product | Original Investment Amount | | Balance as of March 31, 2022 | | | Net Income (Loss) of the Investee | Share of Income (Loss) of the Investee | Note |
|--------------------------------------|-------------------------------------------|-------------------|-------------------------------------------------|----------------------------|-------------------------|------------------------------|---------|------------------|-----------------------------------|----------------------------------------|------|
| | | | | As of March 31, 2024 | As of December 31, 2023 | Shares | % | Carrying Value | | | |
| Pegavision Corporation | Pagavision Japan Inc. | Japan | Selling medical equipment | <u>JPY 9,900</u> | <u>JPY 9,900</u> | 198 shares | 100.00% | <u>\$137,557</u> | <u>\$11,830</u> | <u>\$11,830</u> | Note |
| Pegavision Corporation | Mayin Investment Co. , Ltd. | Taiwan | Investing activities | <u>NTD 246,003</u> | <u>NTD 246,003</u> | 21,000,000 shares | 100.00% | <u>\$501,375</u> | <u>\$27,121</u> | <u>\$27,121</u> | Note |
| Pegavision Corporation | PEGAVISION VIETNAM COMPANY LIMITED | Vietnam | Producing and selling medical equipment | <u>NTD 407,991</u> | <u>NTD 170,830</u> | - | 100.00% | <u>\$410,509</u> | <u>\$(7)</u> | <u>\$(7)</u> | Note |
| Pegavision Corporation | Zhuhe Investment Co., Ltd. | Taiwan | Investing activities | <u>NTD 20,000</u> | <u>NTD 20,000</u> | 2,000,000 shares | 11.76% | <u>\$19,912</u> | <u>\$805</u> | <u>\$95</u> | |
| Mayin Investment Co. , Ltd. | BeautyTech Platform Corporation | Taiwan | Selling medical equipment and cosmetic products | <u>NTD 107,500</u> | <u>NTD 107,500</u> | 8,500,000 shares | 85.00% | <u>\$344,013</u> | <u>\$31,934</u> | <u>\$27,144</u> | Note |
| Mayin Investment Co. , Ltd. | FacialBeau International Corporation | Taiwan | Selling medical equipment and cosmetic products | <u>NTD 27,500</u> | <u>NTD 27,500</u> | 2,750,000 shares | 55.00% | <u>\$25,402</u> | <u>\$604</u> | <u>\$333</u> | Note |
| BeautyTech Platform Corporation | Beautytech Platform (Singapore) Pte. Ltd. | Singapore | Selling medical equipment and cosmetic products | <u>USD 200</u> | <u>USD 200</u> | 200,000 shares | 100.00% | <u>\$6,268</u> | <u>\$(69)</u> | <u>\$(69)</u> | Note |
| FacialBeau International Corporation | Aquamax Vision Corporation | USA | Selling medical equipment and cosmetic products | <u>USD 1,100</u> | <u>USD 1,100</u> | 11,000,000 shares | 100.00% | <u>\$6,983</u> | <u>\$23</u> | <u>\$23</u> | Note |
| FacialBeau International Corporation | RODNA Co., Ltd. | Korea | Selling medical equipment and cosmetic products | <u>KRW 100,000</u> | <u>KRW 100,000</u> | - | 100.00% | <u>\$2,175</u> | <u>\$(52)</u> | <u>\$(52)</u> | Note |
| FacialBeau International Corporation | IKIDO Inc. | Japan | Selling medical equipment and cosmetic products | <u>JPY 9,900</u> | <u>JPY 9,900</u> | 198 shares | 100.00% | <u>\$1,985</u> | <u>\$(19)</u> | <u>\$(19)</u> | Note |

Note 1: Transactions are eliminated when preparing the consolidated financial statements.

Pegavision Corporation and Subsidiaries

Marketable Securities Held as of March 31, 2024 (excluding investments in subsidiaries, associates and joint ventures)

Attachment 8

(In Thousands of New Taiwan Dollars)

| Name of Held Company | Type and Name of Marketable Securities | Relationship with the Issuer | Financial Statement Account | As of March 31, 2024 | | | Fair Value | Note |
|--------------------------------------|----------------------------------------|------------------------------|-------------------------------------------------------|----------------------|------------------|----------------|------------------|------|
| | | | | Shares / Units | Carrying Amount | Shareholding % | | |
| Mayin Investment Co. , Ltd. | Money market funds: | | | | | | | |
| | Mega Diamond Money Market Fund | - | Financial assets at fair value through profit or loss | 392,329 | \$5,000 | - | \$5,077 | |
| | FSITC Taiwan Money Market Fund | - | Financial assets at fair value through profit or loss | 1,653,209 | 26,000 | - | 26,104 | |
| BeautyTech Platform Corporation | Yuanta De-Li Money Market Fund | - | Financial assets at fair value through profit or loss | 502,952 | 8,360 | - | 8,459 | |
| | Yuanta Wan-Tai Money Market Fund | - | Financial assets at fair value through profit or loss | 2,221,592 | 34,235 | - | 34,663 | |
| | FSITC Taiwan Money Market Fund | - | Financial assets at fair value through profit or loss | 11,597,231 | 182,000 | - | 183,120 | |
| FacialBeau International Corporation | Mega Diamond Money Market Fund | - | Financial assets at fair value through profit or loss | 483,638 | 7,600 | - | 7,628 | |
| | Add: Valuation Adjustment | | | | 1,856 | | | |
| | Total | | | | <u>\$265,051</u> | | <u>\$265,051</u> | |

Pegavision Corporation and Subsidiaries

Acquisition of Individual Real Estate with Amount of at Least NT\$ 300 million or 20% of the Paid-in Capita

As of March 31, 2024

Attachment 9

(In Thousands of Foreign Currency / New Taiwan Dollars)

| Acquiring Company | Name of Property | Transaction Date (Note 1) | Transaction Amount | Payment Status | Counter-party | Relationship | Prior Transaction of Related Counter-party | | | | Price Reference | Purpose and Use of Acquisition | Other Terms |
|---------------------------------------------|------------------------------|------------------------------|-----------------------|----------------|-----------------------------|--------------|--------------------------------------------|-------------------------------------|---------------|--------|----------------------------------------------------------------------------|-----------------------------------|----------------|
| | | | | | | | Owner | Relationship with the Company | Transfer Date | Amount | | | |
| PEGAVISION VIETNAM COMPANY LIMITED | Right-of-use asset — land | 2023.7.5 | USD \$8,800 | By Contract | GREEN i-PARK CORPORATION | None | None | None | None | None | The transaction amount refer to professional appraisal institutions. | Capacity expansion | None |

Note 1: Transaction date means the date of agreement, date of contract signing, date of payment, date of resolution of the board of directors or a committee established by it, or other date that can confirm the counter-party and monetary amount of the transaction, whichever date is earlier.

Note 2: As of March 2024, right of use asset-land have been acquired.

Pegavision Corporation and Subsidiaries

Related Party Transactions with Purchase or Sales Amount of At least NT\$100 Million or 20% of the Paid-in Capital

For the Year Ended March 31, 2024

Attachment 10

(In Thousands of New Taiwan Dollars)

| Company Name | Related Party | Nature of Relationship | Transaction Details | | | Abnormal Transaction | | Notes/Accounts Payable or Receivable | | Note | |
|-----------------------|------------------------|------------------------|---------------------|-----------|------------|-------------------------------|----------------------------------|--------------------------------------|-------------------------------|---------|------------|
| | | | Purchase/Sale | Amount | % to Total | Payment/ Collection Term | Unit Price | Payment/ Collection Term | Ending Balance | | % to Total |
| Pegavision Japan Inc. | Pegavision Corporation | Subsidiary | Purchase | \$830,932 | 100.00% | 90 days after monthly closing | No suppliers to be compared with | No suppliers to be compared with | Accounts payable \$591,520 | 100.00% | Note |

Note : Transactions are eliminated when preparing the consolidated financial statements.

Pegavision Corporation and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions for the Year Ended March 31, 2024

Attachment 11

(In Thousands of New Taiwan Dollars)

| No. (Note 1) | Company Name | Counter-Party | Nature of Relationship (Note 2) | Intercompany Transaction | | | Percentage to Consolidated Net Revenue or Total Assets (Note 3) |
|-----------------|--------------------------------------------|-----------------------------------------|------------------------------------|-----------------------------|-----------|---------------------------------------|-----------------------------------------------------------------|
| | | | | Financial Statement Account | Amount | Terms | |
| | <u>2024.01.01~2024.03.31</u> | | | | | | |
| 0 | Pegavision Corporation | Pegavision Japan Inc. | 1 | Sales revenue | \$830,932 | 90 days after monthly closing | 48.17% |
| 0 | Pegavision Corporation | Pegavision Japan Inc. | 1 | Accounts receivable | 591,520 | 90 days after monthly closing | 4.24% |
| 0 | Pegavision Corporation | Gemvision Technology (Zhejiang) Limited | 1 | Sales revenue | 91,390 | Within 90 days after monthly closing | 5.30% |
| 0 | Pegavision Corporation | Gemvision Technology (Zhejiang) Limited | 1 | Accounts receivable | 123,262 | Within 90 days after monthly closing | 0.88% |
| 0 | Pegavision Corporation | Pegavision (Jiangsu) Limited | 1 | Accounts receivable | 11,175 | Within 180 days after monthly closing | 0.08% |
| 0 | Pegavision Corporation | BeautyTech Platform Corporation | 1 | Sales revenue | 80,075 | Within 120 days after monthly closing | 4.64% |
| 0 | Pegavision Corporation | BeautyTech Platform Corporation | 1 | Accounts receivable | 108,511 | Within 120 days after monthly closing | 0.78% |
| 0 | Pegavision Corporation | BeautyTech Platform Corporation | 1 | Operating expense | 13,500 | Within 120 days after monthly closing | 0.78% |
| 0 | Pegavision Corporation | FacialBeau International Corporation | 1 | Sales revenue | 5,852 | Within 90 days after monthly closing | 0.34% |
| 0 | Pegavision Corporation | FacialBeau International Corporation | 1 | Accounts receivable | 6,145 | Within 90 days after monthly closing | 0.04% |
| 1 | FacialBeau International Corporation | BeautyTech Platform Corporation | 3 | Sales revenue | 5,653 | Within 30 days after monthly closing | 0.33% |
| 2 | BeautyTech Platform (Shanghai) Corporation | Gemvision Technology (Zhejiang) Limited | 3 | Service revenue | 13,275 | 30 days after monthly closing | 0.77% |

Note 1: Transaction information between Parent company and its subsidiaries should be disclosed by codes below:

- (1) Parent company is coded "0".
- (2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationship are divided into the following three types and the types are required to be indicated:

- (1) From the parent company to a subsidiary.
- (2) From a subsidiary to the parent company.
- (3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for income statement items.

Note 4: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 5: Transactions exceeding NT\$5,000 thousand have been disclosed.