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**PEGAVISION CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
AS OF JUNE 30, 2024 AND 2023
AND FOR THE SIX-MONTH PERIODS THEN ENDED**

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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 June 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, the related consolidated statements of changes in equity and cash flows for the six-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 Standards on Review Engagement 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 June 30, 2024 and 2023, and their consolidated financial performance for the three-month and six-month periods then ended and cash flows for the six-month periods then ended, 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.
July 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 June 30, 2024, December 31, 2023 and June 30, 2023
(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of June 30, 2024		As of December 31, 2023		As of June 30, 2023	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
11xx	Current assets							
1100	Cash and cash equivalents	6(1)	\$1,054,543	7	\$1,500,502	11	\$1,024,988	10
1110	Financial assets at fair value through profit or loss	6(2)	2,709,574	19	2,635,465	19	1,201,728	12
1136	Financial assets measured at amortized cost	6(3)	661,258	5	2,098,369	15	634,000	6
1170	Accounts receivable, net	6(4), 6(17), 7	790,655	5	831,045	6	882,465	9
1200	Other receivables	7	10,450	-	34,630	-	6,424	-
1220	Current tax assets		1,128	-	442	-	-	-
1310	Inventories, net	6(5)	783,078	5	583,479	4	547,160	6
1410	Prepayments		163,963	1	127,135	1	102,486	1
1470	Other current assets		96,521	1	63,553	1	70,494	1
	Total current assets		6,271,170	43	7,874,620	57	4,469,745	45
15xx	Non-current assets							
1550	Investment accounted for using equity method	6(6)	19,844	-	19,817	-	-	-
1600	Property, plant and equipment, net	6(7), 8, 9	7,740,075	53	4,724,153	34	4,928,055	50
1755	Right-of-use assets, net	6(18), 7	376,951	2	266,620	2	293,140	3
1780	Intangible assets, net	6(8)	22,376	-	19,540	-	19,404	-
1840	Deferred tax assets	4, 6(22)	71,232	-	38,390	-	28,066	-
1900	Other non-current assets	6(7), 6(9), 7, 8	187,306	2	915,712	7	103,654	2
	Total non-current assets		8,417,784	57	5,984,232	43	5,372,319	55
	Total Assets		\$14,688,954	100	\$13,858,852	100	\$9,842,064	100

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

Pegavision Corporation and Subsidiaries
Consolidated Balance Sheets (Continued)
As of June 30, 2024, December 31, 2023 and June 30, 2023
(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of June 30, 2024		As of December 31, 2023		As of June 30, 2023	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
21xx	Current liabilities							
2100	Short-term borrowings	6(10)	\$477,328	3	\$908,620	7	\$641,152	7
2130	Contract liabilities	6(16), 7	106,539	1	87,354	1	87,626	1
2150	Notes payable		980	-	589	-	1,060	-
2170	Accounts payable		239,841	2	232,727	2	187,817	2
2200	Other payables	6(11), 7	2,581,144	18	1,571,000	10	1,479,504	15
2230	Current tax liabilities	4, 6(22)	173,629	1	95,548	1	126,928	1
2280	Lease liabilities	6(18), 7	33,308	-	133,272	1	129,986	1
2300	Other current liabilities	6(12),6(13),8	262,480	2	277,722	2	227,644	2
	Total current liabilities		3,875,249	27	3,306,832	24	2,881,717	29
25xx	Non-current liabilities							
2540	Non-current portion of long-term borrowings	6(13), 8	469,010	3	365,092	3	253,657	3
2570	Deferred tax liabilities	4, 6(22)	68,960	-	65,368	-	54,166	-
2580	Lease liabilities	6(18), 7	77,414	1	140,048	1	168,823	2
2645	Guarantee deposits received		3,500	-	1,004	-	981	-
2670	Other non-current liabilities	6(12)	131	-	268	-	426	-
	Total non-current liabilities		619,015	4	571,780	4	478,053	5
	Total liabilities		4,494,264	31	3,878,612	28	3,359,770	34
31xx	Equity Attributable to Shareholders of the Parent							
3100	Capital	6(15)						
3110	Common stock		780,000	5	780,000	6	700,000	7
3200	Capital surplus	6(15)	4,269,544	29	4,269,521	30	1,810,341	18
3300	Retained earnings	6(15)						
3310	Legal reserve		685,917	5	520,327	4	520,327	5
3320	Special reserve		27,786	-	12,934	-	12,934	-
3350	Unappropriated retained earnings		4,376,756	30	4,352,686	31	3,401,076	35
3400	Other equity interest		(23,154)	-	(27,786)	-	(25,729)	-
36xx	Non-controlling interests		77,841	-	72,558	1	63,345	1
	Total equity		10,194,690	69	9,980,240	72	6,482,294	66
	Total liabilities and equity		\$14,688,954	100	\$13,858,852	100	\$9,842,064	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 and six-month periods ended June 30, 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 June 30,				For the six-month period ended June 30,			
			2024		2023		2024		2023	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue	6(16), 7	\$1,638,349	100	\$1,615,297	100	\$3,363,470	100	\$3,074,955	100
5000	Operating costs	6(5), 7	(687,041)	(42)	(790,295)	(49)	(1,416,464)	(42)	(1,483,844)	(48)
5900	Gross profit		951,308	58	825,002	51	1,947,006	58	1,591,111	52
6000	Operating expenses	7								
6100	Selling expenses		(165,699)	(10)	(147,758)	(9)	(336,994)	(10)	(283,552)	(9)
6200	Administrative expenses		(103,640)	(6)	(97,383)	(6)	(205,792)	(6)	(182,217)	(6)
6300	Research and development expenses		(142,770)	(9)	(137,253)	(9)	(314,518)	(9)	(266,577)	(9)
6450	Expected credit gains (losses)	6(17)	627	-	(6,202)	-	41,856	1	(8,132)	-
	Operating expenses total		(411,482)	(25)	(388,596)	(24)	(815,448)	(24)	(740,478)	(24)
6900	Operating income		539,826	33	436,406	27	1,131,558	34	850,633	28
7000	Non-operating income and expenses	6(20), 7								
7100	Interest income		4,904	-	5,974	-	10,509	-	9,985	-
7010	Other income		10,129	1	6,520	1	16,550	1	8,685	-
7020	Other gains or losses		2,055	-	1,336	-	2,351	-	(7,469)	-
7050	Finance costs	7	(15,960)	(1)	(11,312)	(1)	(29,390)	(1)	(19,635)	(1)
7060	Share of profit or loss of associates and joint ventures accounted		(91)	-	-	-	4	-	-	-
	Total non-operating incomes and expenses		1,037	-	2,518	-	24	-	(8,434)	(1)
7900	Income from continuing operations before income tax		540,863	33	438,924	27	1,131,582	34	842,199	27
7950	Income tax	4, 6(22)	(59,848)	(4)	(66,375)	(4)	(135,582)	(4)	(124,701)	(4)
8200	Net income		481,015	29	372,549	23	996,000	30	717,498	23
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		(7,127)	-	(12,581)	(1)	5,969	-	(13,436)	-
8399	Income tax relating to components of other comprehensive income		3	-	-	-	(42)	-	-	-
	Total other comprehensive income, net of tax		(7,124)	-	(12,581)	(1)	5,927	-	(13,436)	-
8500	Total comprehensive income		\$473,891	29	\$359,968	22	\$1,001,927	30	\$704,062	23
8600	Net income (loss) attributable to:									
8610	Shareholders of the parent		\$474,666	29	\$365,892	23	\$984,512	29	\$704,292	23
8620	Non-controlling interests		6,349	-	6,657	-	11,488	1	13,206	-
			\$481,015	29	\$372,549	23	\$996,000	30	\$717,498	23
8700	Comprehensive income (loss) attributable to:									
8710	Shareholders of the parent		\$467,306	29	\$353,903	22	\$989,144	30	\$691,497	23
8720	Non-controlling interests		6,585	-	6,065	-	12,783	-	12,565	-
			\$473,891	29	\$359,968	22	\$1,001,927	30	\$704,062	23
9750	Earnings per share-basic (in NTD)	6(23)	\$6.09		\$5.23		\$12.62		\$10.06	
9850	Earnings per share-diluted (in NTD)	6(23)	\$6.06		\$5.20		\$12.56		\$10.00	

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

Pegavision Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the six-month periods ended June 30, 2024 and 2023
(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	Equity Attributable to Shareholders of the Parent					Total	Non-controlling Interests	Total Equity	
		Capital	Capital Surplus	Retained Earnings						Other Equity interest
				Legal Reserve	Special reserve	Unappropriated Earnings				Exchange differences arising on translation of foreign operations
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
	Appropriation and distribution of 2022 earnings									
B1	Legal reserve appropriated			152,755		(152,755)		-		-
B3	Special reserve appropriated				(3,433)	3,433		-		-
B5	Cash dividends-common share					(700,000)		(700,000)		(700,000)
D1	Net income for the six-month period ended June 30, 2023					704,292		704,292	13,206	717,498
D3	Other comprehensive income (loss), net of tax, for the six-month period ended June 30, 2023						(12,795)	(12,795)	(641)	(13,436)
D5	Total comprehensive income (loss)	-	-	-	-	704,292	(12,795)	691,497	12,565	704,062
O1	Non-controlling interests								(7,500)	(7,500)
Z1	Balance as of June 30, 2023	<u>\$700,000</u>	<u>\$1,810,341</u>	<u>\$520,327</u>	<u>\$12,934</u>	<u>\$3,401,076</u>	<u>\$(25,729)</u>	<u>\$6,418,949</u>	<u>\$63,345</u>	<u>\$6,482,294</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
	Appropriation and distribution of 2023 earnings									
B1	Legal reserve appropriated			165,590		(165,590)		-		-
B3	Special reserve appropriated				14,852	(14,852)		-		-
B5	Cash dividends-common share					(780,000)		(780,000)		(780,000)
C7	Changes in associates and joint ventures accounted for using the equity method		23					23		23
D1	Net income for the six-month period ended June 30, 2024					984,512		984,512	11,488	996,000
D3	Other comprehensive income (loss), net of tax, for the six-month period ended June 30, 2024						4,632	4,632	1,295	5,927
D5	Total comprehensive income (loss)	-	-	-	-	984,512	4,632	989,144	12,783	1,001,927
O1	Non-controlling interests								(7,500)	(7,500)
Z1	Balance as of June 30, 2024	<u>\$780,000</u>	<u>\$4,269,544</u>	<u>\$685,917</u>	<u>\$27,786</u>	<u>\$4,376,756</u>	<u>\$(23,154)</u>	<u>\$10,116,849</u>	<u>\$77,841</u>	<u>\$10,194,690</u>

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

Pegavision Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the six-month periods ended June 30, 2024 and 2023
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	For the six-month periods ended June 30,		Code	Items	For the six-month periods ended June 30,	
		2024	2023			2024	2023
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	\$1,131,582	\$842,199	B00040	Increase (decrease) in financial assets measured at amortized cost	1,437,111	(634,000)
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(2,739,633)	(298,130)
A20010	Profit or loss not effecting cash flows:			B02800	Proceeds from disposal of property, plant and equipment	30	23
A20100	Depreciation (including right-of-use assets)	375,269	475,128	B03800	Increase (decrease) in refundable deposits	13,195	6,313
A20200	Amortization	8,147	6,862	B04500	Acquisition of intangible assets	(10,983)	(4,043)
A20300	Expected credit losses (gain)	(41,856)	8,132	B05350	Acquisition of right-of use assets	(110,668)	-
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(16,780)	(7,266)	BBBB	Net cash provided by (used in) investing activities	(1,410,948)	(929,837)
A20900	Interest expense	29,390	19,635	CCCC	Cash flows from financing activities:		
A21200	Interest income	(10,509)	(9,985)	C00100	Increase in (repayment of) short-term borrowings	(431,292)	356,685
A22300	Share of profit or loss of associates and joint ventures	(4)	-	C01600	Increase in long-term borrowings	104,180	-
A22500	Loss (gain) on disposal of property, plant and equipment	192	(23)	C01700	Repayment of long-term borrowings	(8,834)	(105,906)
A23700	Impairment loss on non-financial assets	19,242	11,893	C03000	Increase (decrease) in guarantee deposits received	2,496	7
A29900	Gain on lease modification	(1,636)	-	C04020	Payments of lease liabilities	(45,864)	(71,182)
A29900	Gain on government grants	(160)	89	C04500	Dividend distribution	-	(707,500)
A30000	Changes in operating assets and liabilities:			CCCC	Net cash provided by (used in) financing activities	(379,314)	(527,896)
A31115	Financial assets at fair value through profit or loss	(57,329)	(527,974)	DDDD	Effect of exchange rate changes	2,989	(11,485)
A31150	Accounts receivable	82,236	(145,391)	EEEE	Increase (decrease) in cash and cash equivalents	(445,959)	(821,132)
A31180	Other receivables	16,743	1,876	E00100	Cash and cash equivalents at beginning of period	1,500,502	1,846,120
A31200	Inventories	(199,599)	21,468	E00200	Cash and cash equivalents at end of period	\$1,054,543	\$1,024,988
A31230	Prepayments	(36,828)	(25,602)				
A31240	Other current assets	(32,968)	(11,432)				
A32125	Contract liabilities	19,185	9,923				
A32130	Notes payable	391	(2,850)				
A32150	Accounts payable	7,114	(2,826)				
A32180	Other payables	155,463	113,135				
A32230	Other current liabilities	(6,759)	(26,752)				
A33000	Cash generated from operations	1,440,526	750,239				
A33100	Interest received	17,942	7,207				
A33300	Interest paid	(30,513)	(15,338)				
A33500	Income tax paid	(86,641)	(94,022)				
AAAA	Net cash provided by (used in) operating activities	1,341,314	648,086				

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

Pegavision Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

For the six-month periods ended June 30, 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 six-month periods ended June 30, 2024 and 2023 were authorized for issue by the Board of Directors on July 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 January 1, 2024. The adoption of these new standards and amendments had 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 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	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(a) 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.

(3) Standards or interpretations issued, revised or amended, by 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	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
d	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
e	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	January 1, 2026
f	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026

(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 January 1, 2023 (from the original effective date of January 1, 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 January 1, 2023.

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

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes 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 or loss. 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.

(d) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This standard permits subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

(e) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

- i. Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- ii. Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- iii. Clarify the treatment of non-recourse assets and contractually linked instruments.
- iv. Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(f) Annual Improvements to IFRS Accounting Standards – Volume 11

i. Amendments to IFRS 1

The amendments mainly improve the consistency in wording between first-time adoption of IFRS and requirements for hedge accounting in IFRS 9.

ii. Amendments to IFRS 7

The amendments update an obsolete cross-reference relating to gain or loss on derecognition.

iii. Amendments to Guidance on implementing IFRS 7

The amendments improve some of the wordings in the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price and credit risk disclosures.

iv. Amendments to IFRS 9

The amendments add a cross-reference to resolve potential confusion for a lessee applying the derecognition requirements and clarify the term “transaction price”.

v. Amendments to IFRS 10

The amendments remove the inconsistency between paragraphs B73 and B74 of IFRS 10.

vi. Amendments to IAS 7

The amendments remove a reference to “cost method” in paragraph 37 of IAS 7.

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. As the Group is still currently determining the potential impact of the new or amended standards and interpretations listed under (c), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended 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 six-month periods ended June 30, 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.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

Except the following 4(3) ~ 4(5), 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.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main business	Percentage of Ownership (%)			Note
			30 Jun. 2024	31 Dec. 2023	30 Jun. 2023	
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

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 (%)			Note
			30 Jun. 2024	31 Dec. 2023	30 Jun. 2023	
The Company	PEGAVISION VIETNAM COMPANY LIMITED	Producing and selling medical equipment	100.00%	100.00%	-%	Note 2
The Company	Pegavision (Shanghai) Limited	Selling medical equipment	100.00%	-%	-%	Note 1
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
BeautyTech Platform Corporation	BEAUTYTECH PLATFORM (SINGAPORE) PTE. LTD.	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 (%)			Note
			30 Jun. 2024	31 Dec. 2023	30 Jun. 2023	
BeautyTech Platform Corporation	FORIMART Corporation	Selling medical equipment and cosmetic products	100.00%	-%	-%	Note 1
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

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

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 June 30, 2024.

(b) FORIMART Corporation which is 100% held by BeautyTech Platform Corporation was registered on April 16, 2024.

(c) Pegavision (Shanghai) Limited which is 100% held by the Company was registered on April 23, 2024. The investment amount has not been remitted as of June 30, 2024.

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) Current and non-current distinction

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Group holds the asset primarily for the purpose of trading
- (c) The Group expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle
- (b) The Group holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(5)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 six-month period ended June 30, 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		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Cash and petty cash	\$4,700	\$5,212	\$4,655
Checkings and savings	685,516	479,509	395,186
Time deposit	364,327	1,015,781	625,147
Total	<u>\$1,054,543</u>	<u>\$1,500,502</u>	<u>\$1,024,988</u>

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

	As of		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Mandatorily measured at fair value through profit or loss:			
Money market fund	\$2,700,108	\$2,631,606	\$1,199,944
Valuation adjustment	9,466	3,859	1,784
Total	<u>\$2,709,574</u>	<u>\$2,635,465</u>	<u>\$1,201,728</u>
Current	\$2,709,574	\$2,635,465	\$1,201,728
Non-current	-	-	-
Total	<u>\$2,709,574</u>	<u>\$2,635,465</u>	<u>\$1,201,728</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		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Time deposit	\$661,258	\$2,098,369	\$634,000
Less: loss allowance	-	-	-
Total	<u>\$661,258</u>	<u>\$2,098,369</u>	<u>\$634,000</u>
Current	<u>\$661,258</u>	<u>\$2,098,369</u>	<u>\$634,000</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		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Accounts receivable, gross	\$797,149	\$879,385	\$898,726
Less: loss allowance	(6,494)	(48,340)	(16,261)
Total accounts receivable, net	<u>\$790,655</u>	<u>\$831,045</u>	<u>\$882,465</u>

B. Receivable were not pledged.

C. Accounts receivables are generally on T/T to 90 days terms. The total carrying amount is NT\$797,149 thousand, NT\$879,385 thousand and NT\$898,726 thousand as of June 30, 2024, December 31, 2023, and June 30, 2023, respectively. Please refer to Note 6 (17) for more details on loss allowance of accounts receivable for the six-month periods ended June 30, 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		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Merchandises	28,179	\$10,876	\$8,538
Raw materials	102,415	89,244	79,567
Supplies	8,240	7,558	8,353
Work in process	225,833	128,226	137,413
Finished goods	418,411	347,575	313,289
Total	<u>\$783,078</u>	<u>\$583,479</u>	<u>\$547,160</u>

B. For the three-month periods ended June 30, 2024 and 2023, the Group recognized NT\$687,041 thousand and NT\$790,295 thousand under the caption of costs of sale, respectively. For the six-month periods ended June 30, 2024 and 2023, the Group recognized NT\$1,416,464 thousand and NT\$1,483,844 thousand under the caption of costs of sale, respectively. The following items were also included in cost:

Item	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Loss (Gain) from inventory market decline	\$(3,851)	\$(1,788)	\$3,086	\$(26,636)
Loss from inventory write-off obsolescence	1,492	-	1,492	17,157
Total	<u>\$(2,359)</u>	<u>\$(1,788)</u>	<u>\$4,578</u>	<u>\$(9,479)</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
	Jun. 30, 2024		Dec. 31, 2023		Jun. 30, 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>\$19,844</u>	10%	<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.

Zhuhe Investment Co., Ltd. conducted a cash capital increase in June 2024. The Group did not subscribe to the shares proportionately, thereby reducing its ownership from 11.76% to 10%. An additional capital surplus in the amount of NT\$23 thousand was recognized for the non-proportionate subscription.

As of June 30, 2024 and December 31, 2023, the aggregated carrying amount of the Group's investment in Zhuhe Investment Co., Ltd. amounted to NT\$19,844 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 period June 30, 2024	For the six-month period June 30, 2024
Profit (loss) from continuing operations	\$(91)	\$4
Other comprehensive income (post-tax)	-	-
Total comprehensive loss	<u>\$(91)</u>	<u>\$4</u>

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

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	-	-	-	-	-	-	3,041	2,806,197	2,809,238
Disposals	-	-	(3,390)	-	(459)	-	(5,600)	-	(9,449)
Transfer	1,912,696	1,142,406	17,613	-	4,876	-	221,277	(3,298,868)	-
Effect of EX rate	(604)	(328)	-	-	90	(165)	4,019	184	3,196
As of 6/30/2024	<u>\$3,434,969</u>	<u>\$1,312,243</u>	<u>\$4,935,473</u>	<u>\$1,973</u>	<u>\$91,163</u>	<u>\$2,367</u>	<u>\$1,301,107</u>	<u>\$1,572,709</u>	<u>\$12,652,004</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
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	-	-	-	-	-	98	3,344	260,810	264,252
Disposals	-	-	(1,150)	-	(74)	-	(8,176)	-	(9,400)
Transfer	-	-	33,751	-	767	-	57,443	(91,961)	-
Effect of EX rate	-	-	-	-	(51)	-	(1,707)	(153)	(1,911)
As of 6/30/2023	\$1,514,524	\$165,620	\$4,908,871	\$1,973	\$84,977	\$98	\$1,042,116	\$1,301,873	\$9,020,052

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	-	11,841	253,778	102	2,513	97	61,217	-	329,548
Impairment loss	-	19,242	-	-	-	-	-	-	19,242
Disposal	-	-	(3,390)	-	(459)	-	(5,378)	-	(9,227)
Transfer	-	-	-	-	-	-	-	-	-
Effect of EX rate	-	(7)	-	-	61	(2)	807	-	859
As of 6/30/2024	\$-	\$84,055	\$3,772,986	\$1,468	\$82,847	\$127	\$832,876	\$-	\$4,774,359

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
As of 1/1/2023	\$-	\$41,075	\$2,865,878	\$1,114	\$75,651	\$-	\$657,393	\$-	\$3,641,111
Depreciation	-	2,136	342,024	138	3,042	2	59,150	-	406,492
Impairment loss	-	-	-	-	-	-	11,893	-	11,893
Disposal	-	-	(1,150)	-	(74)	-	(8,176)	-	(9,400)
Transfer	-	-	(804)	-	-	-	804	-	-
Effect of EX rate	-	-	-	-	(21)	-	(236)	-	(257)
As of 6/30/2023	\$-	\$43,211	\$3,205,948	\$1,252	\$78,598	\$2	\$720,828	\$-	\$4,049,839
<u>Net carrying amount:</u>									
As of 6/30/2024	\$3,434,969	\$1,228,188	\$1,162,487	\$505	\$8,316	\$2,240	\$468,231	\$1,572,709	\$7,877,645
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 6/30/2023	\$1,514,524	\$122,409	\$1,702,923	\$721	\$6,379	\$96	\$321,288	\$1,301,873	\$4,970,213

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		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Property, plant, and equipment	\$7,740,075	\$4,724,153	\$4,928,055
Prepayment for equipment	137,570	690,929	42,158
Total	<u>\$7,877,645</u>	<u>\$5,415,082</u>	<u>\$4,970,213</u>

B.For the three-month periods ended June 30, 2024 and 2023, NT\$0 and NT\$9,096 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. For the six-month periods ended June 30, 2024 and 2023, NT\$19,242 thousand and NT\$11,893 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	10,983
Derecognized upon retirement	-
Effect of EX rate	-
As of June 30, 2024	<u>\$70,259</u>
As of January 1, 2023	\$48,385
Additions – acquired separately	4,043
Derecognized upon retirement	-
Effect of EX rate	-
As of June 30, 2023	<u>\$52,428</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	8,147
Derecognized upon retirement	-
Effect of EX rate	-
As of June 30, 2024	<u>\$47,883</u>
As of January 1, 2023	\$26,162
Amortization	6,862
Derecognized upon retirement	-
Effect of EX rate	-
As of June 30, 2023	<u>\$33,024</u>
<u>Carrying amount, net:</u>	
As of June 30, 2024	<u>\$22,376</u>
As of December 31, 2023	<u>\$19,540</u>
As of June 30, 2023	<u>\$19,404</u>

Amounts of amortization recognized for intangible assets are as follows:

	<u>For the three-month</u>		<u>For the six-month</u>	
	<u>period ended June 30,</u>	<u>period ended June 30,</u>	<u>period ended June 30,</u>	<u>period ended June 30,</u>
	2024	2023	2024	2023
Manufacturing expense	\$94	\$92	\$126	\$185
Selling expense	-	130	-	260
Administrative expense	4,307	2,936	7,732	5,874
Research and development expense	198	261	289	543
Total	<u>\$4,599</u>	<u>\$3,419</u>	<u>\$8,147</u>	<u>\$6,862</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		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Refundable deposits	\$49,736	\$62,931	\$61,496
Prepayment for property and equipment	137,570	690,929	42,158
Prepayment for land use right	-	161,852	-
Total	\$187,306	\$915,712	\$103,654

(10)Short-term borrowings

A.Details of Short-term borrowings

	As of		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Unsecured bank loans	\$477,328	\$908,620	\$641,152
Interest Rate (%)	3.90%~5.98%	3.86%~6.25%	5.70%~6.41%

B.The Group's unused short-term lines of credits amounts to NT\$977,072 thousand, NT\$398,535 thousand and NT\$679,168 thousand, As of June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

(11)Other payable

	As of		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Accrued expenses	\$1,609,409	\$1,453,946	\$1,382,586
Accrued interest payable	3,397	5,821	3,283
Payable to equipment suppliers	180,838	111,233	93,635
Dividends payable	787,500	-	-
Total	\$2,581,144	\$1,571,000	\$1,479,504

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		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Other current liabilities	\$30,911	\$22,698	\$26,550
Refund liability	223,322	238,294	191,045
Deferred government grants income	303	326	326
Long-Term Borrowings-Current Portion	7,944	16,404	9,723
Total	<u>\$262,480</u>	<u>\$277,722</u>	<u>\$227,644</u>

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

	For the six-month period ended June, 30	
	2024	2023
Beginning balance	\$594	\$663
Received during the period	-	-
Released to the statement of comprehensive income	(160)	89
Ending Balance	<u>\$434</u>	<u>\$752</u>
Current	<u>\$303</u>	<u>\$326</u>
Non-current	<u>\$131</u>	<u>\$426</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
			30 Jun. 2024	31 Dec. 2023	30 Jun. 2023	
Chang Hwa Commercial Bank – Beitou Branch	Credit loan	2020.03.25-2025.03.15	\$1,871	\$3,118	\$4,355	Note 1
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2020.11.10-2030.10.15	7,866	8,471	9,074	Note 2
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2021.04.08-2030.10.15	31,159	33,577	35,994	Note 2
Mega International Commercial Bank – Lan-Ya Branch	Secured loan	2021.10.08-2026.09.15	-	4,430	4,957	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	129,738	122,900	-	Note 5
Mega International Commercial Bank – Lan-Ya Branch	Credit loan	2024.03.12-2031.03.12	97,320	-	-	Note 6
Total			476,954	381,496	263,380	
Less: current portion			(7,944)	(16,404)	(9,723)	
Non-current portion			\$469,010	\$365,092	\$253,657	

Note 1: A term is defined as every 1 months 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.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

Note 2: A term is defined as every 1 months 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.

Note 3: A term is defined as every 1 months 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 months 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 (12 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		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 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 thousand 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.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

(14) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended June 30, 2024 and 2023 were NT\$13,833 thousand and NT\$12,735 thousand, respectively. Expenses under the defined contribution plan for the six-month periods ended June 30, 2024 and 2023 were NT\$27,726 thousand and NT\$25,509 thousand, respectively.

Pension for the three-month periods ended June 30, 2024 and 2023 were NT\$12 thousand and NT\$0, respectively. Pension for the six-month periods ended June 30, 2024 and 2023 were NT\$23 thousand and NT\$0, respectively.

(15) Equity

A. Common stock

As of June 30, 2024, December 31, 2023 and June 30, 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, respectively. Each share at par value of NT\$10, divided into NT\$78,000 thousand, NT\$78,000 thousand and NT\$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.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

B.Capital surplus

	As of		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 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
Changes in associates and joint ventures accounted for using the equity method	23	-	-
Share-based payment transaction	59,359	59,359	804
Expired employee stock warrants	625	625	-
Total	<u>\$4,269,544</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:

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

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.

- e. The appropriations of earnings for the Years 2023 and 2022 were approved through the shareholders' meetings held on May 24, 2024 and 2023, respectively. The details of the distributions 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(19) for details on employees' compensation and remuneration to directors and supervisors.

D. Non-controlling interests

	For the six-month period ended June 30,	
	2024	2023
Beginning balance	\$72,558	\$58,280
Dividend distribution of the subsidiary	(7,500)	(7,500)
Comprehensive income attributable to NCIs	12,783	12,565
Ending balance	\$77,841	\$63,345

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

(16) Operating revenue

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Revenue from customer contracts				
Sales of goods	<u>\$1,638,349</u>	<u>\$1,615,297</u>	<u>\$3,363,470</u>	<u>\$3,074,955</u>

Analysis of revenue from contracts with customers for the three-month and six-month periods ended June 30, 2024 and 2023 are as follows:

A. Disaggregation of revenue

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
	Single department	Single department	Single department	Single department
Sales of goods	<u>\$1,638,349</u>	<u>\$1,615,297</u>	<u>\$3,363,470</u>	<u>\$3,074,955</u>

The timing for revenue recognition:

At a point in time	<u>\$1,638,349</u>	<u>\$1,615,297</u>	<u>\$3,363,470</u>	<u>\$3,074,955</u>
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B. Contract balances

a. Contract liabilities – current

	As of			
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023	1 Jan. 2023
Sales of goods	\$104,517	\$85,544	\$85,435	\$74,709
Customer loyalty programmes	2,022	1,810	2,191	2,994
Total	<u>\$106,539</u>	<u>\$87,354</u>	<u>\$87,626</u>	<u>\$77,703</u>

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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 six-month periods ended June 30, 2024 are as follows:

	Sales of goods	Customer loyalty programs
The opening balance transferred to revenue	\$(78,633)	\$(1,810)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	97,606	2,022

The changes in the Group's balances of contract liabilities for the six-month periods ended June 30, 2023 are as follows:

	Sales of goods	Customer loyalty programs
The opening balance transferred to revenue	\$(64,604)	\$(2,994)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	75,330	2,191

(17)Expected credit gains (losses)

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Operating expenses – Expected credit gains (losses)				
Accounts receivable	\$627	\$(6,202)	\$41,856	\$(8,132)

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

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:

June 30, 2024

	Not past due	Past due				Total
		<=60 days	61-90 days	91-240 days	>=241 days	
Gross carrying amount	\$791,730	\$5,419	\$-	\$-	\$-	\$797,149
Loss rate	0.81%	1%	-%	-%	-%	
Lifetime expected credit losses	(6,440)	(54)	-	-	-	(6,494)
Carrying amount of accounts receivable	\$785,290	\$5,365	\$-	\$-	\$-	\$790,655

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

June 30, 2023

	Not past due	Past due				Total
		<=60 days	61-90 days	91-240 days	>=241 days	
Gross carrying amount	\$858,736	\$9,590	\$12,230	\$18,170	\$-	\$898,726
Loss rate	0.83%	1%	5%	46.52%	-%	
Lifetime expected credit losses	(7,102)	(96)	(611)	(8,452)	-	(16,261)
Carrying amount of accounts receivable	\$851,634	\$9,494	\$11,619	\$9,718	\$-	\$882,465

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

B. The movement in the provision for impairment of accounts receivable for the six-month periods ended June 30, 2024 and 2023 are as follows:

	<u>Accounts receivable</u>
As of January 1, 2024	\$48,340
Addition (reversal)	(41,856)
Effect of EX rate	10
As of June 30, 2024	<u>\$6,494</u>
As of January 1, 2023	\$8,140
Addition (reversal)	8,132
Effect of EX rate	(11)
As of June 30, 2023	<u>\$16,261</u>

(18) Leases

A. Group as a lessee

The Group leases buildings. 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

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

I. Right-of-use assets

	Land	Buildings	Total
<u>Cost:</u>			
As of 1/1/2024	\$-	\$512,585	\$512,585
Addition	272,520	24,871	297,391
Disposal	-	(362,234)	(362,234)
Effect of EX rate	-	2,536	2,536
As of 6/30/2024	<u>\$272,520</u>	<u>\$177,758</u>	<u>\$450,278</u>
As of 1/1/2023	\$-	\$492,223	\$492,223
Addition	-	5,415	5,415
Disposal	-	(9,705)	(9,705)
Effect of EX rate	-	(916)	(916)
As of 6/30/2023	<u>\$-</u>	<u>\$487,017</u>	<u>\$487,017</u>
<u>Depreciation and impairment:</u>			
As of 1/1/2024	\$-	\$245,965	\$245,965
Depreciation	1,453	44,268	45,721
Impairment loss	-	-	-
Disposal	-	(219,429)	(219,429)
Effect of EX rate	(1)	1,071	1,070
As of 6/30/2024	<u>\$1,452</u>	<u>\$71,875</u>	<u>\$73,327</u>
As of 1/1/2023	\$-	\$135,280	\$135,280
Depreciation	-	68,636	68,636
Impairment loss	-	-	-
Disposal	-	(9,547)	(9,547)
Effect of EX rate	-	(492)	(492)
As of 6/30/2023	<u>\$-</u>	<u>\$193,877</u>	<u>\$193,877</u>
<u>Net carrying amount:</u>			
As of 6/30/2024	<u>\$271,068</u>	<u>\$105,883</u>	<u>\$376,951</u>
As of 12/31/2023	<u>\$-</u>	<u>\$266,620</u>	<u>\$266,620</u>
As of 6/30/2023	<u>\$-</u>	<u>\$293,140</u>	<u>\$293,140</u>

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Notes to Consolidated Financial Statements (Continued)

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

II. Lease liabilities

	As of		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Lease liabilities	\$110,722	\$273,320	\$298,809
Current	\$33,308	\$133,272	\$129,986
Non-current	\$77,414	\$140,048	\$168,823

Please refer to Note 6(20) (d) for the interest on lease liabilities recognized for the three-month and six-month periods ended June 30, 2024 and 2023, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of June 30, 2024, December 31, 2023 and June 30, 2023.

b. Income and costs relating to leasing activities

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
The expense relating to short-term leases	\$(3,902)	\$(4,594)	\$(8,554)	\$(9,403)
The expense relating to leases of low-value assets	(818)	(285)	(1,410)	(622)
Income from subleasing right-of-use assets	-	199	241	396

As of June 30, 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 June 30, 2024 and 2023, the Group recognized NT\$0 as income to account the rent concession arising as a direct consequence of the covid-19 pandemic as a variable lease payment; For the six-month periods ended June 30, 2024 and 2023, the Group recognized NT\$0 and NT\$19 thousand as income to account the rent concession arising as a direct consequence of the covid-19 pandemic as a variable lease payment.

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Notes to Consolidated Financial Statements (Continued)

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

c. Cash outflow relating to leasing activities

	For the six-month period ended June 30,	
	2024	2023
Cash outflow for leases	\$55,828	\$81,207

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

Function \ Nature	For the three-month period ended June 30,					
	2024			2023		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Employee benefit expense						
Salaries	\$260,506	\$200,373	\$460,879	\$232,220	\$181,596	\$413,816
Labor and health insurance	22,005	9,775	31,780	20,936	9,336	30,272
Pension	7,208	6,637	13,845	6,757	5,978	12,735
Other employee benefit expense	14,716	9,607	24,323	11,630	8,652	20,282
Depreciation	153,779	21,942	175,721	215,862	20,973	236,835
Amortization	95	4,504	4,599	92	3,327	3,419

Function \ Nature	For the six-month period ended June 30,					
	2024			2023		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Employee benefit expense						
Salaries	\$515,288	\$418,446	\$933,734	\$461,851	\$360,912	\$822,763
Labor and health insurance	44,008	19,864	63,872	41,797	18,665	60,462
Pension	14,490	13,259	27,749	13,574	11,935	25,509
Other employee benefit expense	25,544	20,733	46,277	21,913	17,455	39,368
Depreciation	332,162	43,107	375,269	433,861	41,267	475,128
Amortization	126	8,021	8,147	185	6,677	6,862

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

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.

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 June 30, 2024 and 2023 amounted to NT\$67,373 thousand, NT\$5,858 thousand, and NT\$54,047 thousand, NT\$4,701 thousand, respectively; the employees' compensation and remuneration to directors for the six-month periods ended June 30, 2024 and 2023 amounted to NT\$141,752 thousand, NT\$12,326 thousand, and NT\$103,679 thousand, NT\$9,010 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.

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Notes to Consolidated Financial Statements (Continued)

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

(20) Non-operating incomes and expenses

A. Interest income

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Interest income				
Deposit interest	\$3,188	\$5,510	\$5,132	\$6,372
Financial assets measured at amortized cost	1,716	464	5,197	3,613
Total	<u>\$4,904</u>	<u>\$5,974</u>	<u>\$10,509</u>	<u>\$9,985</u>

B. Other incomes

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Rental income	\$9,576	\$314	\$9,943	\$632
Government grants income	79	(199)	160	(89)
Other income - others	474	6,405	6,447	8,142
Total	<u>\$10,129</u>	<u>\$6,520</u>	<u>\$16,550</u>	<u>\$8,685</u>

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

C. Other gains and losses

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Gain (loss) from disposal of property, plant and equipment	\$(192)	\$23	\$(192)	\$23
Foreign exchange gain (loss), net	(6,673)	5,999	3,576	(2,792)
Gains (losses) on financial assets at fair value through profit or loss	8,949	4,432	16,780	7,266
Gains on lease modification	-	-	1,636	-
Impairment loss on non-financial assets	-	(9,096)	(19,242)	(11,893)
Other losses	(29)	(22)	(207)	(73)
Total	<u>\$2,055</u>	<u>\$1,336</u>	<u>\$2,351</u>	<u>\$(7,469)</u>

D. Finance costs

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Interests on borrowings from bank	\$15,565	\$10,420	\$28,201	\$17,758
Interests on lease liabilities	395	892	1,189	1,877
Total	<u>\$15,960</u>	<u>\$11,312</u>	<u>\$29,390</u>	<u>\$19,635</u>

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 period ended June 30, 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	\$(7,127)	\$-	\$(7,127)	\$3	\$(7,124)

For the three-month period ended June 30, 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	\$(12,581)	\$-	\$(12,581)	\$-	\$(12,581)

For the six-month period ended June 30, 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	\$5,969	\$-	\$5,969	\$(42)	\$5,927

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

For the six-month period ended June 30, 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	\$(13,436)	\$-	\$(13,436)	\$-	\$(13,436)

(22)Income tax

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

Income tax expense (benefit) recognized in profit or loss

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Current income tax expense (income):				
Current income tax expense	\$79,796	\$65,035	\$165,405	\$121,275
Adjustments in respect of current income tax of prior periods	1	(4,008)	(441)	(3,196)
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	(19,949)	5,348	(29,382)	6,622
Total income tax expense (income)	<u>\$59,848</u>	<u>\$66,375</u>	<u>\$135,582</u>	<u>\$124,701</u>

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Notes to Consolidated Financial Statements (Continued)

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

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 2022.
Subsidiary - Mayin Investment Co., Ltd.	Assessed and approved up to 2022.
Subsidiary - FacialBeau International Corporation	Assessed and approved up to 2022.

(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.

A.Basic earnings per share

	<u>For the three-month period ended June 30,</u>		<u>For the six-month period ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net income available to common shareholders of the parent	<u>\$474,666</u>	<u>\$365,892</u>	<u>\$984,512</u>	<u>\$704,292</u>
Weighted average number of common stocks outstanding (in thousand shares)	<u>78,000</u>	<u>70,000</u>	<u>78,000</u>	<u>70,000</u>
Basic earnings per share (in NT\$)	<u>\$6.09</u>	<u>\$5.23</u>	<u>\$12.62</u>	<u>\$10.06</u>

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

B. Diluted earnings per share

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Net income available to common shareholders of the parent	\$474,666	\$365,892	\$984,512	\$704,292
Net income available to common shareholders of the parent after dilution	\$474,666	\$365,892	\$984,512	\$704,292
Weighted average number of common stocks outstanding (in thousand shares)	78,000	70,000	78,000	70,000
Effect of dilution:				
Employee bonus (compensation) - stock (in thousand shares)	296	301	398	420
Weighted average number of common stocks outstanding after dilution (in thousand shares)	78,296	70,301	78,398	70,420
Diluted earnings per share (in NT\$)	\$6.06	\$5.20	\$12.56	\$10.00

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.

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

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

(2) Significant transactions with related parties

A. Sales

Related parties	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Kinsus Interconnect Technology Corp.	\$52	\$116	\$66	\$116
Pegatron Corporation	35	13	35	13
Total	\$87	\$129	\$101	\$129

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. Collection terms for related parties were 90 days after monthly closing and 30 days after monthly closing.

B. Lease-related parties

a. Right-of-use assets

Related parties	Nature	As of		
		30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Pegatron Japan Inc.	Buildings	\$-	\$-	\$1,402
Pegatron Corporation	Buildings	-	165,302	214,893
Total		\$-	\$165,302	\$216,295

b. Lease liabilities

Related parties	As of		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Pegatron Japan Inc.	\$-	\$-	\$1,403
Pegatron Corporation	-	166,949	216,389
Total	\$-	\$166,949	\$217,792

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

c. Interest expenses

Related parties	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Pegatron Japan Inc.	\$-	\$2	\$-	\$2
Pegatron Corporation	-	671	449	1,416
Total	\$-	\$673	\$449	\$1,418

d. Lease payment (Rental expense)

Related parties	Nature	For the three-month period ended June 30,		For the six-month period ended June 30,	
		2024	2023	2024	2023
Pegatron Corporation	Buildings	\$-	\$33	\$34	\$127

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

e. Rent income

Related parties	Duration	Lease	Method of collection	For the three-month period ended June 30,		For the six-month period ended June 30,	
				2024	2023	2024	2023
Pegatron Corporation	2024.04.01~ 2026.03.31	Buildings	Redeemed on the 10th of each month	\$8,476	\$-	\$8,476	\$-

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

C. Operating expense

Related parties	Nature	For the three-month period ended June 30,		For the six-month period ended June 30,	
		2024	2023	2024	2023
Pegatron Corporation	Pay utilities	\$8,185	\$22,858	\$45,497	\$55,479
Pegatron Japan Inc.	Provide services and pay utilities and postage	\$19	\$25	\$38	\$51
Pegatron Czech S.R.O.	Provide services	\$41	\$41	\$95	\$81

D. Accounts receivable

Related parties	As of		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Pegatron Corporation	\$20	\$145	\$-

E. Other receivables

Related parties	As of		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Pegatron Corporation	\$2,827	\$-	\$-

F. Refundable deposits

Related parties	As of		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Pegatron Corporation	\$-	\$10,000	\$10,000

G. Contract liabilities

Related parties	As of		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Kinsus Interconnect Technology Corp.	\$126	\$140	\$104

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

H. Other payables

Related parties	As of		
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023
Pegatron Corporation	\$14,312	\$27,658	\$28,989

I. 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.

J. Salaries and rewards to key management of the Group

	For the three-month		For the six-month	
	period ended June, 30		period ended June, 30	
	2024	2023	2024	2023
Short-term employee benefits and post-employment benefits	\$14,423	\$11,105	\$25,102	\$20,859

8. ASSETS PLEDGED AS COLLATERAL

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

Item	Carrying Amount As of			Secured liabilities
	30 Jun. 2024	31 Dec. 2023	30 Jun. 2023	
Property, plant and equipment - Land (carrying amount)	\$196,960	\$196,960	\$196,960	Secured borrowings
Property, plant and equipment - Buildings (carrying amount)	92,331	112,677	122,408	Secured borrowings
Refundable deposits	2,000	2,000	2,000	Security deposit to custom authority
Total	\$291,291	\$311,637	\$321,368	

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of June 30, 2024, the Group's outstanding contracts relating to significant construction in progress and purchased property, plant and equipment were as follows:

<u>Nature of Contract</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Amount unpaid</u>
Buildings	\$1,864,636	\$1,316,655	\$547,981
Machinery and equipment	69,117	20,702	48,415
Total	<u>\$1,933,753</u>	<u>\$1,337,357</u>	<u>\$596,396</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		
	30 Jun. 2024	31 Dec.2023	30 Jun. 2023
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	\$2,709,574	\$2,635,465	\$1,201,728
Financial assets measured at amortized cost			
Cash and cash equivalents (exclude cash on hand)	1,049,843	1,495,290	1,020,333
Financial assets measured at amortized cost	661,258	2,098,369	634,000
Accounts receivables	790,655	831,045	882,465
Other receivables	10,450	34,630	6,424
Refundable deposits	49,736	62,931	61,496
Subtotal	<u>2,561,942</u>	<u>4,522,265</u>	<u>2,604,718</u>
Total	<u>\$5,271,516</u>	<u>\$7,157,730</u>	<u>\$3,806,446</u>

Financial liabilities

	As of		
	30 Jun. 2024	31 Dec.2023	30 Jun. 2023
Financial liabilities at amortized cost:			
Short-term borrowings	\$477,328	\$908,620	\$641,152
Payables	2,821,965	1,804,316	1,668,381
Long-term borrowings (including current portion with maturity less than 1 year)	476,954	381,496	263,380
Lease liabilities	110,722	273,320	298,809
Total	<u>\$3,886,969</u>	<u>\$3,367,752</u>	<u>\$2,871,722</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 six-month periods ended June 30, 2024 and 2023 would decrease/increase by NT\$2,398 thousand and NT\$ 6,660 thousand, respectively.

When NTD appreciates/depreciates against CNY by 1%, net income (loss) for the six-month periods ended June 30, 2024 and 2023 would decrease/increase by NT\$417 thousand and NT\$ 1,182 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 six-month periods ended June 30, 2024 and 2023 would increase / decrease by NT\$457 thousand and NT\$226 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 June 30, 2024, December 31, 2023 and June 30, 2023, receivables from the top ten customers were accounted for 76.90%, 79.56% and 74.07% 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.

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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 June 30, 2024</u>							
Borrowings	\$507,904	\$28,790	\$58,584	\$90,036	\$86,263	\$286,969	\$1,058,546
Payables	2,821,965	-	-	-	-	-	2,821,965
Lease liabilities	34,646	26,763	19,623	12,875	10,172	10,185	114,264
<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 June 30, 2023</u>							
Borrowings	\$657,286	\$13,219	\$16,270	\$22,865	\$22,088	\$212,691	\$944,419
Payables	1,668,381	-	-	-	-	-	1,668,381
Lease liabilities	132,596	121,978	29,263	7,899	4,713	6,645	303,094

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the six-month periods ended June 30, 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	(431,292)	95,346	2,496	(45,864)	(379,314)
Non-cash changes					
Lease range changes	-	-	-	(119,570)	(119,570)
Interests on lease liabilities	-	-	-	1,189	1,189
Others	-	112	-	-	112
Currency rate change	-	-	-	1,647	1,647
As of June 30, 2024	\$477,328	\$476,954	\$3,500	\$110,722	\$1,068,504

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Notes to Consolidated Financial Statements (Continued)

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

Movement schedule of liabilities for the six-month periods ended June 30, 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	356,685	(105,906)	7	(71,182)	179,604
Non-cash changes					
Lease range changes	-	-	-	5,257	5,257
Interests on lease liabilities	-	-	-	1,877	1,877
Others	-	(50)	-	-	(50)
Currency rate change	-	-	-	(503)	(503)
As of June 30, 2023	\$641,152	\$263,380	\$981	\$298,809	\$1,204,322

(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

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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 June 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Money market fund	\$2,709,574	\$-	\$-	\$2,709,574
<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				

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

As of June 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Money market fund	\$1,201,728	\$-	\$-	\$1,201,728

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					
	30 Jun. 2024			31 Dec. 2023		
	Foreign Currencies	Exchange Rate	NTD	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$22,857	32.4004	\$740,578	\$32,068	30.5667	\$980,221
CNY	\$69,745	4.5518	\$317,471	\$49,276	4.3388	\$213,797
<u>Financial liabilities</u>						
Monetary items:						
USD	\$15,438	32.4400	\$500,806	\$31,679	30.7250	\$973,333
CNY	\$60,584	4.5518	\$275,768	\$28,495	4.3380	\$123,611
<u>Foreign currency resulting in exchange gain or loss</u>						
USD			\$(3,769)			\$5,990
CNY			\$(9,035)			\$(397)
Other			\$9,228			\$(39)

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

	As of		
	30 Jun. 2023		
	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$42,178	31.0808	\$1,310,941
CNY	\$41,744	4.3094	\$179,892
<u>Financial liabilities</u>			
Monetary items:			
USD	\$20,712	31.1390	\$644,950
CNY	\$14,310	4.3094	\$61,667
<u>Foreign currency resulting in exchange gain or loss</u>			
USD			\$1,802
CNY			\$(2,388)
Other			\$(2,206)

(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 June 30, 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 six-month period ended June 30, 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 six-month period ended June 30, 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 six-month period ended June 30, 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 six-month period ended June 30, 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 June 30, 2024: Please refer to attachment 6.

I. Derivative instrument transactions: None.

J. Inter Group relationships and significant inter Group transactions for the six-month period ended June 30, 2024: Please refer to attachment 11.

(2) Information on investees

A. Name, locations and related information of investees as of June 30, 2024 (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 June 30, 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 six-month period ended June 30, 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 six-month period ended June 30, 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 six-month period ended June 30, 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 six-month period ended June 30, 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 June 30, 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 June 30, 2024	Profit/Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of June 30, 2024	Accumulated Inward Remittance of Earnings as of June 30, 2024	Accumulated Outflow of Investment from Taiwan to Mainland China as of June 30, 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	\$(14,661) (Note 5 and 6)	100%	\$(14,661) (Note 5, 6 and 7)	\$72,575 (Note 5, 6 and 7)	\$-	\$101,205	\$101,205	\$6,116,814

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	\$3,938 (Note 5 and 6)	85%	\$3,347 (Note 5, 6 and 7)	\$29,562 (Note 5, 6 and 7)	\$-	\$14,885	\$14,885	\$239,601
Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	\$112,559 (USD 3,600)	(3) (Note 3)	\$112,559	\$-	\$-	\$112,559	\$8,904 (Note 5 and 6)	85%	\$7,568 (Note 5, 6 and 7)	\$122,609 (Note 5, 6 and 7)	\$-	\$95,043	\$95,043	
Gemvision Technology (Zhejiang) Limited	Selling medical equipment and cosmetic products	\$99,222 (RMB 22,000) (Note 5)	(3) (Note 4)	\$-	\$-	\$-	\$-	\$8,893 (Note 5 and 6)	85%	\$7,559 (Note 5, 6 and 7)	\$115,542 (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.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

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

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 June 30, 2024: None.
- b. Sale and balance of related accounts receivable as of June 30, 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%

14. SEGMENT INFORMATION

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 six-month period ended June 30, 2024

Attachment 1
 (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 June 30, 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 June 30, 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	20,995,440	\$327,464	-%	\$328,711	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	47,605,278	801,390	-%	803,430	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	16,815,348	217,700	-%	218,346	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	67,976,958	1,074,196	-%	1,077,081	
	Add: Valuation Adjustment				6,818			
	Total				<u>\$2,427,568</u>		<u>\$2,427,568</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 six-month period ended June 30, 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:														
	Yuanta Wan-Tai Money Market Fund	Financial assets at fair value through profit or loss	-	-	6,400,626	<u>\$99,550</u>	14,594,814	<u>\$228,000</u>	-	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	20,995,440	<u>\$328,711</u>	Note
											<u>\$1,161</u>				
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss	-	-	6,475,107	<u>\$108,558</u>	41,130,171	<u>\$693,000</u>	-	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	47,605,278	<u>\$803,430</u>	Note
											<u>\$1,872</u>				
	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss	-	-	88,870,417	<u>\$1,146,384</u>	22,920,354	<u>\$296,700</u>	94,975,423	<u>\$1,230,371</u>	<u>\$1,224,000</u>	<u>\$6,371</u>	16,815,348	<u>\$218,346</u>	Note
											<u>\$(738)</u>				
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss	-	-	67,078,751	<u>\$1,055,719</u>	126,463,877	<u>\$1,996,000</u>	125,565,670	<u>\$1,981,000</u>	<u>\$1,976,361</u>	<u>\$4,639</u>	67,976,958	<u>\$1,077,081</u>	Note
											<u>\$1,723</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 June 30, 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 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 six-month periods ended June 30, 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	\$1,582,401	54.32%	90 days after monthly closing	Similar to those to third party customers.	T/T to 90 days after monthly closing	Accounts receivable \$496,047	50.50%	Note
Pegavision Corporation	BeautyTech Platform Corporation	Subsidiary	Sales	\$163,519	5.61%	Within 120 days after monthly closing	Similar to those to third party customers.	T/T to 90 days after monthly closing	Accounts receivable \$113,870	11.59%	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 June 30, 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	\$496,047 (Note)	5.86	\$-	-	\$259,662	\$-
Pegavision Corporation	BeautyTech Platform Corporation	Subsidiary	\$113,870 (Note)	2.86	\$-	-	\$22,775	\$-

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

Pegavision Corporation and Subsidiaries
Name, locations and related information (Excluding Investees in Mainland China)
As of June 30, 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 June 30, 2024			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of June 30, 2024	As of December 31, 2023	Shares	%	Carrying Value			
Pegavision Corporation	Pagavision Japan Inc.	Japan	Selling medical equipment	JPY 9,900	JPY 9,900	198 shares	100.00%	\$139,906	\$20,784	\$20,784	Note
Pegavision Corporation	Mayin Investment Co. , Ltd.	Taiwan	Investing activities	NTD 246,003	NTD 246,003	21,000,000 shares	100.00%	\$538,300	\$62,681	\$62,681	Note
Pegavision Corporation	PEGAVISION VIETNAM COMPANY LIMITED	Vietnam	Selling medical equipment and cosmetic products	NTD 407,991	NTD 170,830	-	100.00%	\$406,628	\$(1,024)	\$(1,024)	Note
Pegavision Corporation	Zhuhe Investment Co., Ltd.	Taiwan	Investing activities	NTD 20,000	NTD 20,000	2,000,000 shares	10.00%	\$19,845	\$5	\$4	
Mayin Investment Co. , Ltd.	BeautyTech Platform Corporation	Taiwan	Selling medical equipment and cosmetic products	NTD 107,500	NTD 107,500	8,500,000 shares	85.00%	\$339,435	\$74,933	\$63,693	Note
Mayin Investment Co. , Ltd.	FacialBeau International Corporation	Taiwan	Selling medical equipment and cosmetic products	NTD 27,500	NTD 27,500	2,750,000 shares	55.00%	\$24,997	\$(119)	\$(65)	Note
BeautyTech Platform Corporation	Beautytech Platform (Singapore) Pte. Ltd.	Singapore	Selling medical equipment and cosmetic products	USD 200	USD 200	200,000 shares	100.00%	\$6,426	\$37	\$37	Note
BeautyTech Platform Corporation	FORIMART Corporation	Taiwan	Selling medical equipment and cosmetic products	NTD 15,000	-	1,500,000 shares	100.00%	\$14,996	\$(4)	\$(4)	Note
FacialBeau International Corporation	Aquamax Vision Corporation	USA	Selling medical equipment and cosmetic products	USD 1,100	USD 1,100	11,000,000 shares	100.00%	\$7,078	\$22	\$22	Note
FacialBeau International Corporation	RODNA Co., Ltd.	Korea	Selling medical equipment and cosmetic products	KRW 100,000	KRW 100,000	-	100.00%	\$2,098	\$(110)	\$(110)	Note
FacialBeau International Corporation	IKIDO Inc.	Japan	Selling medical equipment and cosmetic products	JPY 9,900	JPY 9,900	198 shares	100.00%	\$1,892	\$(19)	\$(19)	Note

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

Pegavision Corporation and Subsidiaries

Marketable Securities Held as of June 30, 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 June 30, 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	-	\$5,094	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	1,653,209	26,000	-	26,195	
BeautyTech Platform Corporation	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	502,952	8,360	-	8,488	
	Yuanta Wan-Tai Money Market Fund	-	Financial assets at fair value through profit or loss	2,221,592	34,235	-	34,782	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	12,356,296	194,163	-	195,783	
FacialBeau International Corporation	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	736,700	11,600		11,664	
	Add: Valuation Adjustment				2,648			
	Total				<u>\$282,006</u>		<u>\$282,006</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 June 30, 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 six-month periods ended June 30, 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	\$1,582,401	100.00%	90 days after monthly closing	No suppliers to be compared with	No suppliers to be compared with	Accounts payable \$496,047	100.00%	Note
BeautyTech Platform Corporation	Pegavision Corporation	Subsidiary	Purchase	\$163,519	85.32%	Within 120 days after monthly closing	No suppliers to be compared with	No suppliers to be compared with	Accounts payable \$113,870	93.93%	Note

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

Pegavision Corporation and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions for the six-month periods ended June 30, 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>2024.01.01~2024.06.30</u>						
0	Pegavision Corporation	Pegavision Japan Inc.	1	Sales revenue	\$1,582,401	90 days after monthly closing	47.05%
0	Pegavision Corporation	Pegavision Japan Inc.	1	Accounts receivable	496,047	90 days after monthly closing	3.38%
0	Pegavision Corporation	Pegavision (Jiangsu) Limited	1	Sales revenue	9,127	Within 180 days after monthly closing	0.27%
0	Pegavision Corporation	Pegavision (Jiangsu) Limited	1	Accounts receivable	9,468	Within 180 days after monthly closing	0.06%
0	Pegavision Corporation	Pegavision (Jiangsu) Limited	1	Operating expense	7,515	Within 180 days after monthly closing	0.22%
0	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	1	Sales revenue	96,844	Within 180 days after monthly closing	2.88%
0	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	1	Accounts receivable	83,443	Within 180 days after monthly closing	0.57%
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Sales revenue	163,519	Within 120 days after monthly closing	4.86%
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Accounts receivable	113,870	Within 120 days after monthly closing	0.78%
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Operating expense	28,716	Within 120 days after monthly closing	0.85%
0	Pegavision Corporation	FacialBeau International Corporation	1	Sales revenue	11,493	Within 90 days after monthly closing	0.34%
0	Pegavision Corporation	FacialBeau International Corporation	1	Accounts receivable	5,923	Within 90 days after monthly closing	0.04%
1	Mayin Investment Co., Ltd.	BeautyTech Platform Corporation	3	Rent income	6,000	T/T in advance	0.18%
1	Mayin Investment Co., Ltd.	BeautyTech Platform Corporation	3	Dividends receivable	42,500	-	0.29%
2	FacialBeau International Corporation	BeautyTech Platform Corporation	3	Sales revenue	11,265	Within 30 days after monthly closing	0.33%
3	BeautyTech Platform Corporation	Gemvision Technology (Zhejiang) Limited	3	Sales revenue	7,552	Within 180 days after monthly closing	0.22%
4	BeautyTech Platform (Shanghai) Corporation	Gemvision Technology (Zhejiang) Limited	3	Service revenue	26,946	30 days after monthly closing	0.80%

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.