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**PEGAVISION CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
AS OF SEPTEMBER 30, 2024 AND 2023
AND FOR THE NINE-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 September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, the related consolidated statements of changes in equity and cash flows for the nine-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 and the review reports of the other independent auditors (please refer to the Other Matter paragraph of our report), 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 September 30, 2024 and 2023, and their consolidated financial performance for the three-month and nine-month periods then ended and cash flows for the nine-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.

Other matter — Making Reference to the Reviews of Other Independent Auditors

We did not review the financial statements as of September 30, 2023, of invested associates accounted for using the equity method by the Group, which were reviewed by other independent auditors. The financial statements of invested associates as of September 30, 2023 and for the three-month and nine-month periods then ended were reviewed by other independent auditors, whose report thereon has been furnished to us. Our review insofar as it related to the investment in the associate accounted for using the equity method amounted to NT\$19,986 thousand as of September 30, 2023, the related shares of profit or loss of associates and joint ventures accounted for using the equity method for the three-month and nine-month periods then ended both amounting to NT(\$14) thousand, and the related shares of other comprehensive income of associates and joint ventures associated for using the equity method for three-month and nine-month periods then ended both amounting to NT\$0.

/s/Chang, Chih-Ming

/s/Kuo, Shao-Pin

Ernst & Young
Taiwan, R.O.C.
October 28th, 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 September 30, 2024, December 31, 2023 and September 30, 2023
(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of September 30, 2024		As of December 31, 2023		As of September 30, 2023	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
11xx	Current assets							
1100	Cash and cash equivalents	6(1)	\$1,610,163	11	\$1,500,502	11	\$2,365,289	19
1110	Financial assets at fair value through profit or loss	6(2)	1,578,104	11	2,635,465	19	785,220	6
1136	Financial assets measured at amortized cost	6(3)	1,005,069	7	2,098,369	15	2,077,412	17
1170	Accounts receivable, net	6(4), 6(18), 7	787,648	5	831,045	6	903,223	7
1200	Other receivables	7	30,105	1	34,630	-	26,064	-
1220	Current tax assets		1,874	-	442	-	42,319	1
1310	Inventories, net	6(5)	781,185	5	583,479	4	611,788	5
1410	Prepayments		137,678	1	127,135	1	150,897	1
1470	Other current assets		76,912	-	63,553	1	82,960	1
	Total current assets		<u>6,008,738</u>	<u>41</u>	<u>7,874,620</u>	<u>57</u>	<u>7,045,172</u>	<u>57</u>
15xx	Non-current assets							
1550	Investment accounted for using equity method	6(6)	19,800	-	19,817	-	19,986	-
1600	Property, plant and equipment, net	6(7), 8, 9	7,829,377	54	4,724,153	34	4,788,354	39
1755	Right-of-use assets, net	6(19), 7	376,458	3	266,620	2	287,028	2
1780	Intangible assets, net	6(8)	19,738	-	19,540	-	16,026	-
1840	Deferred tax assets	4, 6(23)	78,693	1	38,390	-	32,222	-
1900	Other non-current assets	6(7), 6(9), 7, 8	175,053	1	915,712	7	248,200	2
	Total non-current assets		<u>8,499,119</u>	<u>59</u>	<u>5,984,232</u>	<u>43</u>	<u>5,391,816</u>	<u>43</u>
	Total Assets		<u>\$14,507,857</u>	<u>100</u>	<u>\$13,858,852</u>	<u>100</u>	<u>\$12,436,988</u>	<u>100</u>

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

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

Liabilities and Equity			As of September 30, 2024		As of December 31, 2023		As of September 30, 2023	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
21xx	Current liabilities							
2100	Short-term borrowings	6(10)	\$668,544	5	\$908,620	7	\$471,441	4
2130	Contract liabilities	6(17), 7	106,666	1	87,354	1	126,699	1
2150	Notes payable		3,788	-	589	-	766	-
2170	Accounts payable		196,285	1	232,727	2	226,206	2
2200	Other payables	6(11), 7	1,832,730	13	1,571,000	10	1,321,188	11
2230	Current tax liabilities	4, 6(23)	42,037	-	95,548	1	34,516	-
2280	Lease liabilities	6(19), 7	32,736	-	133,272	1	131,531	1
2300	Other current liabilities	6(12),6(13),8	305,070	2	277,722	2	240,194	2
	Total current liabilities		3,187,856	22	3,306,832	24	2,552,541	21
25xx	Non-current liabilities							
2540	Non-current portion of long-term borrowings	6(13), 8	515,006	4	365,092	3	244,504	2
2570	Deferred tax liabilities	4, 6(23)	75,764	-	65,368	-	61,395	-
2580	Lease liabilities	6(19), 7	77,070	1	140,048	1	162,046	1
2645	Guarantee deposits received		3,400	-	1,004	-	998	-
2670	Other non-current liabilities	6(12)	59	-	268	-	350	-
	Total non-current liabilities		671,299	5	571,780	4	469,293	3
	Total liabilities		3,859,155	27	3,878,612	28	3,021,834	24
31xx	Equity Attributable to Shareholders of the Parent							
3100	Capital	6(15)						
3110	Common stock		780,000	5	780,000	6	780,000	6
3200	Capital surplus	6(15)	4,269,544	29	4,269,521	30	4,269,521	34
3300	Retained earnings	6(15)						
3310	Legal reserve		685,917	5	520,327	4	520,327	4
3320	Special reserve		27,786	-	12,934	-	12,934	-
3350	Unappropriated retained earnings		4,814,526	33	4,352,686	31	3,779,052	31
3400	Other equity interest		(13,026)	-	(27,786)	-	(16,341)	-
36xx	Non-controlling interests	6(15)	83,955	1	72,558	1	69,661	1
	Total equity		10,648,702	73	9,980,240	72	9,415,154	76
	Total liabilities and equity		\$14,507,857	100	\$13,858,852	100	\$12,436,988	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 nine-month periods ended September 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 September 30,				For the nine-month period ended September 30,			
			2024		2023		2024		2023	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue	6(17), 7	\$1,659,030	100	\$1,677,146	100	\$5,022,500	100	\$4,752,101	100
5000	Operating costs	6(5), 7	(762,289)	(46)	(777,739)	(46)	(2,178,753)	(43)	(2,261,583)	(48)
5900	Gross profit		896,741	54	899,407	54	2,843,747	57	2,490,518	52
6000	Operating expenses	7								
6100	Selling expenses		(159,782)	(10)	(153,048)	(9)	(496,776)	(10)	(436,600)	(9)
6200	Administrative expenses		(105,655)	(6)	(124,737)	(8)	(311,447)	(7)	(306,954)	(6)
6300	Research and development expenses		(161,424)	(10)	(168,063)	(10)	(475,942)	(9)	(434,640)	(9)
6450	Expected credit gains (losses)	6(18)	(288)	-	(21,476)	(1)	41,568	1	(29,608)	(1)
	Operating expenses total		(427,149)	(26)	(467,324)	(28)	(1,242,597)	(25)	(1,207,802)	(25)
6900	Operating income		469,592	28	432,083	26	1,601,150	32	1,282,716	27
7000	Non-operating income and expenses	6(21)								
7100	Interest income		5,976	-	5,882	-	16,485	-	15,867	-
7010	Other income	7	11,585	1	3,850	-	28,135	1	12,535	-
7020	Other gains or losses		42,239	3	27,743	2	48,590	2	20,274	1
7050	Finance costs	7	(14,901)	(1)	(12,038)	(1)	(44,291)	(1)	(31,673)	(1)
7060	Share of profit or loss of associates and joint ventures accounted	4, 6(6)	(44)	-	(14)	-	(40)	-	(14)	-
	Total non-operating incomes and expenses		44,855	3	25,423	1	48,879	1	16,989	-
7900	Income from continuing operations before income tax		518,447	31	457,506	27	1,650,029	33	1,299,705	27
7950	Income tax	4, 6(23)	(74,417)	(4)	(74,643)	(4)	(209,999)	(4)	(199,344)	(4)
8200	Net income		444,030	27	382,863	23	1,440,030	29	1,100,361	23
8300	Other comprehensive income (loss)	6(22)								
8360	Items that may be reclassified subsequently to profit or loss									
8380	Exchange differences resulting from translating the financial statements of a foreign operation		9,998	-	10,513	1	15,967	-	(2,923)	-
8399	Income tax relating to components of other comprehensive income		(16)	-	-	-	(58)	-	-	-
	Total other comprehensive income, net of tax		9,982	-	10,513	1	15,909	-	(2,923)	-
8500	Total comprehensive income		\$454,012	27	\$393,376	24	\$1,455,939	29	\$1,097,438	23
8600	Net income (loss) attributable to:									
8610	Shareholders of the parent		\$437,770	27	\$377,976	23	\$1,422,282	29	\$1,082,268	23
8620	Non-controlling interests		6,260	-	4,887	-	17,748	-	18,093	-
			\$444,030	27	\$382,863	23	\$1,440,030	29	\$1,100,361	23
8700	Comprehensive income (loss) attributable to:									
8710	Shareholders of the parent		\$447,898	27	\$387,364	24	\$1,437,042	29	\$1,078,861	23
8720	Non-controlling interests		6,114	-	6,012	-	18,897	-	18,577	-
			\$454,012	27	\$393,376	24	\$1,455,939	29	\$1,097,438	23
9750	Earnings per share-basic (in NTD)	6(24)	\$5.61		\$5.24		\$18.23		\$15.31	
9850	Earnings per share-diluted (in NTD)	6(24)	\$5.58		\$5.21		\$18.11		\$15.20	

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

Pegavision Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the nine-month periods ended September 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 (loss) for the nine-month period ended Sep. 30, 2023					1,082,268		1,082,268	18,093	1,100,361
D3	Other comprehensive income (loss), net of tax, for the nine-month period ended Sep. 30, 2023						(3,407)	(3,407)	484	(2,923)
D5	Total comprehensive income (loss)	-	-	-	-	1,082,268	(3,407)	1,078,861	18,577	1,097,438
E1	Follow-on offering	80,000	2,459,180					2,539,180	304	2,539,484
O1	Non-controlling interests								(7,500)	(7,500)
Z1	Balance as of Sep. 30, 2023	<u>\$780,000</u>	<u>\$4,269,521</u>	<u>\$520,327</u>	<u>\$12,934</u>	<u>\$3,779,052</u>	<u>\$(16,341)</u>	<u>\$9,345,493</u>	<u>\$69,661</u>	<u>\$9,415,154</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 (loss) for the nine-month period ended Sep. 30, 2024					1,422,282		1,422,282	17,748	1,440,030
D3	Other comprehensive income (loss), net of tax, for the nine-month period ended Sep. 30, 2024						14,760	14,760	1,149	15,909
D5	Total comprehensive income (loss)	-	-	-	-	1,422,282	14,760	1,437,042	18,897	1,455,939
O1	Non-controlling interests								(7,500)	(7,500)
Z1	Balance as of Sep. 30, 2024	<u>\$780,000</u>	<u>\$4,269,544</u>	<u>\$685,917</u>	<u>\$27,786</u>	<u>\$4,814,526</u>	<u>\$(13,026)</u>	<u>\$10,564,747</u>	<u>\$83,955</u>	<u>\$10,648,702</u>

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

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

Code	Items	For the nine-month periods ended September 30,		Code	Items	For the nine-month periods ended September 30,	
		2024	2023			2024	2023
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	\$1,650,029	\$1,299,705	B00040	(Increase) decrease in financial assets measured at amortized cost	1,093,300	(2,077,412)
A20000	Adjustments:			B01800	Acquisition of investments accounted for using the equity method	-	(20,000)
A20010	Profit or loss not effecting cash flows:			B02700	Acquisition of property, plant and equipment	(3,002,775)	(471,535)
A20100	Depreciation (including right-of-use assets)	542,756	704,327	B02800	Proceeds from disposal of property, plant and equipment	30	23
A20200	Amortization	13,116	10,240	B03800	(Increase) decrease in refundable deposits	13,365	5,415
A20300	Expected credit losses (gain)	(41,568)	29,608	B04500	Acquisition of intangible assets	(13,314)	(4,043)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(24,372)	(11,057)	B05350	Acquisition of right-of use assets	(112,584)	(82,574)
A20900	Interest expense	44,291	31,673	BBBB	Net cash provided by (used in) investing activities	(2,021,978)	(2,650,126)
A21200	Interest income	(16,485)	(15,867)	CCCC	Cash flows from financing activities:		
A21900	share-based payment awards	-	59,484	C00100	Increase in (repayment of) short-term borrowings	(240,076)	186,974
A22300	Share of profit or loss of associates and joint ventures	40	14	C01600	Increase in long-term borrowings	193,700	-
A22500	Loss (gain) on disposal of property, plant and equipment	192	(23)	C01700	Repayment of long-term borrowings	(53,023)	(108,228)
A23700	Impairment loss on non-financial assets	19,242	11,893	C03000	Increase (decrease) in guarantee deposits received	2,396	24
A29900	Gain on lease modification	(1,636)	-	C04020	Payments of lease liabilities	(55,869)	(105,774)
A29900	Gain on government grants	(238)	13	C04500	Dividend distribution	(787,342)	(707,500)
A30000	Changes in operating assets and liabilities:			C04600	Proceeds from issuing shares	-	2,480,000
A31115	Financial assets at fair value through profit or loss	1,081,733	(107,675)	CCCC	Net cash provided by (used in) financing activities	(940,214)	1,745,496
A31150	Accounts receivable	84,959	(187,642)	DDDD	Effect of exchange rate changes	13,059	(4,935)
A31180	Other receivables	(366)	(15,647)	EEEE	Increase (decrease) in cash and cash equivalents	109,661	519,169
A31200	Inventories	(197,706)	(43,160)	E00100	Cash and cash equivalents at beginning of period	1,500,502	1,846,120
A31230	Prepayments	(10,543)	(74,013)	E00200	Cash and cash equivalents at end of period	\$1,610,163	\$2,365,289
A31240	Other current assets	(13,359)	(23,898)				
A32125	Contract liabilities	19,312	48,996				
A32130	Notes payable	3,199	(3,144)				
A32150	Accounts payable	(36,442)	35,563				
A32180	Other payables	224,642	14,684				
A32230	Other current liabilities	36,453	(21,101)				
A33000	Cash generated from operations	3,377,249	1,742,973				
A33100	Interest received	21,379	10,972				
A33300	Interest paid	(44,715)	(26,064)				
A33500	Income tax paid	(295,119)	(299,147)				
AAAA	Net cash provided by (used in) operating activities	3,058,794	1,428,734				

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

Pegavision Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

For the nine-month periods ended September 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 nine-month periods ended September 30, 2024 and 2023 were authorized for issue by the Board of Directors on October 28th, 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.

The abovementioned amendments are applicable for annual periods beginning on or after January 1, 2025 and have no material impact on the Group.

(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 nine-month periods ended September 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.

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.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

The consolidated entities are listed as follows:

Investor	Subsidiary	Main business	Percentage of Ownership (%)			Note
			30 Sep. 2024	31 Dec. 2023	30 Sep. 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
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%	-%	-%	Note1
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

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 Sep. 2024	31 Dec. 2023	30 Sep. 2023	
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
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

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 Sep. 2024	31 Dec. 2023	30 Sep. 2023	
FacialBeau International Corporation	RODNA Co., Ltd.	Selling medical equipment and cosmetic products	100.00%	100.00%	100.00%	None
FacialBeau International Corporation	Aquamax Vision Corporation	Selling medical equipment and cosmetic products	100.00%	100.00%	100.00%	None

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

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

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.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

The same significant accounting judgments, estimates and assumptions have been applied in the Company's consolidated financial statements for the nine-month period ended September 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.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of		
	30 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Cash and petty cash	\$5,013	\$5,212	\$5,239
Checkings and savings	451,951	479,509	479,927
Time deposit	1,153,199	1,015,781	1,880,123
Total	<u>\$1,610,163</u>	<u>\$1,500,502</u>	<u>\$2,365,289</u>

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

	As of		
	30 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Mandatorily measured at fair value through profit or loss:			
Money market fund	\$1,571,596	\$2,631,606	\$784,220
Valuation adjustment	6,508	3,859	1,000
Total	<u>\$1,578,104</u>	<u>\$2,635,465</u>	<u>\$785,220</u>
Current	\$1,578,104	\$2,635,465	\$785,220
Non-current	-	-	-
Total	<u>\$1,578,104</u>	<u>\$2,635,465</u>	<u>\$785,220</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 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Time deposit	\$1,005,069	\$2,098,369	\$2,077,412
Less: loss allowance	-	-	-
Total	<u>\$1,005,069</u>	<u>\$2,098,369</u>	<u>\$2,077,412</u>
Current	<u>\$1,005,069</u>	<u>\$2,098,369</u>	<u>\$2,077,412</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 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Accounts receivable, gross	\$794,426	\$879,385	\$940,977
Less: loss allowance	(6,778)	(48,340)	(37,754)
Total accounts receivable, net	<u>\$787,648</u>	<u>\$831,045</u>	<u>\$903,223</u>

B. Receivable were not pledged.

C. Accounts receivables are generally on T/T to 90 days terms. The total carrying amount is NT\$794,426 thousand, NT\$879,385 thousand and NT\$940,977 thousand as of September 30, 2024, December 31, 2023, and September 30, 2023, respectively. Please refer to Note 6 (18) for more details on loss allowance of accounts receivable for the nine-month periods ended September 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 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Merchandises	\$34,404	\$10,876	\$6,425
Raw materials	94,622	89,244	92,162
Supplies	7,372	7,558	8,546
Work in process	239,892	128,226	122,575
Finished goods	404,895	347,575	382,080
Total	<u>\$781,185</u>	<u>\$583,479</u>	<u>\$611,788</u>

B. For the three-month periods ended September 30, 2024 and 2023, the Group recognized NT\$762,289 thousand and NT\$777,739 thousand under the caption of costs of sale, respectively. For the nine-month periods ended September 30, 2024 and 2023, the Group recognized NT\$2,178,753 thousand and NT\$2,261,583 thousand under the caption of costs of sale, respectively. The following items were also included in cost:

Item	For the three-month period ended Sep 30,		For the nine-month period ended Sep 30,	
	2024	2023	2024	2023
Loss (Gain) from inventory market decline	\$(7,550)	\$(1,142)	\$(4,464)	\$(27,778)
Loss from inventory write-off obsolescence	13,007	7,414	14,499	24,571
Total	<u>\$5,457</u>	<u>\$6,272</u>	<u>\$10,035</u>	<u>\$(3,207)</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
	Sep. 30, 2024		Dec. 31, 2023		Sep. 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>\$19,800</u>	10%	<u>\$19,817</u>	11.76%	<u>\$19,986</u>	11.76%	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.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

As of September 30, 2024 and December 31, 2023, the aggregated carrying amount of the Group's investment in Zhuhe Investment Co., Ltd. amounted to NT\$19,800 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		For the nine-month period	
	September 30,		September 30,	
	2024	2023	2024	2023
Profit (loss) from continuing operations	\$(44)	\$(14)	\$(40)	\$(14)
Other comprehensive income (post-tax)	-	-	-	-
Total comprehensive loss	\$(44)	\$(14)	\$(40)	\$(14)

- B. As of September 30, 2023, the investments accounted for using the equity method amounted to NT\$19,986 thousand. The share of profit or loss of associates and joint ventures accounted for using the equity method amounted to NT\$(14) thousand, and the share of other comprehensive income of associates and joint ventures accounted for using the equity method amounted to nil for the three-month and nine-month periods ended September 30, 2023, and our review results are based solely on the reports of the other independent auditors.
- C. 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	-	-	-	-	-	-	1,505	3,040,370	3,041,875
Disposals	-	-	(4,850)	-	(459)	-	(6,214)	-	(11,523)
Transfer	1,912,674	1,142,404	32,128	-	5,994	-	347,336	(3,440,536)	-
Effect of EX rate	197	108	-	-	96	62	3,386	155	4,004
As of 9/30/2024	<u>\$3,435,748</u>	<u>\$1,312,677</u>	<u>\$4,948,528</u>	<u>\$1,973</u>	<u>\$92,287</u>	<u>\$2,594</u>	<u>\$1,424,383</u>	<u>\$1,665,185</u>	<u>\$12,883,375</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	-	-	-	-	-	252	3,052	374,137	377,441
Disposals	-	-	(2,991)	-	(339)	-	(8,617)	-	(11,947)
Transfer	-	-	36,563	-	1,661	-	67,550	(105,774)	-
Effect of EX rate	-	-	-	-	43	-	1,427	109	1,579
As of 9/30/2023	\$1,514,524	\$165,620	\$4,909,842	\$1,973	\$85,700	\$252	\$1,054,624	\$1,401,649	\$9,134,184

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	-	23,009	362,325	152	3,994	147	96,294	-	485,921
Impairment loss	-	19,242	-	-	-	-	-	-	19,242
Disposal	-	-	(4,850)	-	(459)	-	(5,992)	-	(11,301)
Transfer	-	-	-	-	-	-	-	-	-
Effect of EX rate	-	9	-	-	56	7	640	-	712
As of 9/30/2024	\$-	\$95,239	\$3,880,073	\$1,518	\$84,323	\$186	\$867,172	\$-	\$4,928,511

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	-	3,205	506,040	195	4,253	15	87,555	-	601,263
Impairment loss	-	-	-	-	-	-	11,893	-	11,893
Disposal	-	-	(2,991)	-	(339)	-	(8,617)	-	(11,947)
Transfer	-	-	(804)	-	-	-	804	-	-
Effect of EX rate	-	-	-	-	20	-	258	-	278
As of 9/30/2023	\$-	\$44,280	\$3,368,123	\$1,309	\$79,585	\$15	\$749,286	\$-	\$4,242,598
<u>Net carrying amount:</u>									
As of 9/30/2024	\$3,435,748	\$1,217,438	\$1,068,455	\$455	\$7,964	\$2,408	\$557,211	\$1,665,185	\$7,954,864
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 9/30/2023	\$1,514,524	\$121,340	\$1,541,719	\$664	\$6,115	\$237	\$305,338	\$1,401,649	\$4,891,586

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 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Property, plant, and equipment	\$7,829,377	\$4,724,153	\$4,788,354
Prepayment for equipment	125,487	690,929	103,232
Total	<u>\$7,954,864</u>	<u>\$5,415,082</u>	<u>\$4,891,586</u>

B. For the three-month periods ended September 30, 2024 and 2023, NT\$0 impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. For the nine-month periods ended September 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	13,314
Derecognized upon retirement	-
Effect of EX rate	-
As of September 30, 2024	<u>\$72,590</u>
As of January 1, 2023	\$48,385
Additions – acquired separately	4,043
Derecognized upon retirement	-
Effect of EX rate	-
As of September 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	13,116
Derecognized upon retirement	-
Effect of EX rate	-
As of September 30, 2024	<u>\$52,852</u>
As of January 1, 2023	\$26,162
Amortization	10,240
Derecognized upon retirement	-
Effect of EX rate	-
As of September 30, 2023	<u>\$36,402</u>
<u>Carrying amount, net:</u>	
As of September 30, 2024	<u>\$19,738</u>
As of December 31, 2023	<u>\$19,540</u>
As of September 30, 2023	<u>\$16,026</u>

Amounts of amortization recognized for intangible assets are as follows:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2024	2023	2024	2023
Manufacturing expense	\$(32)	\$73	\$94	\$258
Selling expense	-	130	-	390
Administrative expense	4,561	2,931	12,293	8,805
Research and development expense	440	244	729	787
Total	<u>\$4,969</u>	<u>\$3,378</u>	<u>\$13,116</u>	<u>\$10,240</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 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Refundable deposits	\$49,566	\$62,931	\$62,394
Prepayment for property and equipment	125,487	690,929	103,232
Prepayment for land use right	-	161,852	82,574
Total	\$175,053	\$915,712	\$248,200

(10) Short-term borrowings

A. Details of Short-term borrowings

	As of		
	30 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Unsecured bank loans	\$668,544	\$908,620	\$471,441
Interest Rate (%)	1.70%~5.83%	3.86%~6.25%	5.94%~6.10%

B. The Group's unused short-term lines of credits amounts to NT\$778,056 thousand, NT\$398,535 and NT\$885,004 thousand, As of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

(11) Other payable

	As of		
	30 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Accrued expenses	\$1,678,588	\$1,453,946	\$1,284,135
Accrued interest payable	3,651	5,821	3,634
Payable to equipment suppliers	150,333	111,233	33,419
Dividends payable	158	-	-
Total	\$1,832,730	\$1,571,000	\$1,321,188

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 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Other current liabilities	\$53,480	\$22,698	\$21,114
Refund liability	243,965	238,294	202,132
Deferred government grants income	297	326	326
Long-Term Borrowings-Current Portion	7,328	16,404	16,622
Total	<u>\$305,070</u>	<u>\$277,722</u>	<u>\$240,194</u>

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

	For the nine-month period ended	
	September, 30	
	2024	2023
Beginning balance	\$594	\$663
Received during the period	-	-
Released to the statement of comprehensive income	(238)	13
Ending Balance	<u>\$356</u>	<u>\$676</u>
Current	<u>\$297</u>	<u>\$326</u>
Non-current	<u>\$59</u>	<u>\$350</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 Sep. 2024	31 Dec. 2023	30 Sep. 2023	
Chang Hwa Commercial Bank – Beitou Branch	Credit loan	2020.03.25-2025.03.15	\$1,247	\$3,118	\$3,735	Notes 1
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2020.11.10-2030.10.15	7,563	8,471	8,773	Notes 2
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2021.04.08-2030.10.15	29,946	33,577	34,788	Notes 2
Mega International Commercial Bank – Lan-Ya Branch	Secured loan	2021.10.08-2026.09.15	-	4,430	4,830	Notes 3
Chang Hwa Commercial Bank – Beitou Branch	Secured loan	2022.06.22-2031.06.21	167,000	209,000	209,000	Notes 4
Mega International Commercial Bank – Lan-Ya Branch	Credit loan	2023.12.15-2030.12.15	126,618	122,900	-	Note 5
Mega International Commercial Bank – Lan-Ya Branch	Credit loan	2024.03.12-2031.03.12	94,980	-	-	Note 5
Mega International Commercial Bank – Lan-Ya Branch	Credit loan	2024.09.16-2031.09.16	94,980	-	-	Note 5
Total			522,334	381,496	261,126	
Less: current portion			(7,328)	(16,404)	(16,622)	
Non-current portion			\$515,006	\$365,092	\$244,504	

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

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.

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.

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

	As of		
	30 Sep. 2024	31 Dec. 2023	30 Sep. 2023
The interest rate intervals (%)	1.15%~5.90%	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 September 30, 2024 and 2023 were NT\$13,953 thousand and NT\$13,033 thousand, respectively. Expenses under the defined contribution plan for the nine-month periods ended September 30, 2024 and 2023 were NT\$41,679 thousand and NT\$38,542 thousand, respectively.

Pension for the three-month periods ended September 30, 2024 and 2023 were NT\$13 thousand and NT\$5 thousand, respectively. Pension for the nine-month periods ended September 30, 2024 and 2023 were NT\$36 thousand and NT\$5 thousand, respectively.

(15) Equity

A. Common stock

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Company's authorized capital were NT\$1,000,000 thousand, and paid-in capital were NT\$780,000 thousand. Each share at par value of NT\$10, divided into NT\$78,000 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 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Additional paid-in capital	\$4,204,928	\$4,204,928	\$4,204,928
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	59,359
Expired employee stock warrants	625	625	625
Total	<u>\$4,269,544</u>	<u>\$4,269,521</u>	<u>\$4,269,521</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.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

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

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

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

- 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(20) for details on employees' compensation and remuneration to directors and supervisors.

D. Non-controlling interests

	For the nine-month period ended September 30,	
	2024	2023
Beginning balance	\$72,558	\$58,280
Dividend distribution of the subsidiary	(7,500)	(7,500)
Comprehensive income attributable to NCIs	18,897	18,577
share-based payment transaction	-	304
Ending balance	\$83,955	\$69,661

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

(16) share-based payment plans

Certain employees of the Company are entitled to share-based payments as part of their remuneration. Services are provided by the employees with the equity instruments granted as consideration. These plans are accounted for as equity-settled share-based payment transactions.

A. On April 28, 2023, the Company's board of directors resolved to increase cash capital. And the effective date was September 7, 2023. Except for part of new shares for employees to subscribe it.

a. Detailed information related to the share-based payment plans as of September 30, 2023, is as follows:

	<u>For the nine-month period ended September 30, 2023</u>	
	<u>Options (Unit)</u>	<u>Weighted-average Exercise Price per Share (NT\$)</u>
Outstanding at beginning of period	-	\$-
Granted	1,200	310
Exercised	(1,187)	310
Expired	(13)	-
Outstanding at end of period	<u>-</u>	
Weighted-average fair value of options granted during the period	<u>\$49.57</u>	

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

b. The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model was used to estimate the fair value of options granted. Assumptions used in calculating the fair value are disclosed as follows:

	July 10, 2023
Stock price on the grant date (dollar/shares)	\$353.97
Exercise price (dollar/shares)	\$310
Expected volatility(%)	40.40%
Expected life(Years)	0.142 years
Dividend yield (%)	0%
Risk free interest rate	0.7872%

The stock market price on the grant date is evaluated by the income method and the market method.

The expected volatility is estimated based on the annualised standard deviation of the rate of return on the transactions of the previous year.

B. The compensation cost recognized for the cash increase reserved for employees to subscribe is NT\$59,484 thousand for the nine-month period ended September 30, 2023.

(17) Operating revenue

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2024	2023	2024	2023
Revenue from customer contracts				
Sales of goods	\$1,659,030	\$1,677,146	\$5,022,500	\$4,752,101

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

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

A. Disaggregation of revenue

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2024	2023	2024	2023
	Single department	Single department	Single department	Single department
Sales of goods	\$1,659,030	\$1,677,146	\$5,022,500	\$4,752,101
The timing for revenue recognition:				
At a point in time	\$1,659,030	\$1,677,146	\$5,022,500	\$4,752,101

B. Contract balances

a. Contract liabilities – current

	As of			
	30 Sep. 2024	31 Dec. 2023	30 Sep. 2023	1 Jan. 2023
Sales of goods	\$105,090	\$85,544	\$124,780	\$74,709
Customer loyalty programmes	1,576	1,810	1,919	2,994
Total	\$106,666	\$87,354	\$126,699	\$77,703

The changes in the Group's balances of contract liabilities for the nine-month periods ended September 30, 2024 are as follows:

	Sales of goods	Customer loyalty programs
The opening balance transferred to revenue	\$(78,034)	\$(1,810)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	97,580	1,576

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

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

	Sales of goods	Customer loyalty programs
The opening balance transferred to revenue	\$(72,223)	\$(2,994)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	122,294	1,919

(18) Expected credit gains (losses)

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2024	2023	2024	2023
Operating expenses – Expected credit gains (losses)				
Accounts receivable	\$(288)	\$(21,476)	\$41,568	\$(29,608)

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:

September 30, 2024

	Not past due	Past due				Total
		≤60 days	61-90 days	91-240 days	≥241 days	
Gross carrying amount	\$773,422	\$21,004	\$-	\$-	\$-	\$794,426
Loss rate	0.85%	1.00%	-%	-%	-%	
Lifetime expected credit losses	(6,568)	(210)	-	-	-	(6,778)
Carrying amount of accounts receivable	\$766,854	\$20,794	\$-	\$-	\$-	\$787,648

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

December 31, 2023

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

September 30, 2023

	Not past due	Past due				Total
		<=60 days	61-90 days	91-240 days	>=241 days	
Gross carrying amount	\$897,977	\$4,066	-	\$-	\$38,934	\$940,977
Loss rate	0.89%	1%	-%	-%	76.36%	
Lifetime expected credit losses	(7,983)	(41)	-	-	(29,730)	(37,754)
Carrying amount of accounts receivable	\$889,994	\$4,025	\$-	\$-	\$9,204	\$903,223

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

	Accounts receivable
As of January 1, 2024	\$48,340
Addition (reversal)	(41,568)
Effect of EX rate	6
As of September 30, 2024	\$6,778
As of January 1, 2023	\$8,140
Addition (reversal)	29,608
Effect of EX rate	6
As of September 30, 2023	\$37,754

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

(19) 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

I. Right-of-use assets

	Land	Buildings	Total
<u>Cost:</u>			
As of 1/1/2024	\$-	\$512,585	\$512,585
Addition	274,435	33,786	308,221
Disposal	-	(364,402)	(364,402)
Effect of EX rate	-	2,225	2,225
As of 9/30/2024	<u>\$274,435</u>	<u>\$184,194</u>	<u>\$458,629</u>
As of 1/1/2023	\$-	\$492,223	\$492,223
Addition	-	33,010	33,010
Disposal	-	(18,796)	(18,796)
Effect of EX rate	-	685	685
As of 9/30/2023	<u>\$-</u>	<u>\$507,122</u>	<u>\$507,122</u>
<u>Depreciation and impairment:</u>			
As of 1/1/2024	\$-	\$245,965	\$245,965
Depreciation	2,914	53,921	56,835
Impairment loss	-	-	-
Disposal	-	(221,597)	(221,597)
Effect of EX rate	11	957	968
As of 9/30/2024	<u>\$2,925</u>	<u>\$79,246</u>	<u>\$82,171</u>

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Notes to Consolidated Financial Statements (Continued)

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

	Land	Buildings	Total
As of 1/1/2023	\$-	\$135,280	\$135,280
Depreciation	-	103,064	103,064
Impairment loss	-	-	-
Disposal	-	(18,638)	(18,638)
Effect of EX rate	-	388	388
As of 9/30/2023	\$-	\$220,094	\$220,094
<u>Net carrying amount:</u>			
As of 9/30/2024	\$271,510	\$104,948	\$376,458
As of 12/31/2023	\$-	\$266,620	\$266,620
As of 9/30/2023	\$-	\$287,028	\$287,028

II. Lease liabilities

	As of		
	30 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Lease liabilities	\$109,806	\$273,320	\$293,577
Current	\$32,736	\$133,272	\$131,531
Non-current	\$77,070	\$140,048	\$162,046

Please refer to Note 6(21) (d) for the interest on lease liabilities recognized for the three-month and nine-month periods ended September 30, 2024 and 2023, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of September 30, 2024, December 31, 2023 and September 30, 2023.

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Notes to Consolidated Financial Statements (Continued)

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

b. Income and costs relating to leasing activities

	For the three-month		For the nine-month	
	period ended		period ended	
	September 30,		September 30,	
	2024	2023	2024	2023
The expense relating to short-term leases	\$(3,500)	\$(5,096)	\$(12,054)	\$(14,499)
The expense relating to leases of low-value assets	(467)	(173)	(1,877)	(759)
Income from subleasing right-of-use assets	-	234	241	630

As of September 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 September 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 nine-month periods ended September 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.

c. Cash outflow relating to leasing activities

	For the nine-month period ended	
	September 30,	
	2024	2023
Cash outflow for leases	\$69,800	\$121,068

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Notes to Consolidated Financial Statements (Continued)

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

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

Function \ Nature	For the three-month period ended September 30,					
	2024			2023		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Employee benefit expense						
Salaries	\$251,142	\$202,525	\$453,667	\$242,539	\$243,900	\$486,439
Labor and health insurance	22,262	10,540	32,802	21,325	9,762	31,087
Pension	7,330	6,636	13,966	6,821	6,217	13,038
Other employee benefit expense	14,772	10,063	24,835	11,718	9,464	21,182
Depreciation	145,405	22,082	167,487	207,859	21,340	229,199
Amortization	(32)	5,001	4,969	73	3,305	3,378

Function \ Nature	For the nine-month period ended September 30,					
	2024			2023		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Employee benefit expense						
Salaries	\$766,430	\$620,971	\$1,387,401	\$704,390	\$604,812	\$1,309,202
Labor and health insurance	66,270	30,404	96,674	63,122	28,427	91,549
Pension	21,820	19,895	41,715	20,395	18,152	38,547
Other employee benefit expense	40,316	30,796	71,112	33,631	26,919	60,550
Depreciation	477,567	65,189	542,756	641,720	62,607	704,327
Amortization	94	13,022	13,116	258	9,982	10,240

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

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

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

Based on profit, the Company estimated the amounts of the employees' compensation and remuneration to directors for the three-month periods ended September 30, 2024 and 2023 amounted to NT\$65,210 thousand, NT\$5,671 thousand, and NT\$56,941 thousand, NT\$4,952 thousand respectively; the employees' compensation and remuneration to directors for the nine-month periods ended September 30, 2024 and 2023 amounted to NT\$206,962 thousand, NT\$17,997 thousand, and NT\$160,620 thousand, NT\$13,962 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.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

(21) Non-operating incomes and expenses

A. Interest income

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2024	2023	2024	2023
	Interest income			
Deposit interest	\$4,119	\$3,158	\$9,431	\$9,530
Financial assets measured at amortized cost	1,857	2,724	7,054	6,337
Total	<u>\$5,976</u>	<u>\$5,882</u>	<u>\$16,485</u>	<u>\$15,867</u>

B. Other incomes

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2024	2023	2024	2023
	Rental income	\$10,461	\$351	\$20,404
Government grants income	78	76	238	(13)
Other income - others	1,046	3,423	7,493	11,565
Total	<u>\$11,585</u>	<u>\$3,850</u>	<u>\$28,135</u>	<u>\$12,535</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 September 30,		For the nine-month period ended September 30,	
	2024	2023	2024	2023
	Gain (loss) from disposal of property, plant and equipment	\$-	\$-	\$(192)
Foreign exchange gain (loss), net	38,689	23,977	42,265	21,185
Gains (losses) on financial assets at fair value through profit or loss	7,592	3,791	24,372	11,057
Gains on lease modification	-	-	1,636	-
Impairment loss on non-financial assets	-	-	(19,242)	(11,893)
Other losses	(42)	(25)	(249)	(98)
Total	<u>\$46,239</u>	<u>\$27,743</u>	<u>\$48,590</u>	<u>\$20,274</u>

D. Finance costs

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2024	2023	2024	2023
	Interests on borrowings from bank	\$14,505	\$11,145	\$42,706
Interests on lease liabilities	396	893	1,585	2,770
Total	<u>\$14,901</u>	<u>\$12,038</u>	<u>\$44,291</u>	<u>\$31,673</u>

E. Share of profit or loss of associates and joint ventures accounted

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2024	2023	2024	2023
	Share of profit or loss of associates and joint ventures accounted	<u>\$(44)</u>	<u>\$(14)</u>	<u>\$(40)</u>

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

(22) Components of other comprehensive income (loss)

For the three-month period ended September 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	\$9,998	\$-	\$9,998	\$(16)	\$9,982

For the three-month period ended September 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	\$10,513	\$-	\$10,513	\$-	\$10,513

For the nine-month period ended September 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	\$15,967	\$-	\$15,967	\$(58)	\$15,909

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

For the nine-month period ended September 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	\$(2,923)	\$-	\$(2,923)	\$-	\$(2,923)

(23) 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 September 30,		For the nine-month period ended September 30,	
	2024	2023	2024	2023
Current income tax expense (income):				
Current income tax expense	\$75,596	\$71,572	\$241,001	\$192,847
Adjustments in respect of current income tax of prior periods	(627)	(19)	(1,068)	(3,215)
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	(552)	3,090	(29,934)	9,712
Total income tax expense (income)	<u>\$74,417</u>	<u>\$74,643</u>	<u>\$209,999</u>	<u>\$199,344</u>

Pegavision Corporation and Subsidiaries

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.

(24) 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

	For the three-month period ended		For the nine-month period ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Net income available to common shareholders of the parent	<u>\$437,770</u>	<u>\$377,976</u>	<u>\$1,422,282</u>	<u>\$1,082,268</u>
Weighted average number of common stocks outstanding (in thousand shares)	<u>78,000</u>	<u>72,087</u>	<u>78,000</u>	<u>70,703</u>
Basic earnings per share (in NT\$)	<u>\$5.61</u>	<u>\$5.24</u>	<u>\$18.23</u>	<u>\$15.31</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 September 30,		For the nine-month period ended September 30,	
	2024	2023	2024	2023
Net income available to common shareholders of the parent	\$437,770	\$377,976	\$1,422,282	\$1,082,268
Net income available to common shareholders of the parent after dilution	\$437,770	\$377,976	\$1,422,282	\$1,082,268
Weighted average number of common stocks outstanding (in thousand shares)	78,000	72,087	78,000	70,703
Effect of dilution:				
Employee bonus (compensation) - stock (in thousand shares)	461	413	529	492
Weighted average number of common stocks outstanding after dilution (in thousand shares)	78,461	72,500	78,529	71,195
Diluted earnings per share (in NT\$)	\$5.58	\$5.21	\$18.11	\$15.20

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

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

7. RELATED PARTY TRANSACTIONS

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

Related parties and Relationship

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

(2) Significant transactions with related parties

A. Sales

Related parties	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2024	2023	2024	2023
Kinsus Interconnect Technology Corp.	\$53	\$226	\$119	\$342
Pegatron Corporation	2	-	37	13
Kinsus Interconnect Technology Suzhou Corp.	387	-	387	-
Total	\$442	\$226	\$543	\$355

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.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

B. Lease-related parties

a. Right-of-use assets

Related parties	Nature	As of		
		30 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Pegatron Japan Inc.	Buildings	\$-	\$-	\$1,226
Pegatron Corporation	Buildings	-	165,302	190,098
Total		\$-	\$165,302	\$191,324

b. Lease liabilities

Related parties	As of		
	30 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Pegatron Japan Inc.	\$-	\$-	\$1,229
Pegatron Corporation	-	166,949	191,706
Total	\$-	\$166,949	\$192,935

c. Interest expenses

Related parties	For the three-month period ended		For the nine-month period ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Pegatron Japan Inc.	\$-	\$4	\$-	\$6
Pegatron Corporation	20	597	469	2,013
Total	\$20	\$601	\$469	\$2,019

d. Lease payment (Rental expense)

Related parties	Nature	For the three-month period ended		For the nine-month period ended	
		September 30,		September 30,	
		2024	2023	2024	2023
Pegatron Corporation	Buildings	\$-	\$34	\$34	\$161

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

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 September 30,		For the nine-month period ended September 30,	
				2024	2023	2024	2023
Pegatron Corporation	2024.04.01~ 2026.03.31	Buildings	Redeemed on the 10th of each month	\$8,480	\$-	\$16,956	\$-

C. Operating expense

Related parties	Nature	For the three-month period ended September 30,		For the nine-month period ended September 30,	
		2024	2023	2024	2023
Pegatron Corporation	Pay utilities	\$-	\$28,670	\$45,497	\$84,149
Pegatron Japan Inc.	Provide services and pay utilities and postage	\$19	\$24	\$57	\$75
Pegatron Czech S.R.O.	Provide services	\$42	\$41	\$137	\$122

D. Accounts receivable

Related parties	As of		
	30 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Kinsus Interconnect Technology Corp.	\$-	\$145	\$27

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

E. Other receivables

Related parties	As of		
	30 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Pegatron Corporation	\$6,975	\$-	\$-

F. Refundable deposits

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

G. Contract liabilities

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

H. Other payables

Related parties	As of		
	30 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Pegatron Corporation	\$125	\$27,658	\$24,967
Pegatron Czech S.R.O	14	-	-
Total	\$139	\$27,658	\$24,967

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.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

J. Salaries and rewards to key management of the group.

	For the three-month period ended September, 30		For the nine-month period ended September, 30	
	2024	2023	2024	2023
	Short-term employee benefits and post-employment benefits	\$13,965	\$11,910	\$39,067

8. ASSETS PLEDGED AS COLLATERAL

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

Item	Carrying Amount As of			Secured liabilities
	30 Sep.2024	31 Dec.2023	30 Sep.2023	
Property, plant and equipment - Land (carrying amount)	\$196,960	\$196,960	\$196,960	Secured borrowings
Property, plant and equipment - Buildings (carrying amount)	91,849	112,677	121,340	Secured borrowings
Refundable deposits	2,000	2,000	2,000	Security deposit to custom authority
Total	\$290,809	\$311,637	\$320,300	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

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

Nature of Contract	Contract Amount	Amount Paid	Amount unpaid
Buildings	\$2,045,776	\$1,322,498	\$723,728
Machinery and equipment	79,117	34,067	45,050
Total	\$2,124,893	\$1,356,565	\$768,328

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

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

10. LOSSES DUE TO MAJOR DISASTERS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of		
	30 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	\$1,578,104	\$2,635,465	\$785,220
Financial assets measured at amortized cost			
Cash and cash equivalents (exclude cash on hand)	1,605,150	1,495,290	2,360,050
Financial assets measured at amortized cost	1,005,069	2,098,369	2,077,412
Accounts receivables	787,648	831,045	903,223
Other receivables	30,105	34,630	26,064
Refundable deposits	49,566	62,931	62,394
Subtotal	<u>3,477,538</u>	<u>4,522,265</u>	<u>5,429,143</u>
Total	<u>\$5,055,642</u>	<u>\$7,157,730</u>	<u>\$6,214,363</u>

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

Financial liabilities

	As of		
	30 Sep. 2024	31 Dec. 2023	30 Sep. 2023
Financial liabilities at amortized cost:			
Short-term borrowings	\$668,544	\$908,620	\$471,441
Payables	2,032,803	1,804,316	1,548,160
Long-term borrowings (including current portion with maturity less than 1 year)	522,334	381,496	261,126
Lease liabilities	109,806	273,320	293,577
Total	<u>\$3,333,487</u>	<u>\$3,367,752</u>	<u>\$2,574,304</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 nine-month periods ended September 30, 2024 and 2023 would increase/decrease by NT\$1,740 thousand and decrease/increase NT\$ 4,909 thousand, respectively.

When NTD appreciates/depreciates against CNY by 1%, net income (loss) for the nine-month periods ended September 30, 2024 and 2023 would decrease/increase by NT\$1,483 thousand and NT\$ 1,478 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 nine-month periods ended September 30, 2024 and 2023 would increase / decrease by NT\$444 thousand and NT\$923 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 September 30, 2024, December 31, 2023 and September 30, 2023, receivables from the top ten customers were accounted for 79.86%, 79.56% and 73.18% 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).

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

(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.

Non-derivative financial instruments

	<u>Less than 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>>5 years</u>	<u>Total</u>
<u>As of September 30, 2024</u>							
Borrowings	\$703,848	\$28,429	\$80,989	\$102,192	\$101,915	\$295,053	\$1,312,426
Payables	2,032,803	-	-	-	-	-	2,032,803
Lease liabilities	34,074	27,164	19,804	13,805	9,729	8,695	113,271
<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 September 30, 2023</u>							
Borrowings	\$491,972	\$13,263	\$20,121	\$23,034	\$22,620	\$206,176	\$777,186
Payables	1,548,160	-	-	-	-	-	1,548,160
Lease liabilities	134,250	114,418	15,697	11,015	8,014	15,539	298,933

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the nine-month periods ended September 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	(240,076)	140,677	2,396	(55,869)	(152,872)
Non-cash changes					
Lease range changes	-	-	-	(110,656)	(110,656)
Interests expense	-	161	-	1,585	1,746
Currency rate change	-	-	-	1,426	1,426
As of September 30, 2024	\$668,544	\$522,334	\$3,400	\$109,806	\$1,304,084

Movement schedule of liabilities for the nine-month periods ended September 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	186,974	(108,228)	24	(105,774)	(27,004)
Non-cash changes					
Lease range changes	-	-	-	32,852	32,852
Interests expense	-	18	-	2,770	2,788
Currency rate change	-	-	-	369	369
As of September 30, 2023	\$471,441	\$261,126	\$998	\$293,577	\$1,027,142

(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.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

(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

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 September 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	\$1,578,104	\$-	\$-	\$1,578,104
<u>Financial liabilities:</u>				
None				

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

As of 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

Financial liabilities:

None

As of September 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	\$785,220	\$-	\$-	\$785,220

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 Sep. 2024			31 Dec. 2023		
	Foreign Currencies	Exchange Rate	NTD	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$23,752	31.5801	\$750,103	\$32,068	30.5667	\$980,221
CNY	\$58,907	4.5180	\$266,149	\$49,276	4.3388	\$213,797

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

	As of					
	30 Sep. 2024			31 Dec. 2023		
	Foreign Currencies	Exchange Rate	NTD	Foreign Currencies	Exchange Rate	NTD
<u>Financial liabilities</u>						
Monetary items:						
USD	\$29,187	31.6600	\$924,075	\$31,679	30.7250	\$973,333
CNY	\$26,083	4.5180	\$117,844	\$28,495	4.3380	\$123,611
<u>Foreign currency resulting in exchange gain or loss</u>						
USD			\$14,329			\$5,990
CNY			\$10,252			\$(397)
Other			\$17,684			\$(39)
<u>As of</u>						
<u>30 Sep. 2023</u>						
	Foreign Currencies	Exchange Rate	NTD			
<u>Financial assets</u>						
Monetary items:						
USD	\$29,805	32.4106	\$965,992			
CNY	\$41,549	4.4953	\$186,775			
<u>Financial liabilities</u>						
Monetary items:						
USD	\$14,720	32.2750	\$475,093			
CNY	\$8,678	4.4953	\$39,010			
<u>Foreign currency resulting in exchange gain or loss</u>						
USD			\$15,728			
CNY			\$(2,163)			
Other			\$7,620			

(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.

C.Marketable securities held as of September 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 nine-month period ended September 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 nine-month period ended September 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 nine-month period ended September 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 nine-month period ended September 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 September 30, 2024: Please refer to attachment 6.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

I. Derivative instrument transactions: None.

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

(2) Information on investees

A. Name, locations and related information of investees as of September 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.

b. Endorsement/Guarantee provided to others: None.

c. Marketable securities held as of September 30, 2024 (excluding investments in subsidiaries, associates, and joint ventures): Please refer to attachment 9

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 nine-month period ended September 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 nine-month period ended September 30, 2024: Please refer to attachment 8.

f. Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the nine-month period ended September 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 nine-month period ended September 30, 2024: Please refer to attachment 10.

Pegavision Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

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

h. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of September 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 September 30, 2024	Profit/Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of September 30, 2024	Accumulated Inward Remittance of Earnings as of September 30, 2024	Accumulated Outflow of Investment from Taiwan to Mainland China as of September 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	\$150,150 (USD 5,000)	(1)	\$101,205	\$48,945	\$-	\$150,150	\$(21,122) (Note 6 and 7)	100%	\$(21,122) (Note 6, 7 and 8)	\$113,967 (Note 6, 7 and 8)	\$-	\$150,150	\$150,150	\$6,389,221

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	\$7,203 (Note 6 and 7)	85%	\$6,122 (Note 6, 7 and 8)	\$32,110 (Note 6, 7 and 8)	\$-	\$14,885	\$14,885	
Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	\$112,559 (USD 3,600)	(3) (Note 3)	\$112,559	\$-	\$-	\$112,559	\$10,612 (Note 6 and 7)	85%	\$9,020 (Note 6, 7 and 8)	\$123,126 (Note 6, 7 and 8)	\$-	\$95,043	\$95,043	\$260,515
Gemvision Technology (Zhejiang) Limited	Selling medical equipment and cosmetic products	\$99,222 (RMB 22,000) (Note 6)	(3) (Note 4)	\$-	\$-	\$-	\$-	\$10,617 (Note 6 and 7)	85%	\$9,024 (Note 6, 7 and 8)	\$116,124 (Note 6, 7 and 8)	\$-	\$-	\$-	

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: 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 September 30, 2024.

Note 6: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 7: Gain/loss on investment is recognized based on the reviewed financial statements of the parent company's Auditors in Taiwan.

Note 8: 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 September 30, 2024: None.
- b. Sale and balance of related accounts receivable as of September 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 nine-month period ended September 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 September 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 September 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	366,690	\$5,753	-%	\$5,762	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	33,166,568	559,244	-%	561,845	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	1,366,785	17,700	-%	17,813	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	46,567,444	739,696	-%	740,692	
	Add: Valuation Adjustment				3,719			
	Total				<u>\$1,326,112</u>		<u>\$1,326,112</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 nine-month period ended September 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>	37,958,477	<u>\$594,000</u>	43,992,413	<u>690,000</u>	<u>\$687,711</u>	<u>\$2,289</u>	366,690	<u>\$5,762</u>	Note
											<u>\$(77)</u>				
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss	-	-	6,475,107	<u>\$108,558</u>	45,625,414	<u>\$769,000</u>	18,933,953	<u>\$320,000</u>	<u>\$318,146</u>	<u>\$1,854</u>	33,166,568	<u>\$561,845</u>	Note
											<u>\$2,433</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>	110,423,986	<u>\$1,431,032</u>	<u>\$1,424,000</u>	<u>\$7,032</u>	1,366,785	<u>\$17,813</u>	Note	
											<u>\$(1,271)</u>				
FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss	-	-	67,078,751	<u>\$1,055,719</u>	184,127,444	<u>\$2,911,600</u>	204,638,751	<u>\$3,236,000</u>	<u>\$3,226,461</u>	<u>\$9,539</u>	46,567,444	<u>\$740,692</u>	Note	
											<u>\$(166)</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 September 30, 2024

Attachment 4

(In Thousands of New Taiwan Dollars)

Acquiring Company	Name of Property	Transaction Date (Note)	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 nine-month periods ended September 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	\$2,404,917	55.01%	90 days after monthly closing	Similar to those to third party customers.	T/T to 90 days after monthly closing	Accounts receivable \$585,088	54.41%	Note
Pegavision Corporation	BeautyTech Platform Corporation	Subsidiary	Sales	\$244,512	5.59%	Within 120 days after monthly closing	Similar to those to third party customers.	T/T to 90 days after monthly closing	Accounts receivable \$104,253	9.69%	Note
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Subsidiary	Sales	\$146,723	3.36%	Within 180 days after monthly closing	Similar to those to third party customers.	T/T to 90 days after monthly closing	Accounts receivable \$105,125	9.78%	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 September 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	\$585,088 (Note)	5.48	\$-	-	\$159,916	\$-
Pegavision Corporation	BeautyTech Platform Corporation	Subsidiary	\$104,253 (Note)	2.98	\$-	-	\$19,188	\$-
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Subsidiary	\$105,125 (Note)	2.38	\$48,888	Subsequent recovery	\$48,888	\$-

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 September 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	<u>JPY 9,900</u>	<u>JPY 9,900</u>	198 shares	100.00%	<u>\$170,787</u>	<u>\$36,681</u>	<u>\$36,681</u>	Note
Pegavision Corporation	Mayin Investment Co., Ltd.	Taiwan	Investing activities	<u>NTD 246,003</u>	<u>NTD 246,003</u>	21,000,000 shares	100.00%	<u>\$568,573</u>	<u>\$93,915</u>	<u>\$93,915</u>	Note
Pegavision Corporation	PEGAVISION VIETNAM COMPANY LIMITED	Vietnam	Selling medical equipment and cosmetic products	<u>NTD 631,333</u>	<u>NTD 170,830</u>	-	100.00%	<u>\$634,364</u>	<u>\$6,171</u>	<u>\$6,171</u>	Note
Pegavision Corporation	Zhuhe Investment Co., Ltd.	Taiwan	Investing activities	<u>NTD 20,000</u>	<u>NTD 20,000</u>	2,000,000 shares	10.00%	<u>\$19,800</u>	<u>\$(40)</u>	<u>\$(40)</u>	
Mayin Investment Co., Ltd.	BeautyTech Platform Corporation	Taiwan	Selling medical equipment and cosmetic products	<u>NTD 107,500</u>	<u>NTD 107,500</u>	8,500,000 shares	85.00%	<u>\$369,063</u>	<u>\$110,961</u>	<u>\$94,317</u>	Note
Mayin Investment Co., Ltd.	FacialBeau International Corporation	Taiwan	Selling medical equipment and cosmetic products	<u>NTD 27,500</u>	<u>NTD 27,500</u>	2,750,000 shares	55.00%	<u>\$24,633</u>	<u>\$(844)</u>	<u>\$(464)</u>	Note
BeautyTech Platform Corporation	Beautytech Platform (Singapore) Pte. Ltd.	Singapore	Selling medical equipment and cosmetic products	<u>USD 200</u>	<u>USD 200</u>	200,000 shares	100.00%	<u>\$5,921</u>	<u>\$(663)</u>	<u>\$(663)</u>	Note
BeautyTech Platform Corporation	FORIMART Corporation	Taiwan	Selling medical equipment and cosmetic products	<u>NTD 15,000</u>	<u>-</u>	1,500,000 shares	100.00%	<u>\$14,994</u>	<u>\$(6)</u>	<u>\$(6)</u>	Note
FacialBeau International Corporation	Aquamax Vision Corporation	USA	Selling medical equipment and cosmetic products	<u>USD 1,100</u>	<u>USD 1,100</u>	11,000,000 shares	100.00%	<u>\$6,839</u>	<u>\$(48)</u>	<u>\$(48)</u>	Note
FacialBeau International Corporation	RODNA Co., Ltd.	Korea	Selling medical equipment and cosmetic products	<u>KRW 100,000</u>	<u>KRW 100,000</u>	-	100.00%	<u>\$2,125</u>	<u>\$(136)</u>	<u>\$(136)</u>	Note
FacialBeau International Corporation	IKIDO Inc.	Japan	Selling medical equipment and cosmetic products	<u>JPY 9,900</u>	<u>JPY 9,900</u>	198 shares	100.00%	<u>\$2,087</u>	<u>\$(19)</u>	<u>\$(19)</u>	Note

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

Pegavision Corporation and Subsidiaries

Marketable Securities Held as of September 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	-	\$5,113	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	1,653,209	26,000	-	26,296	
BeautyTech Platform Corporation	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	502,952	8,360	-	8,520	
	Yuanta Wan-Tai Money Market Fund	-	Financial assets at fair value through profit or loss	2,221,592	34,235	-	34,912	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	10,842,527	170,948	-	172,459	
FacialBeau International Corporation	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	295,561	4,660	-	4,692	
	Add: Valuation Adjustment				2,789			
	Total				<u>\$251,992</u>		<u>\$251,992</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 September 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	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
	— land	(Note 2)											
	Building	2024.5.24	VND \$162,000,000	By Contract	CONSTRUTION APPLICATION AND TRANSFER OF TECHNOLOGIES.,JSC(CJSC)	None	None	None	None	None	None	Lease of land for production and business purposes	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 nine-month periods ended September 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	Balance	% to Total	
Pegavision Japan Inc.	Pegavision Corporation	Subsidiary	Purchase	\$2,404,917	100.00%	90 days after monthly closing	No suppliers to be compared with	No suppliers to be compared with	Accounts payable \$585,088	100.00%	Note
BeautyTech Platform Corporation	Pegavision Corporation	Subsidiary	Purchase	\$244,512	84.17%	Within 120 days after monthly closing	No suppliers to be compared with	No suppliers to be compared with	Accounts payable \$104,253	92.61%	Note
Gemvision Technology (Zhejiang) Limited	Pegavision Corporation	Subsidiary	Purchase	\$146,723	83.05%	Within 180 days after monthly closing	No suppliers to be compared with	No suppliers to be compared with	Accounts payable \$105,125	88.77%	Note

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

Pegavision Corporation and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions for the nine-month periods ended September 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>2024.01.01~2024.09.30</u>						
0	Pegavision Corporation	Pegavision Japan Inc.	1	Sales revenue	\$2,404,917	90 days after monthly closing	47.88%
0	Pegavision Corporation	Pegavision Japan Inc.	1	Accounts receivable	585,088	90 days after monthly closing	4.03%
0	Pegavision Corporation	Pegavision (Jiangsu) Limited	1	Sales revenue	9,451	Within 180 days after monthly closing	0.19%
0	Pegavision Corporation	Pegavision (Jiangsu) Limited	1	Operating expense	11,339	Within 180 days after monthly closing	0.23%
0	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	1	Sales revenue	146,723	Within 180 days after monthly closing	2.92%
0	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	1	Accounts receivable	105,125	Within 180 days after monthly closing	0.72%
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Sales revenue	244,512	Within 120 days after monthly closing	4.87%
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Accounts receivable	104,253	Within 120 days after monthly closing	0.72%
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Operating expense	40,873	Within 120 days after monthly closing	0.81%
0	Pegavision Corporation	FacialBeau International Corporation	1	Sales revenue	16,651	Within 90 days after monthly closing	0.33%
0	Pegavision Corporation	FacialBeau International Corporation	1	Accounts receivable	5,416	Within 90 days after monthly closing	0.04%
1	Mayin Investment Co. , Ltd.	BeautyTech Platform Corporation	3	Rent income	9,000	T/T in advance	0.18%
2	FacialBeau International Corporation	BeautyTech Platform Corporation	3	Sales revenue	15,529	Within 30 days after monthly closing	0.31%
2	FacialBeau International Corporation	BeautyTech Platform Corporation	3	Other revenue	5,790	Within 30 days after monthly closing	0.12%
3	BeautyTech Platform Corporation	Gemvision Technology (Zhejiang) Limited	3	Sales revenue	15,301	Within 180 days after monthly closing	0.30%
3	BeautyTech Platform Corporation	Gemvision Technology (Zhejiang) Limited	3	Accounts receivable	12,722	Within 180 days after monthly closing	0.09%
4	BeautyTech Platform (Shanghai) Corporation	Gemvision Technology (Zhejiang) Limited	3	Service revenue	40,577	30 days after monthly closing	0.81%

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.