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**PEGAVISION CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
AS OF SEPTEMBER 30, 2022 AND 2021
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 AUDITORS

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, 2022 and 2021, 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 Statement of Auditing Standards No. 65, “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 auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at September 30, 2022 and 2021, 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.

/s/Cheng, Ching-Piao

/s/Kuo, Shao-Pin

Ernst & Young
Taiwan, R.O.C.
October 31st, 2022

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, 2022, December 31, 2021 and September 30, 2021 (September 30, 2022 and 2021 are reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of September 30, 2022		As of December 31, 2021		As of September 30, 2021	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
11xx	Current assets							
1100	Cash and cash equivalents	6(1)	\$1,473,032	16	\$1,848,965	21	\$1,635,906	20
1110	Financial assets at fair value through profit or loss	6(2)	140,144	2	67,028	1	35,002	-
1170	Accounts receivable, net	6(3), 6(15)	905,846	10	627,333	7	712,383	9
1200	Other receivables		17,417	-	6,708	-	31,704	-
1220	Current tax assets	4, 6(20)	2,970	-	1,558	-	1,564	-
1310	Inventories, net	6(4)	657,711	7	573,774	7	505,158	6
1410	Prepayments		82,915	1	73,409	1	69,660	1
1470	Other current assets		73,546	1	63,795	1	65,230	1
11xx	Total current assets		<u>3,353,581</u>	<u>37</u>	<u>3,262,570</u>	<u>38</u>	<u>3,056,607</u>	<u>37</u>
15xx	Non-current assets							
1600	Property, plant and equipment, net	6(5), 8, 9	5,105,832	56	4,915,392	57	4,852,394	58
1755	Right-of-use assets, net	6(16), 7	400,990	5	157,658	2	154,728	2
1780	Intangible assets, net	6(6)	21,985	-	14,082	-	12,640	-
1840	Deferred tax assets	4, 6(20)	20,818	-	13,305	-	11,247	-
1900	Other non-current assets	6(5), 6(7), 7, 8	184,948	2	201,909	3	215,889	3
15xx	Total non-current assets		<u>5,734,573</u>	<u>63</u>	<u>5,302,346</u>	<u>62</u>	<u>5,246,898</u>	<u>63</u>
1xxx	Total Assets		<u>\$9,088,154</u>	<u>100</u>	<u>\$8,564,916</u>	<u>100</u>	<u>\$8,303,505</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, 2022, December 31, 2021 and September 30, 2021 (September 30, 2022 and 2021 are reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of September 30, 2022		As of December 31, 2021		As of September 30, 2021	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
21xx	Current liabilities							
2100	Short-term borrowings	6(8)	\$354,610	4	\$444,866	5	\$394,720	5
2130	Contract liabilities	6(14), 7	95,562	1	64,227	1	84,738	1
2150	Notes payable		1,145	-	2,316	-	1,137	-
2170	Accounts payable		199,823	2	200,420	2	211,868	2
2200	Other payables	6(9), 7	1,327,047	15	1,736,420	20	1,950,819	23
2230	Current tax liabilities	4, 6(20)	31,912	-	122,480	2	60,217	1
2280	Lease liabilities	6(16), 7	140,512	2	52,396	1	48,939	1
2300	Other current liabilities	6(10),6(11),8	201,233	2	155,304	2	140,688	2
21xx	Total current liabilities		<u>2,351,844</u>	<u>26</u>	<u>2,778,429</u>	<u>33</u>	<u>2,893,126</u>	<u>35</u>
25xx	Non-current liabilities							
2540	Non-current portion of long-term borrowings	6(11), 8	370,581	4	141,993	2	137,533	2
2570	Deferred tax liabilities	4, 6(20)	37,904	-	25,661	-	21,706	-
2580	Lease liabilities	6(16), 7	267,113	3	109,107	1	108,358	1
2645	Guarantee deposits received		990	-	515	-	565	-
2670	Other non-current liabilities	6(10)	240	-	784	-	789	-
25xx	Total non-current liabilities		<u>676,828</u>	<u>7</u>	<u>278,060</u>	<u>3</u>	<u>268,951</u>	<u>3</u>
2xxx	Total liabilities		<u>3,028,672</u>	<u>33</u>	<u>3,056,489</u>	<u>36</u>	<u>3,162,077</u>	<u>38</u>
3100	Capital	6(13)						
3110	Common stock		700,000	8	700,000	8	700,000	8
3200	Capital surplus	6(13)	1,805,732	20	1,804,931	21	1,804,931	22
3300	Retained earnings	6(13)						
3310	Legal reserve		367,572	4	242,715	3	242,715	3
3320	Special reserve		16,367	-	8,143	-	8,143	-
3350	Unappropriated retained earnings		3,132,761	34	2,746,643	32	2,379,346	29
3400	Other equity interest		(16,194)	-	(16,367)	-	(16,198)	-
36xx	Non-controlling interests		53,244	1	22,362	-	22,491	-
3xxx	Total equity	6(13)	<u>6,059,482</u>	<u>67</u>	<u>5,508,427</u>	<u>64</u>	<u>5,141,428</u>	<u>62</u>
	Total liabilities and equity		<u>\$9,088,154</u>	<u>100</u>	<u>\$8,564,916</u>	<u>100</u>	<u>\$8,303,505</u>	<u>100</u>

(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, 2022 and 2021 (Reviewed but unaudited)
(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,			
			2022		2021		2022		2021	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue	6(14), 7	\$1,641,790	100	\$1,513,425	100	\$4,544,894	100	\$4,040,567	100
5000	Operating costs	6(4)	(803,256)	(49)	(712,035)	(47)	(2,154,069)	(47)	(1,921,619)	(48)
5900	Gross profit		838,534	51	801,390	53	2,390,825	53	2,118,948	52
6000	Operating expenses	7								
6100	Selling expenses		(145,270)	(9)	(155,451)	(10)	(393,882)	(9)	(471,891)	(12)
6200	Administrative expenses		(90,628)	(6)	(84,645)	(6)	(271,521)	(6)	(217,131)	(5)
6300	Research and development expenses		(137,079)	(8)	(140,946)	(9)	(431,845)	(9)	(402,119)	(10)
6450	Expected credit gains (losses)	6(15)	1,986	-	(1,902)	-	(279)	-	(1,208)	-
	Operating expenses total		(370,991)	(23)	(382,944)	(25)	(1,097,527)	(24)	(1,092,349)	(27)
6900	Operating income		467,543	28	418,446	28	1,293,298	29	1,026,599	25
7000	Non-operating income and expenses	6(18)								
7100	Interest income		1,615	-	848	-	4,670	-	3,234	-
7010	Other income		4,058	-	3,747	-	17,598	-	7,013	-
7020	Other gains or losses		21,689	2	(1,769)	1	13,989	-	(21,395)	-
7050	Finance costs	7	(7,431)	-	(1,172)	-	(13,719)	-	(3,010)	-
	Total non-operating incomes and expenses		19,931	2	1,654	1	22,538	-	(14,158)	-
7900	Income from continuing operations before income tax		487,474	30	420,100	29	1,315,836	29	1,012,441	25
7950	Income tax	4, 6(20)	(66,137)	(4)	(58,643)	(4)	(194,557)	(4)	(131,173)	(3)
8200	Net income		421,337	26	361,457	25	1,121,279	25	881,268	22
8300	Other comprehensive income (loss)	6(19)								
8360	Items that may be reclassified subsequently to profit or loss									
8380	Exchange differences resulting from translating the financial statements of a foreign operation		2,672	-	(1,508)	(1)	485	-	(8,055)	-
	Total other comprehensive income, net of tax		2,672	-	(1,508)	(1)	485	-	(8,055)	-
8500	Total comprehensive income		\$424,009	26	\$359,949	24	\$1,121,764	25	\$873,213	22
8600	Net income (loss) attributable to:									
8610	Shareholders of the parent		\$421,416	26	\$361,466	25	\$1,123,367	25	\$881,277	22
8620	Non-controlling interests		(79)	-	(9)	-	(2,088)	-	(9)	-
			421,337	26	361,457	25	1,121,279	25	881,268	22
8700	Comprehensive income (loss) attributable to:									
8710	Shareholders of the parent		\$423,776	26	\$359,958	24	\$1,123,540	25	\$873,222	22
8720	Non-controlling interests		233	-	(9)	-	(1,776)	-	(9)	-
			424,009	26	359,949	24	1,121,764	25	873,213	22
9750	Earnings per share-basic (in NTD)	6(21)	\$6.02		\$5.16		\$16.05		\$12.59	
9850	Earnings per share-diluted (in NTD)	6(21)	\$5.98		\$5.15		\$15.93		\$12.54	

(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, 2022 and 2021 (Reviewed but unaudited)
(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, 2021	\$700,000	\$1,804,928	\$171,179	\$9,795	\$1,917,956	\$(8,143)	\$4,595,715	\$-	\$4,595,715
	Appropriation and distribution of 2020 earnings									
B1	Legal reserve appropriated			71,536		(71,536)		-		-
B3	Special reserve appropriated				(1,652)	1,652		-		-
B5	Cash dividends-common share					(350,000)		(350,000)		(350,000)
D1	Net income (loss) for the nine-month period ended Sep. 30, 2021					881,277		881,277	(9)	881,268
D3	Other comprehensive income (loss), net of tax, for the nine-month period ended Sep. 30, 2021						(8,055)	(8,055)		(8,055)
D5	Total comprehensive income (loss)	-	-	-	-	881,277	(8,055)	873,222	(9)	873,213
H3	Reorganization		3			(3)		-		-
O1	Non-controlling interests							22,500		22,500
Z1	Balance as of Sep. 30, 2021	\$700,000	\$1,804,931	\$242,715	\$8,143	\$2,379,346	\$(16,198)	\$5,118,937	\$22,491	\$5,141,428
A1	Balance as of January 1, 2022	\$700,000	\$1,804,931	\$242,715	\$8,143	\$2,746,643	\$(16,367)	\$5,486,065	\$22,362	\$5,508,427
	Appropriation and distribution of 2021 earnings									
B1	Legal reserve appropriated			124,857		(124,857)		-		-
B3	Special reserve appropriated				8,224	(8,224)		-		-
B5	Cash dividends-common share					(595,000)		(595,000)		(595,000)
D1	Net income (loss) for the nine-month period ended Sep. 30, 2022					1,123,367		1,123,367	(2,088)	1,121,279
D3	Other comprehensive income (loss), net of tax, for the nine-month period ended Sep. 30, 2022						173	173	312	485
D5	Total comprehensive income (loss)	-	-	-	-	1,123,367	173	1,123,540	(1,776)	1,121,764
H3	Reorganization		120					120	(120)	-
M5	Difference between consideration given / received and carrying amount of interests in subsidiaries acquired / disposed of		(962)			(9,168)		(10,130)	10,130	-
N1	Share-based payment transaction		1,643					1,643	148	1,791
O1	Non-controlling interests							22,500		22,500
Z1	Balance as of Sep. 30, 2022	\$700,000	\$1,805,732	\$367,572	\$16,367	\$3,132,761	\$(16,194)	\$6,006,238	\$53,244	\$6,059,482

(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, 2022 and 2021 (Reviewed but unaudited)
(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,	
		2022	2021			2022	2021
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	\$1,315,836	\$1,012,441	B02700	Acquisition of property, plant and equipment	(1,267,226)	(1,333,911)
A20000	Adjustments:			B02800	Proceeds from disposal of property, plant and equipment	180	178
A20010	Profit or loss not effecting cash flows:			B03800	Decrease (increase) in refundable deposits	1,270	4,736
A20100	Depreciation (including right-of-use assets)	684,494	446,422	B04500	Acquisition of intangible assets	(15,478)	(9,083)
A20200	Amortization	6,020	2,739	BBBB	Net cash provided by (used in) investing activities	(1,281,254)	(1,338,080)
A20300	Expected credit losses (gain)	279	1,208				
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(296)	(321)	CCCC	Cash flows from financing activities:		
A20900	Interest expense	13,719	3,010	C00100	Increase in (repayment of) short-term borrowings	(90,256)	26,830
A21200	Interest income	(4,670)	(3,234)	C01600	Increase in long-term borrowings	219,000	123,580
A21900	Share-based payments awards	1,791	-	C03000	Increase (decrease) in guarantee deposits received	475	(80)
A22500	Loss (gain) on disposal of property, plant and equipment	(180)	(178)	C04020	Payments of lease liabilities	(80,759)	(36,840)
A23700	Impairment loss on non-financial assets	34,953	13,861	C04500	Cash dividends paid	(595,000)	(350,000)
A29900	Gain on lease modification	(26)	(686)	C05800	Increase (decrease) in non-controlling interests	22,500	22,500
A29900	Gain on government grants	(287)	(144)	CCCC	Net cash provided by (used in) financing activities	(524,040)	(214,010)
A30000	Changes in operating assets and liabilities:			DDDD	Effect of exchange rate changes	10,234	(8,573)
A31115	Financial assets at fair value through profit or loss	(72,820)	532,088	EEEE	Increase (decrease) in cash and cash equivalents	(375,933)	389,905
A31150	Accounts receivable	(278,829)	(138,866)	E00100	Cash and cash equivalents at beginning of period	1,848,965	1,246,001
A31180	Other receivables	(10,760)	(28,140)	E00200	Cash and cash equivalents at end of period	\$1,473,032	\$1,635,906
A31200	Inventories	(83,937)	(115,753)				
A31230	Prepayments	(9,506)	(15,590)				
A31240	Other current assets	(9,751)	(9,092)				
A32125	Contract liabilities	31,335	4,476				
A32130	Notes payable	(1,171)	583				
A32150	Accounts payable	(597)	67,778				
A32180	Other payables	47,088	347,228				
A32230	Other current liabilities	42,818	(18,346)				
A33000	Cash generated from operations	1,705,503	2,101,484				
A33100	Interest received	4,721	3,350				
A33300	Interest paid	(9,925)	(1,878)				
A33500	Income tax paid	(281,172)	(152,388)				
AAAA	Net cash provided by (used in) operating activities	1,419,127	1,950,568				

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

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, 2022 and 2021 were authorized for issue by the Board of Directors on October 31st, 2022.

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, 2022. 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, but 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	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

(a) Disclosure Initiative – Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. The Group assesses all standards and interpretations have 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)

(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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024

(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)Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d)Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

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

4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1)Statement of compliance

The consolidated financial statements of the Group for the nine-month periods ended September 30, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

Except the following 4(3) ~ 4(4), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2021. For more details, please refer to Note 4 of the Company’s consolidated financial statements for the year ended December 31, 2021.

(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, 2021. For the principles of consolidation, please refer to Note 4(3) of the Company’s consolidated financial statements for the year ended December 31, 2021.

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 (%) As at			
			Sep. 30, 2022	Dec 31, 2021	Sep. 30, 2021	
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	Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	100.00%	100.00%	100.00%	None
The Company	Mayin Investment Co., Ltd.	Investing activities	100.00%	100.00%	100.00%	None
Pegavision Contact Lenses (Shanghai) Corporation	Gemvision Technology (Zhejiang) Limited	Selling medical equipment	100.00%	100.00%	100.00%	None
Mayin Investment Co., Ltd.	BeautyTech Platform Corporation	Selling medical equipment and cosmetic products	85.00%	100.00%	100.00%	Note 2
Mayin Investment Co., Ltd.	FacialBeau International Corporation	Selling medical equipment and cosmetic products	55.00%	55.00%	55.00%	None
BeautyTech Platform Corporation	Aquamax Vision Corporation	Selling medical equipment and cosmetic products	- %	100.00%	100.00%	Note 1

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 (%) As at			
			Sep. 30, 2022	Dec 31, 2021	Sep. 30, 2021	
BeautyTech Platform Corporation	BeautyTech Platform (Shanghai) Corporation	Selling medical equipment and cosmetic products	100.00%	Not applicable	Not applicable	Note 1
BeautyTech Platform Corporation	BEAUTYTECH PLATFORM (SINGAPORE) PTE. LTD.	Selling medical equipment and cosmetic products	100.00%	Not applicable	Not applicable	Note 1
FacialBeau International Corporation	FacialBeau (Jiangsu) Corporation	Selling medical equipment and cosmetic products	100.00%	Not applicable	Not applicable	Note 1
FacialBeau International Corporation	IKIDO Inc.	Selling medical equipment and cosmetic products	100.00%	Not applicable	Not applicable	Note 1
FacialBeau International Corporation	RODNA Co., Ltd.	Selling medical equipment and cosmetic products	100.00%	Not applicable	Not applicable	Note 1
FacialBeau International Corporation	Aquamax Vision Corporation	Selling medical equipment and cosmetic products	100.00%	Not applicable	Not applicable	Note 1

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

(a) BeautyTech Platform (Shanghai) Corporation which is 100% held by BeautyTech Platform Corporation was registered at January 24, 2022.

(b) BEAUTYTECH PLATFORM (SINGAPORE) PTE. LTD. which is 100% held by BeautyTech Platform Corporation was registered at August 30, 2022. The investment amount has not been remitted as at September 30, 2022.

- (c) FacialBeau (Jiangsu) Corporation which is 100% held by FacialBeau International Corporation was registered at February 25, 2022. The investment amount has not been remitted as at September 30, 2022.
- (d) IKIDO Inc. which is 100% held by FacialBeau International Corporation was registered at March 14, 2022. The investment amount has not been remitted as at September 30, 2022.
- (e) RODNA Co., Ltd. which is 100% held by FacialBeau International Corporation was registered at June 23, 2022.
- (f) The equity of Aquamax Vision Corporation was transferred to FacialBeau International Corporation from BeautyTech Platform Corporation.

Note 2: To improve the synergy of the Group, the board of directors of BeautyTech Platform Corporation decided to reorganize and issue new shares at August 26, 2022. BeautyTech Platform Corporation issued new shares on September 26, 2022 and retained 15% of the new shares for employee. The ownership interest in BeautyTech Platform Corporation of Mayin Investment Co., Ltd. was reduced to 85%.

(4) Income tax

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. Only current income tax expense is using the estimated average annual effective income tax rate while deferred income tax is recognized and measured in consistent with annual financial reporting in accordance with IAS 12, "Income Tax." The impact of tax rate change in interim period, if any, is recognized in earnings, other comprehensive income or directly 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, 2022 as those applied in the Company's consolidated financial statements for the year ended December 31, 2021. 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, 2021.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at		
	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Cash and petty cash	\$3,420	\$4,149	\$3,321
Checkings and savings	593,203	380,408	437,079
Time deposit	876,409	1,464,408	1,195,506
Total	<u>\$1,473,032</u>	<u>\$1,848,965</u>	<u>\$1,635,906</u>

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

	As at		
	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Mandatorily measured at fair value through profit or loss:			
Money market fund	\$140,049	\$67,012	\$35,000
Valuation adjustment	95	16	2
Total	<u>\$140,144</u>	<u>\$67,028</u>	<u>\$35,002</u>
Current	\$140,144	\$67,028	\$35,002
Non-current	-	-	-
Total	<u>\$140,144</u>	<u>\$67,028</u>	<u>\$35,002</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)Accounts receivable, net

A.Accounts receivable, net

	As at		
	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Accounts receivable, gross	\$921,133	\$642,304	\$719,498
Less: loss allowance	(15,287)	(14,971)	(7,115)
Total accounts receivable, net	<u>\$905,846</u>	<u>\$627,333</u>	<u>\$712,383</u>

B.Receivable were not pledged.

C.Accounts receivable are generally on T/T to 90 days terms. The total carrying amount is NT\$921,133 thousand, NT\$642,304 thousand and NT\$719,498 thousand as at September 30, 2022, December 31, 2021 and September 30, 2021, respectively. Please refer to Note 6 (15) for more details on loss allowance of accounts receivable for the nine-month periods ended September 30, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(4)Inventory

A.Details of inventory:

	As at		
	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Merchandises	\$6,232	\$2,371	\$1,607
Raw materials	97,873	97,121	97,476
Supplies	7,473	4,875	6,011
Work in process	214,887	204,760	144,794
Finished goods	331,246	264,647	255,270
Total	<u>\$657,711</u>	<u>\$573,774</u>	<u>\$505,158</u>

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. For the three-month periods ended September 30, 2022 and 2021, the Group recognized NT\$803,256 thousand and NT\$712,035 thousand under the caption of costs of sale, respectively. For the nine-month periods ended September 30, 2022 and 2021, the Group recognized NT\$2,154,069 thousand and NT\$1,921,619 thousand under the caption of costs of sale, respectively. The following items were also included in cost:

Item	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2022	2021	2022	2021
Loss (Gain) from inventory market decline	\$23,771	\$(25,064)	\$27,888	\$(41,584)
Loss from inventory write-off obsolescence	-	17,062	19,238	23,484
Total	\$23,771	\$(8,002)	\$47,126	\$(18,100)

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.

(5) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Computer equipment	Other equipment	Construction in progress and equipment awaiting inspection (including prepayment for equipment)	Total
<u>Cost:</u>								
As at 1/1/2022	\$1,317,564	\$69,345	\$4,755,399	\$1,505	\$78,435	\$875,893	\$823,483	\$7,921,624
Addition	-	-	-	-	150	-	825,040	825,190
Disposals	-	-	(34,142)	-	(2,384)	(24,838)	-	(61,364)
Transfer	196,960	88,603	147,825	217	5,271	122,670	(577,024)	(15,478)
Effect of EX rate	-	-	-	-	60	313	1,688	2,061
As at 9/30/2022	\$1,514,524	\$157,948	\$4,869,082	\$1,722	\$81,532	\$974,038	\$1,073,187	\$8,672,033

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	Other equipment	Construction in progress and equipment awaiting inspection (including prepayment for equipment)	Total
As at 1/1/2021	\$1,317,564	\$69,345	\$2,946,116	\$980	\$72,891	\$738,634	\$517,323	\$5,662,853
Addition	-	-	-	-	969	1,899	2,102,396	2,105,264
Disposals	-	-	(27,906)	-	-	(7,288)	-	(35,194)
Transfer	-	-	1,725,751	525	3,152	109,476	(1,847,987)	(9,083)
Effect of EX rate	-	-	-	-	(33)	(186)	(20)	(239)
As at 9/30/2021	\$1,317,564	\$69,345	\$4,643,961	\$1,505	\$76,979	\$842,535	\$771,712	\$7,723,601

Depreciation and impairment:

As at 1/1/2022	\$-	\$27,309	\$2,227,640	\$876	\$68,438	\$548,624	\$-	\$2,872,887
Depreciation	-	2,899	511,454	175	6,548	82,482	-	603,558
Impairment loss	-	9,799	-	-	979	22,518	-	33,296
Disposal	-	-	(34,142)	-	(2,384)	(24,838)	-	(61,364)
Transfer	-	-	-	-	-	-	-	-
Effect of EX rate	-	-	-	-	3	167	-	170
As at 9/30/2022	\$-	\$40,007	\$2,704,952	\$1,051	73,584	\$628,953	\$-	\$3,448,547

As at 1/1/2021	\$-	\$8,096	\$1,786,630	\$698	\$60,076	\$481,842	\$-	\$2,337,342
Depreciation	-	3,063	336,887	123	6,650	60,077	-	406,800
Impairment loss	-	5,900	7,947	-	-	14	-	13,861
Disposal	-	-	(27,906)	-	-	(7,288)	-	(35,194)
Transfer	-	-	-	-	-	-	-	-
Effect of EX rate	-	-	-	-	(32)	(120)	-	(152)
As at 9/30/2021	\$-	\$17,059	\$2,103,558	\$821	\$66,694	\$534,525	\$-	\$2,722,657

Net carrying amount:

As at 9/30/2022	\$1,514,524	\$117,941	\$2,164,130	\$671	\$7,948	\$345,085	\$1,073,187	\$5,223,486
As at 12/31/2021	\$1,317,564	\$42,036	\$2,527,759	\$629	\$9,997	\$327,269	\$823,483	\$5,048,737
As at 9/30/2021	\$1,317,564	\$52,286	\$2,540,403	\$684	\$10,285	\$308,010	\$771,712	\$5,000,944

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 at		
	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Property, plant and equipment	\$5,105,832	\$4,915,392	\$4,852,394
Prepayment for equipment	117,654	133,345	148,550
Total	<u>\$5,223,486</u>	<u>\$5,048,737</u>	<u>\$5,000,944</u>

B.For the three-month periods ended September 30, 2022 and 2021, NT\$17,289 thousand and NT\$7,753 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. For the nine-month periods ended September 30, 2022 and 2021, NT\$33,296 thousand and NT\$13,861 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.

(6)Intangible assets

	<u>Computer software</u>
<u>Cost:</u>	
As at January 1, 2022	\$34,865
Additions – acquired separately	-
Transfer	15,478
Derecognized upon retirement	(5,028)
Effect of EX rate	115
As at September 30, 2022	<u>\$45,430</u>
As at January 1, 2021	\$22,776
Additions – acquired separately	-
Transfer	9,083
Derecognized upon retirement	-
As at September 30, 2021	<u>\$31,859</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 at January 1, 2022	\$20,783
Amortization	6,020
Impairment loss	1,657
Derecognized upon retirement	(5,028)
Effect of EX rate	13
As at September 30, 2022	<u>\$23,445</u>
As at January 1, 2021	\$16,480
Amortization	2,739
Derecognized upon retirement	-
As at September 30, 2021	<u>\$19,219</u>
<u>Carrying amount, net:</u>	
As at September 30, 2022	<u>\$21,985</u>
As at December 31, 2021	<u>\$14,082</u>
As at September 30, 2021	<u>\$12,640</u>

Amounts of amortization recognized for intangible assets are as follows:

	<u>For the three-month period ended September 30,</u>		<u>For the nine-month period ended September 30,</u>	
	2022	2021	2022	2021
Manufacturing expense	\$93	\$61	\$257	\$184
Selling expense	93	193	438	464
Administrative expense	1,841	700	4,353	1,441
Research and development expense	276	225	972	650
Total	<u>\$2,303</u>	<u>\$1,179</u>	<u>\$6,020</u>	<u>\$2,739</u>

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7)Other non-current assets

	As at		
	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Refundable deposits	\$67,294	\$68,564	\$67,339
Prepayment for equipment	117,654	133,345	148,550
Total	\$184,948	\$201,909	\$215,889

(8)Short-term borrowings

A.Details of Short-term borrowings

	As at		
	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Unsecured bank loans	\$354,610	\$444,866	\$394,720
Interest Rate (%)	3.30%~3.75%	0.58%~0.80%	0.57%~0.61%

B.The Group's unused short-term lines of credits amounts to NT\$976,464 thousand, NT\$731,964 and NT\$783,840 thousand, as at September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

(9)Other payable

	As at		
	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Accrued expenses	\$1,167,017	\$1,119,929	\$1,077,348
Accrued interest payable	1,331	278	261
Payable to equipment suppliers	158,699	616,213	873,210
Total	\$1,327,047	\$1,736,420	\$1,950,819

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(10)Other current liabilities

A.Details of other current liabilities

	As at		
	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Other current liabilities	\$40,426	\$42,044	\$30,859
Refund liability	157,415	112,979	109,566
Deferred government grants income	538	281	263
Long-Term Borrowings-Current Portion	2,854	-	-
Total	\$201,233	\$155,304	\$140,688

B.The changes in the Group's balances of deferred government grants income for the nine-month periods ended September 30, 2022 and 2021 are as follows:

	For the nine-month period ended September, 30	
	2022	2021
Beginning balance	\$1,065	\$299
Received during the period	-	897
Released to the statement of comprehensive income	(287)	(144)
Ending Balance	\$778	\$1,052
Current	\$538	\$263
Non-current	\$240	\$789

C.Please refer to Note 6(11) 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)

(11) Long-term borrowings

A. Details of long-term borrowings

Debtor	Type of Loan	Maturity	As at			Repayment
			30 Sep. 2022	31 Dec. 2021	30 Sep. 2021	
Chang Hwa Commercial Bank - Beitou Branch	Credit loan	2020.03.25-2025.03.15	\$4,962	\$4,943	\$4,937	Notes 1
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Secured loan	2020.11.10-2030.10.15	9,877	9,839	9,825	Notes 2
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Secured loan	2021.04.08-2030.10.15	39,386	39,240	39,191	Notes 2
Mega International Commercial Bank - Lan-Ya Branch	Credit loan	2021.09.02-2028.09.02	95,269	83,049	83,580	Notes 3
Mega International Commercial Bank - Lan-Ya Branch	Secured loan	2021.10.08-2026.09.15	4,941	4,922	-	Notes 4
Chang Hwa Commercial Bank - Beitou Branch	Secured loan	2022.06.22-2031.06.21	219,000	-	-	Notes 5
Total			373,435	141,993	137,533	
Less: current portion			(2,854)	-	-	
Non-current portion			\$370,581	\$141,993	\$137,533	

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 3 months starting from the initial draw-down date. Grace period is 3 years (12 terms). The rest is repayable in installments of equal amount for 16 terms.

Note 4: 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 5: 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 204 terms.

B.As at September 30, 2022, December 31, 2021 and September 30, 2021, the interest rate intervals for long-term borrowings were 0.90%~4.37%, 0.90%~1.08% and 0.95%~1.08%, respectively.

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

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

(12) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended September 30, 2022 and 2021 were NT\$12,588 thousand and NT\$12,076 thousand, respectively. Expenses under the defined contribution plan for the nine-month periods ended September 30, 2022 and 2021 were NT\$37,742 thousand and NT\$32,622 thousand, respectively

Pension for the three-month periods ended September 30, 2022 and 2021 were NT\$1 thousand and NT\$3 thousand, respectively. Pension for the nine-month periods ended September 30, 2022 and 2021 were NT\$1 thousand and NT\$8 thousand, respectively.

(13)Equity

A.Common stock

As at September 30, 2022, December 31, 2021 and September 30, 2021, the Company's authorized capital were NT\$1,000,000 thousand, NT\$800,000 thousand and NT\$800,000 thousand, and paid-in capital were NT\$700,000 thousand, each share at par value of NT\$10, divided into 70,000 thousand shares. Each share has one voting right and a right to receive dividends.

On May 24, 2022, the Company's Annual Shareholders' Meeting has approved the change of the authorized share capital amounted to NT\$1,000,000 thousand. On September 13, 2022, the change registration was completed, and the change in the authorized share capital was approved and recorded by the competent authority.

B.Capital surplus

	As at		
	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Additional paid-in capital	\$1,804,928	\$1,804,928	\$1,804,928
Changes in equity of investment			
accounted for using equity method	-	3	3
Share-based payment transaction	804	-	-
Total	<u>\$1,805,732</u>	<u>\$1,804,931</u>	<u>\$1,804,931</u>

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

C. Appropriation of earnings and dividend policies

a. Distribution of earnings

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

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

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

b. Dividend policies

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

c. Legal reserve

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

d. Special reserve

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

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

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

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

- e. The shareholders’ meeting of the Company in 2021 was postponed due to the impact of the Covid-19 pandemic. The distribution of earnings reached the statutory approval threshold through electronic voting by June 30, 2021. The appropriations of earnings for the Years 2021 and 2020 were approved through the shareholders’ meetings held on May 24, 2022 and July 15, 2021, respectively. The details of the distributions are as follows.

	Appropriation of earnings		Dividend per share (in NT\$)	
	2021	2020	2021	2020
Legal reserve	\$124,857	\$71,536		
Special reserve	8,224	(1,652)		
Cash dividend	595,000	350,000	\$8.5	\$5.0
Total	<u>\$728,081</u>	<u>\$419,884</u>		

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
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Please refer to Note 6(17) for details on employees' compensation and remuneration to directors and supervisors.

D. Non-controlling interests

	For the nine-month period ended	
	September 30,	
	2022	2021
Beginning balance	\$22,362	\$-
Non-controlling interests increase/(decrease)	22,500	22,500
Comprehensive income attributable to NCIs	(1,776)	(9)
Reorganization	(120)	-
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired / disposed of	10,130	-
Share-based payment transaction	148	-
Ending balance	<u>\$53,244</u>	<u>\$22,491</u>

(14) Operating revenue

	For the three-month		For the nine-month	
	period ended		period ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Revenue from customer contracts				
Sales of goods	<u>\$1,641,790</u>	<u>\$1,513,425</u>	<u>\$4,544,894</u>	<u>\$4,040,567</u>

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
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Analysis of revenue from contracts with customers for the three-month and nine-month periods ended September 30, 2022 and 2021 are as follows:

A. Disaggregation of revenue

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2022	2021	2022	2021
	Single department	Single department	Single department	Single department
Sales of goods	\$1,641,790	\$1,513,425	\$4,544,894	\$4,040,567
The timing for revenue recognition:				
At a point in time	\$1,641,790	\$1,513,425	\$4,544,894	\$4,040,567

B. Contract balances

a. Contract liabilities – current

	As of			
	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021	1 Jan. 2021
Sales of goods	\$91,613	\$51,556	\$73,564	\$64,981
Customer loyalty programmes	3,949	12,671	11,174	15,281
Total	\$95,562	\$64,227	\$84,738	\$80,262

The changes in the Group's balances of contract liabilities for the nine-month periods ended September 30, 2022 are as follows:

	Sales of goods	Customer loyalty programs
The opening balance transferred to revenue	\$(49,631)	\$(12,671)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	89,688	3,949

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The changes in the Group's balances of contract liabilities for the nine-month periods ended September 30, 2021 are as follows:

	Sales of goods	Customer loyalty programs
The opening balance transferred to revenue	\$(61,395)	\$(15,281)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	69,978	11,174

(15) Expected credit gains (losses)

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2022	2021	2022	2021
Operating expenses – Expected credit gains (losses)				
Accounts receivable	\$1,986	\$(1,902)	\$(279)	\$(1,208)

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, 2022

	Not past due	Past due		Separate assessment	Total
		≤60 days	≤90 days		
Gross carrying amount	\$894,230	\$17,609	\$1,714	\$7,580	\$921,133
Loss rate	0.78%	1%	29.99%	100%	
Lifetime expected credit losses	(7,017)	(176)	(514)	(7,580)	(15,287)
Carrying amount of accounts receivable	\$887,213	\$17,433	\$1,200	\$-	\$905,846

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December 31, 2021

	Not past due	Past due		Total
		<=60 days	Separate assessment	
Gross carrying amount	\$633,065	\$21	\$9,218	\$642,304
Loss rate	0.91%	1%	100%	
Lifetime expected credit losses	(5,752)	(1)	(9,218)	(14,971)
Carrying amount of accounts receivable	\$627,313	\$20	\$-	\$627,333

September 30, 2021

	Not past due	Past due	
		<=60 days	Total
Gross carrying amount	\$708,880	\$10,618	\$719,498
Loss rate	0.99%	1%	
Lifetime expected credit losses	(7,009)	(106)	(7,115)
Carrying amount of accounts receivable	\$701,871	\$10,512	\$712,383

B.The movement in the provision for impairment of accounts receivable for the nine-month periods ended September 30, 2022 and 2021 are as follows:

	<u>Accounts receivable</u>
As at January 1, 2022	\$14,971
Addition (reversal)	279
Effect of EX rate	37
As at September 30, 2022	<u>\$15,287</u>
As at January 1, 2021	\$5,917
Addition (reversal)	1,208
Effect of EX rate	(10)
As at September 30, 2021	<u>\$7,115</u>

Pegavision Corporation and Subsidiaries
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(16)Leases

A.Group as a lessee

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

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

a.Amounts recognized in the consolidated balance sheet

I.Right-of-use assets

	Land and buildings	Machinery and equipment	Transportation equipment	Total
<u>Cost:</u>				
As at 1/1/2022	\$207,324	\$-	\$-	\$207,324
Addition	358,082	-	-	358,082
Disposals	(48,333)	-	-	(48,333)
Transfer	-	-	-	-
Effect of EX rate	1,332	-	-	1,332
As at 9/30/2022	<u>\$518,405</u>	<u>\$-</u>	<u>\$-</u>	<u>\$518,405</u>
As at 1/1/2021	\$164,586	\$17,793	\$2,490	\$184,869
Addition	176,236	-	-	176,236
Disposals	(147,487)	(17,793)	(2,490)	(167,770)
Transfer	-	-	-	-
Effect of EX rate	(501)	-	-	(501)
As at 9/30/2021	<u>\$192,834</u>	<u>\$-</u>	<u>\$-</u>	<u>\$192,834</u>

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
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	Land and buildings	Machinery and equipment	Transportation equipment	Total
<u>Depreciation and impairment:</u>				
As at 1/1/2022	\$49,666	\$-	\$-	\$49,666
Depreciation	80,936	-	-	80,936
Impairment loss	-	-	-	-
Disposal	(13,640)	-	-	(13,640)
Transfer	-	-	-	-
Effect of EX rate	453	-	-	453
As at 9/30/2022	<u>\$117,415</u>	<u>\$-</u>	<u>\$-</u>	<u>\$117,415</u>
As at 1/1/2021	\$62,519	\$13,776	\$1,840	\$78,135
Depreciation	35,552	4,017	53	39,622
Impairment loss	-	-	-	-
Disposal	(59,627)	(17,793)	(1,893)	(79,313)
Transfer	-	-	-	-
Effect of EX rate	(338)	-	-	(338)
As at 9/30/2021	<u>\$38,106</u>	<u>\$-</u>	<u>\$-</u>	<u>\$38,106</u>
<u>Net carrying amount:</u>				
As at 9/30/2022	<u>\$400,990</u>	<u>\$-</u>	<u>\$-</u>	<u>\$400,990</u>
As at 12/31/2021	<u>\$157,658</u>	<u>\$-</u>	<u>\$-</u>	<u>\$157,658</u>
As at 9/30/2021	<u>\$154,728</u>	<u>\$-</u>	<u>\$-</u>	<u>\$154,728</u>

II. Lease liabilities

	As at		
	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Lease liabilities	<u>\$407,625</u>	<u>\$161,503</u>	<u>\$157,297</u>
Current	<u>\$140,512</u>	<u>\$52,396</u>	<u>\$48,939</u>
Non-current	<u>\$267,113</u>	<u>\$109,107</u>	<u>\$108,358</u>

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
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Please refer to Note 6(18) (d) for the interest on lease liabilities recognized for the three-month and nine-month periods ended September 30, 2022 and 2021, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at September 30, 2022, December 31, 2021 and September 30, 2021.

b. Income and costs relating to leasing activities

	For the three-month		For the nine-month	
	period ended		period ended	
	September 30,		September 30,	
	2022	2021	2022	2021
The expense relating to short-term leases	\$(4,078)	\$(29,864)	\$(45,776)	\$(89,647)
The expense relating to leases of low-value assets	(186)	(322)	(754)	(1,650)
Income from subleasing right-of-use assets	199	-	314	212

As at September 30, 2022 and 2021, 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, 2022 and 2021, the Group recognized NT\$1,354 thousand and NT\$2,242 thousand 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, 2022 and 2021, the Group recognized NT\$1,592 thousand and NT\$2,256 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,	
	2022	2021
Cash outflow for leases	\$127,289	\$128,137

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Notes to Consolidated Financial Statements (Continued)
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(17) Summary statement of employee benefits, depreciation and amortization by function is as follows:

Function \ Nature	For the three-month period ended September 30,					
	2022			2021		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Employee benefit expense						
Salaries	\$230,437	\$186,078	\$416,515	\$235,339	\$164,165	\$399,504
Labor and health insurance	20,609	8,632	29,241	20,571	8,540	29,111
Pension	7,031	5,558	12,589	7,066	5,013	12,079
Other employee benefit expense	11,238	9,819	21,057	11,043	9,183	20,226
Depreciation	217,249	21,237	238,486	153,453	19,362	172,815
Amortization	92	2,211	2,303	61	1,118	1,179

Function \ Nature	For the nine-month period ended September 30,					
	2022			2021		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Employee benefit expense						
Salaries	\$672,509	\$514,978	\$1,187,487	\$634,400	\$458,630	\$1,093,030
Labor and health insurance	62,714	25,295	88,009	55,228	25,148	80,376
Pension	21,986	15,757	37,743	18,176	14,454	32,630
Other employee benefit expense	33,223	32,163	65,386	28,563	23,250	51,813
Depreciation	620,797	63,697	684,494	394,153	52,269	446,422
Amortization	257	5,763	6,020	184	2,555	2,739

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

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

Based on profit, the Company estimated the amounts of the employees' compensation and remuneration to directors for the three-month periods ended September 30, 2022 and 2021 amounted to NT\$61,699 thousand, NT\$5,366 thousand, and NT\$54,374 thousand, NT\$4,729 thousand respectively; the employees' compensation and remuneration to directors for the nine-month periods ended September 30, 2022 and 2021 amounted to NT\$168,320 thousand, NT\$14,637 thousand, and NT\$131,268 thousand, NT\$11,415 thousand respectively, recognized as employee benefits.

The Company's Board has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$186,084 thousand and NT\$16,179 thousand, respectively, in a meeting held on February 15, 2022. The NT\$2 thousand differences between the estimated amount and the actual distribution of the employee bonuses and remuneration to directors for the year ended December 31, 2021, were recognized as gain or loss in the next year.

The Company's Board has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$107,316 thousand and NT\$9,328 thousand, respectively, in a meeting held on January 29, 2021. The NT\$4 thousand differences between the estimated amount and the actual distribution of the employee bonuses and remuneration to directors for the year ended December 31, 2020, were recognized as gain or loss in the next year.

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(18) Non-operating incomes and expenses

A. Interest income

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2022	2021	2022	2021
Interest income				
Deposit interest	\$1,153	\$521	\$3,150	\$2,000
Financial assets measured at amortized cost	462	327	1,520	1,234
Total	<u>\$1,615</u>	<u>\$848</u>	<u>\$4,670</u>	<u>\$3,234</u>

B. Other incomes

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2022	2021	2022	2021
Rental income	\$363	\$-	\$478	\$212
Government grants income	147	66	287	144
Other income - others	3,548	3,681	16,833	6,657
Total	<u>\$4,058</u>	<u>\$3,747</u>	<u>\$17,598</u>	<u>\$7,013</u>

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C. Other gains and losses

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2022	2021	2022	2021
	Gain (loss) from disposal of property, plant and equipment	\$51	\$-	\$180
Foreign exchange gain (loss), net	38,750	5,954	48,506	(8,615)
Gains (losses) on financial assets at fair value through profit or loss	197	38	296	321
Gains (losses) on lease modification	26	2	26	686
Impairment loss on non-financial assets	(17,322)	(7,753)	(34,953)	(13,861)
Other losses	(13)	(10)	(66)	(104)
Total	<u>\$21,689</u>	<u>\$(1,769)</u>	<u>\$13,989</u>	<u>\$(21,395)</u>

D. Finance costs

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2022	2021	2022	2021
	Interests on borrowings from bank	\$6,230	\$774	\$11,199
Interests on lease liabilities	1,201	398	2,520	976
Total	<u>\$7,431</u>	<u>\$1,172</u>	<u>\$13,719</u>	<u>\$3,010</u>

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(19) Components of other comprehensive income (loss)

For the three-month periods ended September 30, 2022

	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	\$2,672	\$-	\$2,672	\$-	\$2,672

For the three-month periods ended September 30, 2021

	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	\$(1,508)	\$-	\$(1,508)	\$-	\$(1,508)

For the nine-month periods ended September 30, 2022

	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	\$485	\$-	\$485	\$-	\$485

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For the nine-month periods ended September 30, 2021

	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	\$(8,055)	\$-	\$(8,055)	\$-	\$(8,055)

(20)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,	
	2022	2021	2022	2021
Current income tax expense (income):				
Current income tax expense	\$68,881	\$67,665	\$190,775	\$149,032
Adjustments in respect of current income tax of prior periods	(294)	(9,834)	(902)	(19,534)
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	(2,450)	812	4,684	1,675
Total income tax expense (income)	<u>\$66,137</u>	<u>\$58,643</u>	<u>\$194,557</u>	<u>\$131,173</u>

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B.The assessment of income tax return

	<u>The assessment of income tax return</u>
The Company	Assessed and approved up to 2019.
Subsidiary - BeautyTech Platform Corporation	Assessed and approved up to 2020.
Subsidiary - Mayin Investment Co., Ltd.	The first-time assessment of 2021 has not yet been approved.
Subsidiary-FacialBeau International Corporation	The first-time assessment of 2021 has not yet been approved.

(21)Earnings per share

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

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

A.Basic earnings per share

	<u>For the three-month period ended September 30,</u>		<u>For the nine-month period ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net income available to common shareholders of the parent	<u>\$421,416</u>	<u>\$361,466</u>	<u>\$1,123,367</u>	<u>\$881,277</u>
Weighted average number of common stocks outstanding (in thousand shares)	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>
Basic earnings per share (in NT\$)	<u>\$6.02</u>	<u>\$5.16</u>	<u>\$16.05</u>	<u>\$12.59</u>

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B. Diluted earnings per share

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2022	2021	2022	2021
Net income available to common shareholders of the parent	\$421,416	\$361,466	\$1,123,367	\$881,277
Net income available to common shareholders of the parent after dilution	\$421,416	\$361,466	\$1,123,367	\$881,277
Weighted average number of common stocks outstanding (in thousand shares)	70,000	70,000	70,000	70,000
Effect of dilution:				
Employee bonus (compensation) - stock (in thousand shares)	456	252	530	298
Weighted average number of common stocks outstanding after dilution (in thousand shares)	70,456	70,252	70,530	70,298
Diluted earnings per share (in NT\$)	\$5.98	\$5.15	\$15.93	\$12.54

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

7. RELATED PARTY TRANSACTIONS

(1) Deal with related parties as at 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

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(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,	
	2022	2021	2022	2021
Kinsus Interconnect Technology Corp.	\$-	\$-	\$57	\$-

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.

B. Lease-related parties

a. Right-of-use assets

Related parties	Nature	As at		
		30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Pegatron Japan Inc.	Buildings	\$501	\$1,164	\$-
Pegatron Corporation	Buildings	289,279	-	-
Total		\$289,780	\$1,164	\$-

b. Lease liabilities

Related parties	As at		
	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Pegatron Japan Inc.	\$504	\$1,165	\$-
Pegatron Corporation	289,996	-	-
Total	\$290,500	\$1,165	\$-

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c. Lease payment (Rental expense)

Related parties	Nature	For the three-month period ended		For the nine-month period ended	
		September 30,		September 30,	
		2022	2021	2022	2021
Pegatron Corporation	buildings	\$124	\$25,212	\$33,822	\$75,635

d. Interest expenses

Related parties	For the three-month period ended		For the nine-month period ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Pegatron Japan Inc.	\$2	\$-	\$6	\$3
Pegatron Corporation	891	-	1,525	-
Total	\$893	\$-	\$1,531	\$3

C. Operating expense

Related parties	Nature	For the three-month period ended		For the nine-month period ended	
		September 30,		September 30,	
		2022	2021	2022	2021
Pegatron Corporation	Provide services	\$27	\$83	\$193	\$249
Pegatron Corporation	Pay utilities	\$23,654	\$25,410	\$76,515	\$72,726
Pegatron Japan Inc.	Provide services and pay utilities and postage	\$25	\$29	\$77	\$89
Pegatron Czech S.R.O.	Provide services	\$38	\$17	\$112	\$51

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Refundable deposits

Related parties	As at		
	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Pegatron Corporation	\$10,000	\$10,000	\$10,000

E. Contract liabilities

Related parties	As at		
	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Kinsus Interconnect Technology Corp.	\$-	\$60	\$-

F. Other payables

Related parties	As at		
	30 Sep. 2022	31 Dec. 2021	30 Sep. 2021
Pegatron Corporation	\$30,001	\$33,981	\$32,382
Pegatron Japan Inc.	-	-	16
Pegatron Czech S.R.O.	-	26	-
Total	\$30,001	\$34,007	\$32,398

G. 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	
	2022	2021	2022	2021
	Short-term employee benefits and post-employment benefits	\$11,979	\$1,572	\$31,535

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

8.ASSETS PLEDGED AS COLLATERAL

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

Item	Carrying Amount as at			Secured liabilities
	30 Sep.2022	31 Dec.2021	30 Sep.2021	
Property, plant and equipment - Land (carrying amount)	\$196,960	\$-	\$-	Secured borrowings
Property, plant and equipment - Buildings (carrying amount)	117,941	42,036	52,287	Secured borrowings
Refundable deposits	2,000	2,000	2,000	Security deposit to custom authority
Total	<u>\$316,901</u>	<u>\$44,036</u>	<u>\$54,287</u>	

9.SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As at September 30, 2022, the Group's outstanding contracts relating to significant construction in progress and purchased property, plant and equipment were as follows:

Nature of Contract	Contract Amount	Amount Paid	Amount unpaid
Buildings	\$1,615,848	\$911,417	\$704,431
Machinery and equipment	14,000	5,600	8,400
Total	<u>\$1,629,848</u>	<u>\$917,017</u>	<u>\$712,831</u>

10.LOSSES DUE TO MAJOR DISASTERS

None.

11.SIGNIFICANT SUBSEQUENT EVENTS

None.

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As at		
	30 Sep. 2022	31 Dec.2021	30 Sep. 2021
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	\$140,144	\$67,028	\$35,002
Financial assets measured at amortized cost			
Cash and cash equivalents (exclude cash on hand)	1,469,612	1,844,816	1,632,585
Accounts receivables	905,846	627,333	712,383
Other receivables	17,417	6,708	31,704
Refundable deposits	67,294	68,564	67,339
Subtotal	<u>2,460,169</u>	<u>2,547,421</u>	<u>2,444,011</u>
Total	<u>\$2,600,313</u>	<u>\$2,614,449</u>	<u>\$2,479,013</u>

Financial liabilities

	As at		
	30 Sep. 2022	31 Dec.2021	30 Sep. 2021
Financial liabilities at amortized cost:			
Short-term borrowings	\$354,610	\$444,866	\$394,720
Payables	1,528,015	1,939,156	2,163,824
Long-term borrowings (including current portion with maturity less than 1 year)	373,435	141,993	137,533
Lease liabilities	407,625	161,503	157,297
Total	<u>\$2,663,685</u>	<u>\$2,687,518</u>	<u>\$2,853,374</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, 2022 and 2021 would decrease/increase by NT\$8,070 thousand and NT\$3,123 thousand, respectively.

When NTD appreciates/depreciates against CNY by 1%, net income (loss) for the nine-month periods ended September 30, 2022 and 2021 would decrease/increase by NT\$366 thousand and NT\$1,387 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, 2022 and 2021 would decrease / increase by NT\$1,932 thousand and increase / decrease by NT\$366 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 at September 30, 2022, December 31, 2021 and September 30, 2021, receivables from the top ten customers were accounted for 82.67%, 71.14% and 80.89% of the Group's total accounts receivable, respectively. The concentration of credit risk is relatively insignificant for the remaining receivables.

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

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

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

(5)Liquidity risk management

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

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 at September 30, 2022</u>							
Borrowings	\$363,682	\$10,726	\$26,199	\$44,438	\$42,471	\$288,057	\$775,573
Payables	1,528,015	-	-	-	-	-	1,528,015
Lease liabilities	144,284	131,914	110,321	11,259	7,256	9,840	414,874
<u>As at December 31, 2021</u>							
Borrowings	\$446,693	\$5,050	\$7,004	\$20,449	\$25,060	\$91,489	\$595,745
Payables	1,939,156	-	-	-	-	-	1,939,156
Lease liabilities	53,668	41,761	28,400	19,691	8,216	12,964	164,700

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years	Total
<u>As at September 30, 2021</u>							
Borrowings	\$396,183	\$3,999	\$5,377	\$19,510	\$24,148	\$92,324	\$541,541
Payables	2,163,824	-	-	-	-	-	2,163,824
Lease liabilities	50,196	40,327	28,032	18,045	9,956	13,999	160,555

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the nine-month periods ended September 30, 2022:

	Short-term borrowings	Long-term borrowings	Refundable deposits	Lease liabilities	Total liabilities from financing activities
As at January 1, 2022	\$444,866	\$141,993	\$515	\$161,503	\$748,877
Cash flows	(90,256)	219,000	475	(80,759)	48,460
Non-cash changes					
Lease range changes	-	-	-	323,363	323,363
Interests on lease liabilities	-	-	-	2,520	2,520
Others	-	221	-	-	221
Currency rate change	-	12,221	-	998	13,219
As at September 30, 2022	\$354,610	\$373,435	\$990	\$407,625	\$1,136,660

Movement schedule of liabilities for the nine-month periods ended September 30, 2021:

	Short-term borrowings	Long-term borrowings	Refundable deposits	Lease liabilities	Total liabilities from financing activities
As at January 1, 2021	\$367,890	\$14,705	\$645	\$106,246	\$489,486
Cash flows	26,830	123,580	(80)	(36,840)	113,490
Non-cash changes					
Lease range changes	-	-	-	87,093	87,093
Interests on lease liabilities	-	-	-	976	976
Others	-	(752)	-	-	(752)
Currency rate change	-	-	-	(178)	(178)
As at September 30, 2021	\$394,720	\$137,533	\$565	\$157,297	\$690,115

(7) Fair values of financial instruments

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

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

- a. The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity.
- b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds).
- c. Fair value of equity instruments without market quotations, bank borrowing and other non-current liabilities are determined based on the counterparty prices or valuation method (including private placement of listed equity securities, unquoted public Group and private Group equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

B. Fair value of financial instruments measured at amortized cost

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

C. Fair value measurement hierarchy for financial instruments

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

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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 at September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Money market fund	\$140,144	\$-	\$-	\$140,144
<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 at December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Money market fund	\$67,028	\$-	\$-	\$67,028
<u>Financial liabilities:</u>				
None				

As at September 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Money market fund	\$35,002	\$-	\$-	\$35,002
<u>Financial liabilities:</u>				
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 at					
	30 Sep. 2022			31 Dec. 2021		
	Foreign Currencies	Exchange Rate	NTD	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$38,027	31.712	\$1,205,910	\$24,770	27.871	\$690,362
CNY	\$32,805	4.473	\$146,735	\$27,519	4.342	\$119,488

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As at					
	30 Sep. 2022			31 Dec. 2021		
	Foreign Currencies	Exchange Rate	NTD	Foreign Currencies	Exchange Rate	NTD
<u>Financial liabilities</u>						
Monetary items:						
USD	\$12,563	31.757	\$398,949	\$19,294	27.683	\$534,106
CNY	\$24,634	4.473	\$110,184	\$9,809	4.342	\$42,588
<u>Foreign currency resulting in exchange gain or loss</u>						
USD			\$50,778	USD		\$(4,252)
CNY			\$3,094	CNY		\$1,523
Other			\$(5,366)	Other		\$(5,135)
	As at					
	30 Sep. 2021					
	Foreign Currencies	Exchange Rate	NTD			
<u>Financial assets</u>						
Monetary items:						
USD	\$28,584	27.999	\$800,351			
CNY	\$42,869	4.295	\$184,130			
<u>Financial liabilities</u>						
Monetary items:						
USD	\$17,521	27.856	\$488,061			
CNY	\$10,588	4.295	\$45,478			
<u>Foreign currency resulting in exchange gain or loss</u>						
USD			\$432			
CNY			\$(4,083)			
Other			\$(4,964)			

(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 at September 30, 2022 (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, 2022: 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, 2022: 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, 2022: 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, 2022: 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 at September 30, 2022: Please refer to attachment 6.

I. Derivative instrument transactions: None.

J. Inter Group relationships and significant inter Group transactions for the nine-month period ended September 30, 2022: Please refer to attachment 9.

(2) Information on investees

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

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

a. Financing provided to others: None.

b. Endorsement/Guarantee provided to others: None.

c. Marketable securities held as at September 30, 2022 (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, 2022: 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, 2022: 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, 2022: 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, 2022: Please refer to attachment 8.

h. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as at September 30, 2022: None.

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.

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 at January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as at September 30, 2022	Profit/Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as at September 30, 2022	Accumulated Inward Remittance of Earnings as at September 30, 2022	Accumulated Outflow of Investment from Taiwan to Mainland China as at September 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in China by Investment Commission, MOEA
					Outflow	Inflow									
Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	\$112,559 (USD 3,600)	(1)	\$112,559	\$-	\$-	\$112,559	\$(16,223) (Note 4 and 5)	100%	\$(16,223) (Note 4, 5 and 6)	\$95,043 (Note 4, 5 and 6)	\$-	\$112,559	\$112,559	\$3,635,689
Gemvision Technology (Zhejiang) Limited	Selling medical equipment	\$98,403 (RMB 22,000) (Note 4)	(3) (Note 2)	\$-	\$-	\$-	\$-	\$(5,905) (Note 4 and 5)	100%	\$(5,905) (Note 4, 5 and 6)	\$79,337 (Note 4, 5 and 6)	\$-	\$-	\$-	

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Name of Investee in China	Main Business	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as at January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as at September 30, 2022	Profit/Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as at September 30, 2022	Accumulated Inward Remittance of Earnings as at September 30, 2022	Accumulated Outflow of Investment from Taiwan to Mainland China as at September 30, 2022	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	\$85,620 (USD 3,000)	(1)	\$85,620	\$-	\$-	\$85,620	\$(1,298) (Note 4 and 5)	100%	\$(1,298) (Note 4, 5 and 6)	\$81,498 (Note 4, 5 and 6)	\$-	\$85,620	\$85,620	
BeautyTech Platform (Shanghai) Corporation	Selling medical equipment and cosmetic products	\$14,885 (USD 500)	(3) (Note 3)	\$-	\$14,885	\$-	\$14,885	\$12,758 (Note 4 and 5)	85%	\$12,758 (Note 4, 5 and 6)	\$27,891 (Note 4, 5 and 6)	\$-	\$14,885	\$14,885	\$132,927

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

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

Note 2: 100% Shares of Gemvision Technology owned and directly invested by Pegavision Contact Lenses (Shanghai) Corporation.

Note 3: 100% Shares of BeautyTech Platform (Shanghai) owned and directly invested by BeautyTech Platform Corporation.

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

Note 5: Gain/loss on investment is recognized based on the reviewed financial statements of the parent company's auditors in Taiwan.

Note 6: Transactions 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, 2022: None.
- b. Sale and balance of related accounts receivable as of September 30, 2022: Please refer to attachment 9.
- 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 9.
- g. Above transactions are eliminated upon preparation of consolidated financial statements. Please refer to attachment 9 for details.

(4) Information on major shareholders

Shares	Shares	%
Major shareholders		
Kinsus Investment Co., Ltd.	21,233,736	30.33%
Asuspover Investment Co., Ltd.	5,480,121	7.82%
Asustek Investment Co., Ltd.	4,934,434	7.04%

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, 2022

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, 2022 (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, 2022			Fair Value	Note
				Shares / Units	Carrying Amount	Shareholding %		
Pegavision Corporation	Money market funds:							
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	7,872,481	\$130,049	-%	\$130,142	
Mayin Investment Co. , Ltd.	Money market funds:							
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	786,559	10,000	-%	10,002	
	Add: Valuation Adjustment				95			
	Total				<u>\$140,144</u>		<u>\$140,144</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, 2022

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	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount
Pegavision Corporation	Money Market Funds:													
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss	-	-	3,556,527	<u>\$55,012</u>	15,300,101	<u>\$237,000</u>	18,856,628	<u>\$292,123</u>	<u>\$292,012</u>	<u>\$111</u>	-	<u>\$-</u>
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	<u>\$-</u>	31,624,384	<u>\$522,300</u>	23,751,903	<u>\$392,341</u>	<u>\$392,251</u>	<u>\$90</u>	7,872,481	<u>\$130,049</u>

Pegavision Corporation and Subsidiaries

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

As of September 30, 2022

Attachment 4

(In Thousands of Foreign Currency / 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	Right-of-use assets -Buildings	111.4.25	<u>\$330,604</u>	By Contract	Pegatron Corporation	Ultimate parent company	Pegatron Corporation	Ultimate parent company	Renew the tenancy	None	The transaction amount refer to professional appraisal institutions.	Satisfy the growth of business sales.	None
Mayin Investment Co. , Ltd.	Land	111.3.1	\$194,800	By Contract	Natural person	None	None	None	None	None	The transaction amount refer to professional appraisal institutions.	Satisfy the growth of business sales.	None
	Buildings	111.3.1	\$80,020	By Contract	Zhongmao Co. , Ltd.	None	None	None	None	None	The transaction amount refer to professional appraisal institutions.	Satisfy the growth of business sales.	None
	Total		<u>\$274,820</u>										

Note: 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.

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, 2022

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	\$2,016,921	49.58%	90 days after monthly closing	Similar to those to third party customers.	T/T to 90 days after monthly closing	Accounts receivable		Note
									\$652,126	57.09%	
									Contract liability		
\$(111)	0.33%										
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Subsidiary	Sales	\$258,445	6.35%	Within 180 days after monthly closing	Similar to those to third party customers.	T/T to 90 days after monthly closing	Accounts receivable		Note
									\$115,829	10.14%	
Pegavision Corporation	BeautyTech Platform Corporation	Subsidiary	Sales	\$168,215	4.14%	Within 120 days after monthly closing	Similar to those to third party customers.	T/T to 90 days after monthly closing	-	-	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, 2022

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	\$652,126 (Note)	5.64	\$-	-	\$95,170	\$-
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Subsidiary	\$115,829 (Note)	3.42	\$-	-	\$16,280	\$-

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

Pegavision Corporation and Subsidiaries

Investees over Whom the Company Exercise Significant Influence or Control (Excluding Investees in Mainland China)

As of September 30, 2022

Attachment 7

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Balance as of September 30, 2022			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of September 30, 2022	As of December 31, 2021	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>\$81,229</u>	<u>\$27,670</u>	<u>\$27,670</u>	Note
Pegavision Corporation	Mayin Investment Co., Ltd.	Taiwan	Investing activities	<u>NTD 246,003</u>	<u>NTD 120,003</u>	21,000,000 shares	100.00%	<u>\$350,806</u>	<u>\$68,711</u>	<u>\$68,711</u>	Note
Mayin Investment Co., Ltd.	BeautyTech Platform Corporation	Taiwan	Selling medical equipment and cosmetic products	<u>NTD 85,000</u>	<u>NTD 40,000</u>	8,500,000 shares	85.00%	<u>\$188,313</u>	<u>\$73,605</u>	<u>\$73,200</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>\$26,209</u>	<u>\$(2,356)</u>	<u>\$(1,296)</u>	Note
BeautyTech Platform Corporation	Aquamax Vision Corporation	USA	Selling medical equipment and cosmetic products	<u>-</u> (Note1)	<u>USD 1,100</u>	-	-	<u>\$-</u> (Note1)	<u>\$(6,247)</u>	<u>\$(6,206)</u>	Note
FacialBeau International Corporation	Aquamax Vision Corporation	USA	Selling medical equipment and cosmetic products	<u>USD 1,100</u>	<u>-</u> (Note1)	11,000,000 shares	100.00%	<u>\$7,231</u> (Note1)	<u>\$(6,247)</u>	<u>\$(41)</u>	Note
FacialBeau International Corporation	RODNA Co., Ltd.	Korea	Selling medical equipment and cosmetic products	<u>KRW 100,000</u>	Not applicable	-	100.00%	<u>\$2,195</u>	<u>\$(25)</u>	<u>\$(25)</u>	Note

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

Note1: To improve the synergy of the Group, the equity of Aquamax Vision Corporation was transferred to FacialBeau International Corporation from BeautyTech Platform Corporation.

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, 2022

Attachment 8

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Payable or Receivable		Note	
			Purchase/Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance		% to Total
Pegavision Japan Inc.	Pegavision Corporation	Subsidiary	Purchase	\$2,016,921	100.00%	90 days after monthly closing	No suppliers to be compared with	No suppliers to be compared with	Accounts payable \$652,015	100.00%	Note
Gemvision Technology (Zhejiang) Limited	Pegavision Corporation	Subsidiary	Purchase	\$258,445	98.95%	Within 180 days after monthly closing	No suppliers to be compared with	No suppliers to be compared with	Accounts payable \$115,829	95.19%	Note
BeautyTech Platform Corporation	Pegavision Corporation	Subsidiary	Purchase	\$168,215	81.65%	Within 120 days after monthly closing	No suppliers to be compared with	No suppliers to be compared with	-	-	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, 2022

Attachment 9

(In Thousands of New Taiwan Dollars)

No.	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	
(Note 1)	2022.01.01~2022.09.30						
0	Pegavision Corporation	Pegavision Japan Inc.	1	Sales revenue	\$2,016,921	90 days after monthly closing	44.38%
0	Pegavision Corporation	Pegavision Japan Inc.	1	Accounts receivable	652,126	90 days after monthly closing	7.18%
0	Pegavision Corporation	Pegavision Japan Inc.	1	Contract liabilities	111	90 days after monthly closing	-
0	Pegavision Corporation	Pegavision Contact Lenses (Shanghai) Corporation	1	Operating expense	80	Within 180 days after monthly closing	-
0	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	1	Sales revenue	258,445	Within 180 days after monthly closing	5.69%
0	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	1	Accounts receivable	115,829	Within 180 days after monthly closing	1.27%
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Sales revenue	168,215	Within 120 days after monthly closing	3.70%
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Other operating income	4,445	Within 120 days after monthly closing	0.10%
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Operating expense	26,273	Within 120 days after monthly closing	0.58%
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Rent income	2,523	Within 120 days after monthly closing	0.06%
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Other receivable	277	Within 120 days after monthly closing	-
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Other payable	7,875	30 days after monthly closing	0.09%
0	Pegavision Corporation	Aqumax Vision Corporation	1	Sales revenue	(10,356)	Within 120 days after monthly closing	(0.23)%
0	Pegavision Corporation	FacialBeau International Corporation	1	Sales revenue	25,047	Within 90 days after monthly closing	0.55%
0	Pegavision Corporation	FacialBeau International Corporation	1	Accounts receivable	12,334	Within 90 days after monthly closing	0.14%
0	Pegavision Corporation	FacialBeau International Corporation	1	Other payable	53	Within 90 days after monthly closing	-
0	Pegavision Corporation	Pegavision (Jiangsu) Limited	1	Sales revenue	3,642	Within 180 days after monthly closing	0.08%
0	Pegavision Corporation	Pegavision (Jiangsu) Limited	1	Operating expense	11,336	Within 180 days after monthly closing	0.25%
0	Pegavision Corporation	Pegavision (Jiangsu) Limited	1	Accounts receivable	467	Within 180 days after monthly closing	0.01%
1	Mayin Investment Co., Ltd.	FacialBeau International Corporation	3	Rent income	400	T/T in advance	0.01%
1	Mayin Investment Co., Ltd.	FacialBeau International Corporation	3	Other receivable	210	T/T in advance	-
1	Mayin Investment Co., Ltd.	BeautyTech Platform Corporation	3	Rent income	2,000	T/T in advance	0.04%
2	FacialBeau International Corporation	BeautyTech Platform Corporation	3	Sales revenue	34,095	Within 30 days after monthly closing	0.75%
2	FacialBeau International Corporation	BeautyTech Platform Corporation	3	Other operating income	1,230	Within 30 days after monthly closing	0.03%
2	FacialBeau International Corporation	BeautyTech Platform Corporation	3	Accounts receivable	391	Within 30 days after monthly closing	-
2	FacialBeau International Corporation	Gemvision Technology (Zhejiang) Limited	3	Sales revenue	3,618	Within 180 days after monthly closing	0.08%
2	FacialBeau International Corporation	Gemvision Technology (Zhejiang) Limited	3	Accounts receivable	3,672	Within 180 days after monthly closing	0.04%
3	BeautyTech Platform Corporation	Gemvision Technology (Zhejiang) Limited	3	Sales revenue	2,129	Within 180 days after monthly closing	0.05%
3	BeautyTech Platform Corporation	Gemvision Technology (Zhejiang) Limited	3	Accounts receivable	2,176	Within 180 days after monthly closing	0.02%
4	Pegavision Contact Lenses (Shanghai) Corporation	Gemvision Technology (Zhejiang) Limited	3	Other operating income	13,744	Within 180 days after monthly closing	0.30%
5	BeautyTech Platform (Shanghai) Corporation	Pegavision Contact Lenses (Shanghai) Corporation	3	Service revenue	11,060	Within 30 days after monthly closing	0.24%
5	BeautyTech Platform (Shanghai) Corporation	Pegavision Contact Lenses (Shanghai) Corporation	3	Other receivable	9,482	Within 30 days after monthly closing	0.10%
5	BeautyTech Platform (Shanghai) Corporation	Gemvision Technology (Zhejiang) Limited	3	Service revenue	13,272	Within 30 days after monthly closing	0.29%
5	BeautyTech Platform (Shanghai) Corporation	Gemvision Technology (Zhejiang) Limited	3	Other receivable	9,482	Within 30 days after monthly closing	0.10%

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.