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**PEGAVISION CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
AS OF SEPTEMBER 30, 2023 AND 2022
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, 2023 and 2022, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, the related consolidated statements of changes in equity and cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews and the review reports of the other independent auditors (please refer to the Other Matter paragraph of our report), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of September 30, 2023 and 2022, and their consolidated financial performance for the three-month and nine-month periods then ended and cash flows for the nine-month periods then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

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

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

/s/Chang, Chih-Ming

/s/Kuo, Shao-Pin

Ernst & Young
Taiwan, R.O.C.
October 30, 2023

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, 2023, December 31, 2022 and September 30, 2022
(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of September 30, 2023		As of December 31, 2022		As of September 30, 2022	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
11xx	Current assets							
1100	Cash and cash equivalents	6(1)	\$2,365,289	19	\$1,846,120	19	\$1,473,032	16
1110	Financial assets at fair value through profit or loss	6(2)	785,220	6	666,488	7	140,144	2
1136	Financial assets measured at amortized cost	6(3)	2,077,412	17	-	-	-	-
1170	Accounts receivable, net	6(4), 6(18), 7	903,223	7	745,195	8	905,846	10
1200	Other receivables		26,064	-	5,523	-	17,417	-
1220	Current tax assets		42,319	1	2,929	-	2,970	-
1310	Inventories, net	6(5)	611,788	5	568,628	6	657,711	7
1410	Prepayments		150,897	1	76,884	1	82,915	1
1470	Other current assets		82,960	1	59,062	1	73,546	1
	Total current assets		<u>7,045,172</u>	<u>57</u>	<u>3,970,829</u>	<u>42</u>	<u>3,353,581</u>	<u>37</u>
15xx	Non-current assets							
1550	Investment accounted for using equity method	4, 6(6)	19,986	-	-	-	-	-
1600	Property, plant and equipment, net	6(7), 8, 9	4,788,354	39	5,037,447	52	5,105,832	56
1755	Right-of-use assets, net	6(19), 7	287,028	2	356,943	4	400,990	5
1780	Intangible assets, net	6(8)	16,026	-	22,223	-	21,985	-
1840	Deferred tax assets	4, 6(23)	32,222	-	17,793	-	20,818	-
1900	Other non-current assets	6(7), 6(9), 7, 8	248,200	2	156,362	2	184,948	2
	Total non-current assets		<u>5,391,816</u>	<u>43</u>	<u>5,590,768</u>	<u>58</u>	<u>5,734,573</u>	<u>63</u>
	Total Assets		<u>\$12,436,988</u>	<u>100</u>	<u>\$9,561,597</u>	<u>100</u>	<u>\$9,088,154</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, 2023, December 31, 2022 and September 30, 2022
(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of September 30, 2023		As of December 31, 2022		As of September 30, 2022	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
21xx	Current liabilities							
2100	Short-term borrowings	6(10)	\$471,441	4	\$284,467	3	\$354,610	4
2130	Contract liabilities	6(17), 7	126,699	1	77,703	1	95,562	1
2150	Notes payable		766	-	3,910	-	1,145	-
2170	Accounts payable		226,206	2	190,643	2	199,823	2
2200	Other payables	6(11), 7	1,321,188	11	1,397,777	15	1,327,047	15
2230	Current tax liabilities	4, 6(23)	34,516	-	105,500	1	31,912	-
2280	Lease liabilities	6(19), 7	131,531	1	132,253	1	140,512	2
2300	Other current liabilities	6(12),6(13),8	240,194	2	249,251	3	201,233	2
	Total current liabilities		2,552,541	21	2,441,504	26	2,351,844	26
25xx	Non-current liabilities							
2540	Non-current portion of long-term borrowings	6(13), 8	244,504	2	364,879	4	370,581	4
2570	Deferred tax liabilities	4, 6(23)	61,395	-	37,185	-	37,904	-
2580	Lease liabilities	6(19), 7	162,046	1	231,107	2	267,113	3
2645	Guarantee deposits received		998	-	974	-	990	-
2670	Other non-current liabilities	6(12)	350	-	216	-	240	-
	Total non-current liabilities		469,293	3	634,361	6	676,828	7
	Total liabilities		3,021,834	24	3,075,865	32	3,028,672	33
31xx	Equity Attributable to Shareholders of the Parent							
3100	Capital	6(15)						
3110	Common stock		780,000	6	700,000	7	700,000	8
3200	Capital surplus	6(15)	4,269,521	34	1,810,341	19	1,805,732	20
3300	Retained earnings	6(15)						
3310	Legal reserve		520,327	4	367,572	4	367,572	4
3320	Special reserve		12,934	-	16,367	-	16,367	-
3350	Unappropriated retained earnings		3,779,052	31	3,546,106	37	3,132,761	34
3400	Other equity interest		(16,341)	-	(12,934)	-	(16,194)	-
36xx	Non-controlling interests	6(15)	69,661	1	58,280	1	53,244	1
	Total equity		9,415,154	76	6,485,732	68	6,059,482	67
	Total liabilities and equity		\$12,436,988	100	\$9,561,597	100	\$9,088,154	100

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

Pegavision Corporation and Subsidiaries
Consolidated Statements of Comprehensive Incomes
For the three-month and nine-month periods ended September 30, 2023 and 2022
(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,			
			2023		2022		2023		2022	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue	6(17), 7	\$1,677,146	100	\$1,641,790	100	\$4,752,101	100	\$4,544,894	100
5000	Operating costs	6(5), 7	(777,739)	(46)	(803,256)	(49)	(2,261,583)	(48)	(2,154,069)	(47)
5900	Gross profit		899,407	54	838,534	51	2,490,518	52	2,390,825	53
6000	Operating expenses	7								
6100	Selling expenses		(153,048)	(9)	(145,270)	(9)	(436,600)	(9)	(393,882)	(9)
6200	Administrative expenses		(124,737)	(8)	(90,628)	(6)	(306,954)	(6)	(271,521)	(6)
6300	Research and development expenses		(168,063)	(10)	(137,079)	(8)	(434,640)	(9)	(431,845)	(9)
6450	Expected credit gains (losses)	6(18)	(21,476)	(1)	1,986	-	(29,608)	(1)	(279)	-
	Operating expenses total		(467,324)	(28)	(370,991)	(23)	(1,207,802)	(25)	(1,097,527)	(24)
6900	Operating income		432,083	26	467,543	28	1,282,716	27	1,293,298	29
7000	Non-operating income and expenses									
7100	Interest income	6(21)	5,882	-	1,615	-	15,867	-	4,670	-
7010	Other income		3,850	-	4,058	-	12,535	-	17,598	-
7020	Other gains or losses		27,743	2	21,689	2	20,274	1	13,989	-
7050	Finance costs	7	(12,038)	(1)	(7,431)	-	(31,673)	(1)	(13,719)	-
7060	Share of profit or loss of associates and joint ventures accounted	4, 6(6)	(14)	-	-	-	(14)	-	-	-
	Total non-operating incomes and expenses		25,423	1	19,931	2	16,989	-	22,538	-
7900	Income from continuing operations before income tax		457,506	27	487,474	30	1,299,705	27	1,315,836	29
7950	Income tax	4, 6(23)	(74,643)	(4)	(66,137)	(4)	(199,344)	(4)	(194,557)	(4)
8200	Net income		382,863	23	421,337	26	1,100,361	23	1,121,279	25
8300	Other comprehensive income (loss)	6(22)								
8360	Items that may be reclassified subsequently to profit or loss									
8380	Exchange differences resulting from translating the financial statements of a foreign operation		10,513	1	2,672	-	(2,923)	-	485	-
	Total other comprehensive income, net of tax		10,513	1	2,672	-	(2,923)	-	485	-
8500	Total comprehensive income		\$393,376	24	\$424,009	26	\$1,097,438	23	\$1,121,764	25
8600	Net income (loss) attributable to:									
8610	Shareholders of the parent		\$377,976	23	\$421,416	26	\$1,082,268	23	\$1,123,367	25
8620	Non-controlling interests		4,887	-	(79)	-	18,093	-	(2,088)	-
			382,863	23	421,337	26	\$1,100,361	23	1,121,279	25
8700	Comprehensive income (loss) attributable to:									
8710	Shareholders of the parent		\$387,364	24	\$423,776	26	\$1,078,861	23	\$1,123,540	25
8720	Non-controlling interests		6,012	-	233	-	18,577	-	(1,776)	-
			393,376	24	424,009	26	\$1,097,438	23	1,121,764	25
9750	Earnings per share-basic (in NTD)	6(24)	\$5.24		\$6.02		\$15.31		\$16.05	
9850	Earnings per share-diluted (in NTD)	6(24)	\$5.21		\$5.98		\$15.20		\$15.93	

(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, 2023 and 2022
(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, 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	<u>\$700,000</u>	<u>\$1,805,732</u>	<u>\$367,572</u>	<u>\$16,367</u>	<u>\$3,132,761</u>	<u>\$(16,194)</u>	<u>\$6,006,238</u>	<u>\$53,244</u>	<u>\$6,059,482</u>
A1	Balance as of January 1, 2023	\$700,000	\$1,810,341	\$367,572	\$16,367	\$3,546,106	\$(12,934)	\$6,427,452	\$58,280	\$6,485,732
	Appropriation and distribution of 2022 earnings									
B1	Legal reserve appropriated			152,755		(152,755)		-		-
B3	Special reserve appropriated				(3,433)	3,433		-		-
B5	Cash dividends-common share					(700,000)		(700,000)		(700,000)
D1	Net income (loss) for the nine-month period ended Sep. 30, 2023					1,082,268		1,082,268	18,093	1,100,361
D3	Other comprehensive income (loss), net of tax, for the nine-month period ended Sep. 30, 2023						(3,407)	(3,407)	484	(2,923)
D5	Total comprehensive income (loss)	-	-	-	-	1,082,268	(3,407)	1,078,861	18,577	1,097,438
E1	Follow-on offering	80,000	2,459,180					2,539,180	304	2,539,484
O1	Non-controlling interests								(7,500)	(7,500)
Z1	Balance as of Sep. 30, 2023	<u>\$780,000</u>	<u>\$4,269,521</u>	<u>\$520,327</u>	<u>\$12,934</u>	<u>\$3,779,052</u>	<u>\$(16,341)</u>	<u>\$9,345,493</u>	<u>\$69,661</u>	<u>\$9,415,154</u>

(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, 2023 and 2022
(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,	
		2023	2022			2023	2022
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	\$1,299,705	\$1,315,836	B00040	Increase in financial assets measured at amortized cost	(2,077,412)	-
A20000	Adjustments:			B01800	Acquisition of investments accounted for using the equity method	(20,000)	-
A20010	Profit or loss not effecting cash flows:			B02700	Acquisition of property, plant and equipment	(471,535)	(1,267,226)
A20100	Depreciation (including right-of-use assets)	704,327	684,494	B02800	Proceeds from disposal of property, plant and equipment	23	180
A20200	Amortization	10,240	6,020	B03800	Decrease (increase) in refundable deposits	5,415	1,270
A20300	Expected credit losses (gain)	29,608	279	B04500	Acquisition of intangible assets	(4,043)	(15,478)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(11,057)	(296)	B05350	Acquisition of right-of use assets	(82,574)	-
A20900	Interest expense	31,673	13,719	BBBB	Net cash provided by (used in) investing activities	(2,650,126)	(1,281,254)
A21200	Interest income	(15,867)	(4,670)	CCCC	Cash flows from financing activities:		
A21900	share-based payment awards	59,484	1,791	C00100	Increase in (repayment of) short-term borrowings	186,974	(90,256)
A22300	Share of profit or loss of associates and joint ventures	14	-	C01600	Increase in long-term borrowings	-	219,000
A22500	Loss (gain) on disposal of property, plant and equipment	(23)	(180)	C01700	Repayment of long-term borrowings	(108,228)	-
A23700	Impairment loss on non-financial assets	11,893	34,953	C03000	Increase (decrease) in guarantee deposits received	24	475
A29900	Gain on lease modification	-	(26)	C04020	Payments of lease liabilities	(105,774)	(80,759)
A29900	Gain on government grants	13	(287)	C04500	Dividend distribution	(707,500)	(595,000)
A30000	Changes in operating assets and liabilities:			C04600	Proceeds from issuing shares	2,480,000	-
A31115	Financial assets at fair value through profit or loss	(107,675)	(72,820)	C05800	Increase (decrease) in non-controlling interests	-	22,500
A31150	Accounts receivable	(187,642)	(278,829)	CCCC	Net cash provided by (used in) financing activities	1,745,496	(524,040)
A31180	Other receivables	(15,647)	(10,760)	DDDD	Effect of exchange rate changes	(4,935)	10,234
A31200	Inventories	(43,160)	(83,937)	EEEE	Increase (decrease) in cash and cash equivalents	519,169	(375,933)
A31230	Prepayments	(74,013)	(9,506)	E00100	Cash and cash equivalents at beginning of period	1,846,120	1,848,965
A31240	Other current assets	(23,898)	(9,751)	E00200	Cash and cash equivalents at end of period	\$2,365,289	\$1,473,032
A32125	Contract liabilities	48,996	31,335				
A32130	Notes payable	(3,144)	(1,171)				
A32150	Accounts payable	35,563	(597)				
A32180	Other payables	14,684	47,088				
A32230	Other current liabilities	(21,101)	42,818				
A33000	Cash generated from operations	1,742,973	1,705,503				
A33100	Interest received	10,972	4,721				
A33300	Interest paid	(26,064)	(9,925)				
A33500	Income tax paid	(299,147)	(281,172)				
AAAA	Net cash provided by (used in) operating activities	1,428,734	1,419,127				

(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, 2023 and 2022 were authorized for issue by the Board of Directors on October 30, 2023.

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 the Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments and interpretations of initial application has no material impact on the Group.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) 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.

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

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

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

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, 2024. The remaining standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised, or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group As of 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”	1 January 2023
c	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

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

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

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

(b)IFRS 17 “Insurance Contracts”

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

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

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

(c)Lack of Exchangeability – Amendments to IAS 21

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

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 remaining new or amended standards and interpretations have no material impact on the Group.

4.SUMMARY OF MATERIAL ACCOUNTING POLICIES

(1)Statement of compliance

The consolidated financial statements of the Group for the nine-month periods ended September 30, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

Except the following 4(3) ~ 4(5), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2022. For more details, please refer to Note 4 of the Company’s consolidated financial statements for the year ended December 31, 2022.

(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, 2022. For the principles of consolidation, please refer to Note 4(3) of the Company’s consolidated financial statements for the year ended December 31, 2022.

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 (%)			
			Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022	Note
The Company	Pegavision Japan Inc.	Selling medical equipment	100.00%	100.00%	100.00%	None
The Company	Pegavision (Jiangsu) Limited	Producing and selling medical equipment	100.00%	100.00%	100.00%	None
The Company	Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	-%	-%	100.00%	Note 1
The Company	Mayin Investment Co., Ltd.	Investing activities	100.00%	100.00%	100.00%	None
Mayin Investment Co., Ltd.	BeautyTech Platform Corporation	Selling medical equipment and cosmetic products	85.00%	85.00%	85.00%	None
Mayin Investment Co., Ltd.	FacialBeau International Corporation	Selling medical equipment and cosmetic products	55.00%	55.00%	55.00%	None
BeautyTech Platform Corporation	Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	100.00%	100.00%	Not Applicable	Note1
BeautyTech Platform Corporation	BeautyTech Platform (Shanghai) Corporation	Selling medical equipment and cosmetic products	100.00%	100.00%	100.00%	Note1
BeautyTech Platform Corporation	BEAUTYTECH PLATFORM (SINGAPORE) PTE. LTD.	Selling medical equipment and cosmetic products	100.00%	100.00%	100.00%	None

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

Investor	Subsidiary	Main business	Percentage of Ownership (%)			
			Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022	Note
Pegavision Contact Lenses (Shanghai) Corporation	Gemvision Technology (Zhejiang) Limited	Selling medical equipment and cosmetic products	100.00%	100.00%	100.00%	None
FacialBeau International Corporation	FacialBeau (Jiangsu) Corporation	Selling medical equipment and cosmetic products	100.00%	100.00%	100.00%	Note 1
FacialBeau International Corporation	IKIDO Inc.	Selling medical equipment and cosmetic products	100.00%	100.00%	100.00%	None
FacialBeau International Corporation	RODNA Co., Ltd.	Selling medical equipment and cosmetic products	100.00%	100.00%	100.00%	None
FacialBeau International Corporation	Aquamax Vision Corporation	Selling medical equipment and cosmetic products	100.00%	100.00%	100.00%	None

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

- (a) The equity of Pegavision Contact Lenses (Shanghai) Corporation was transferred to BeautyTech Platform Corporation from the Company.
- (b) BeautyTech Platform (Shanghai) Corporation which is 100% held by BeautyTech Platform Corporation was registered on January 24, 2022.
- (c) FacialBeau (Jiangsu) Corporation which is 100% held by FacialBeau International Corporation was registered on February 25, 2022. The investment amount has not been remitted as of September 30, 2023.

(4) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing of the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

- (a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(5) Income tax

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

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.

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, 2023 as those applied in the Company's consolidated financial statements for the year ended December 31, 2022. 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, 2022.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Cash and petty cash	\$5,239	\$4,358	\$3,420
Checkings and savings	479,927	447,024	593,203
Time deposit	1,880,123	1,394,738	876,409
Total	<u>\$2,365,289</u>	<u>\$1,846,120</u>	<u>\$1,473,032</u>

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

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

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Mandatorily measured at fair value through profit or loss:			
Money market fund	\$784,220	\$666,000	\$140,049
Valuation adjustment	1,000	488	95
Total	<u>\$785,220</u>	<u>\$666,488</u>	<u>\$140,144</u>
Current	\$785,220	\$666,488	\$140,144
Non-current	-	-	-
Total	<u>\$785,220</u>	<u>\$666,488</u>	<u>\$140,144</u>

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

(3) Financial asset measured at amortized cost

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Time deposit	\$2,077,412	\$-	\$-
Less: loss allowance	-	-	-
Total	<u>\$2,077,412</u>	<u>\$-</u>	<u>\$-</u>
Current	<u>\$2,077,412</u>	<u>\$-</u>	<u>\$-</u>
Non-current	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

The Group deals with financial institutions with good credit, so there is no significant credit risk.

No financial asset measured at amortized cost 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)

(4)Accounts receivable, net

A.Accounts receivable, net

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Accounts receivable, gross	\$940,977	\$753,335	\$921,133
Less: loss allowance	(37,754)	(8,140)	(15,287)
Total accounts receivable, net	<u>\$903,223</u>	<u>\$745,195</u>	<u>\$905,846</u>

B.Receivable were not pledged.

C.Accounts receivable are generally on T/T to 90 days terms. The total carrying amount is NT\$940,977 thousand, NT\$753,335 thousand and NT\$921,133 thousand as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively. Please refer to Note 6 (18) for more details on loss allowance of accounts receivable for the nine-month periods ended September 30, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(5)Inventory

A.Details of inventory:

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Merchandises	\$6,425	\$6,197	\$6,232
Raw materials	92,162	92,656	97,873
Supplies	8,546	7,947	7,473
Work in process	122,575	146,162	214,887
Finished goods	382,080	315,666	331,246
Total	<u>\$611,788</u>	<u>\$568,628</u>	<u>\$657,711</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, 2023 and 2022, the Group recognized NT\$777,739 thousand and NT\$803,256 thousand under the caption of costs of sale, respectively. For the nine-month periods ended September 30, 2023 and 2022, the Group recognized NT\$2,261,583 thousand and NT\$2,154,069 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,	
	2023	2022	2023	2022
Loss (Gain) from inventory market decline	\$(1,142)	\$23,771	\$(27,778)	\$27,888
Loss from inventory write-off obsolescence	7,414	-	24,571	19,238
Total	<u>\$6,272</u>	<u>\$23,771</u>	<u>\$(3,207)</u>	<u>\$47,126</u>

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

C. The inventories were not pledged.

(6) Investments accounted for using the equity method

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

Investees	As of						Note
	Sep. 30, 2023		Dec. 31, 2022		Sep. 30, 2022		
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership	
<u>Unlisted company</u>							
Zhuhe Investment Co., Ltd.	\$19,986	11.76%		Not applicable		Not applicable	None

A. Investments in associates

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

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

As of September 30, 2023, the aggregated carrying amount of the Group's investment in Zhuhe Investment Co., Ltd. amounted to NT\$19,986 thousand. The summarized financial information for the share of associates of the Group is as follows:

	For the three-month periods ended September 30, 2023	For the nine-month periods ended September 30, 2023
Profit (loss) from continuing operations	\$(14)	\$(14)
Other comprehensive income (post-tax)	-	-
Total comprehensive loss	\$(14)	\$(14)

B. As of September 30, 2023, the investments accounted for using the equity method amounted to NT\$19,986 thousand. The share of profit or loss of associates and joint ventures accounted for using the equity method amounted to NT\$(14) thousand, and the share of other comprehensive income of associates and joint ventures accounted for using the equity method amounted to nil for the three-month and nine-month periods ended September 30, 2023, and our review results are based solely on the reports of the other independent auditors.

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

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

(7)Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Computer equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting inspection (including prepayment for equipment)	Total
<u>Cost:</u>									
As of 1/1/2023	\$1,514,524	\$165,620	\$4,876,270	\$1,973	\$84,335	\$-	\$991,212	\$1,133,177	\$8,767,111
Addition	-	-	-	-	-	252	3,052	374,137	377,441
Disposals	-	-	(2,991)	-	(339)	-	(8,617)	-	(11,947)
Transfer	-	-	36,563	-	1,661	-	67,550	(105,774)	-
Effect of EX rate	-	-	-	-	43	-	1,427	109	1,579
As of 9/30/2023	<u>\$1,514,524</u>	<u>\$165,620</u>	<u>\$4,909,842</u>	<u>\$1,973</u>	<u>\$85,700</u>	<u>\$252</u>	<u>\$1,054,624</u>	<u>\$1,401,649</u>	<u>\$9,134,184</u>
As of 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 of 9/30/2022	<u>\$1,514,524</u>	<u>\$157,948</u>	<u>\$4,869,082</u>	<u>\$1,722</u>	<u>\$81,532</u>	<u>\$-</u>	<u>\$974,038</u>	<u>\$1,073,187</u>	<u>\$8,672,033</u>

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

	Land	Buildings	Machinery and equipment	Transportation equipment	Computer equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting inspection (including prepayment for equipment)	Total
<u>Depreciation and impairment:</u>									
As of 1/1/2023	\$-	\$41,075	\$2,865,878	\$1,114	\$75,651	\$-	\$657,393	\$-	\$3,641,111
Depreciation	-	3,205	506,040	195	4,253	15	87,555	-	601,263
Impairment loss	-	-	-	-	-	-	11,893	-	11,893
Disposal	-	-	(2,991)	-	(339)	-	(8,617)	-	(11,947)
Transfer	-	-	(804)	-	-	-	804	-	-
Effect of EX rate	-	-	-	-	20	-	258	-	278
As of 9/30/2023	<u>\$-</u>	<u>\$44,280</u>	<u>\$3,368,123</u>	<u>\$1,309</u>	<u>\$79,585</u>	<u>\$15</u>	<u>\$749,286</u>	<u>\$-</u>	<u>\$4,242,598</u>
As of 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 of 9/30/2022	<u>\$-</u>	<u>\$40,007</u>	<u>\$2,704,952</u>	<u>\$1,051</u>	<u>\$73,584</u>	<u>\$-</u>	<u>\$628,953</u>	<u>\$-</u>	<u>\$3,448,547</u>

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

	Land	Buildings	Machinery and equipment	Transportation equipment	Computer equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting inspection (including prepayment for equipment)	Total
<u>Net carrying amount:</u>									
As of 9/30/2023	\$1,514,524	\$121,340	\$1,541,719	\$664	\$6,115	\$237	\$305,338	\$1,401,649	\$4,891,586
As of 12/31/2022	\$1,514,524	\$124,545	\$2,010,392	\$859	\$8,684	\$-	\$333,819	\$1,133,177	\$5,126,000
As of 9/30/2022	\$1,514,524	\$117,941	\$2,164,130	\$671	\$7,948	\$-	\$345,085	\$1,073,187	\$5,223,486

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

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

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Property, plant and equipment	\$4,788,354	\$5,037,447	\$5,105,832
Prepayment for equipment	103,232	88,553	117,654
Total	<u>\$4,891,586</u>	<u>\$5,126,000</u>	<u>\$5,223,486</u>

B.For the three-month periods ended September 30, 2023 and 2022, NT\$0 and NT\$17,289 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, 2023 and 2022, NT\$11,893 thousand and NT\$33,296 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. This has been recognized in the statement of comprehensive income. The recoverable value is measured at usage values by the individual units.

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

(8)Intangible assets

	Computer software
<u>Cost:</u>	
As of January 1, 2023	\$48,385
Additions – acquired separately	4,043
Derecognized upon retirement	-
Effect of EX rate	-
As of September 30, 2023	<u>\$52,428</u>
As of January 1, 2022	\$34,865
Additions – acquired separately	15,478
Derecognized upon retirement	(5,028)
Effect of EX rate	115
As of September 30, 2022	<u>\$45,430</u>

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

	<u>Computer software</u>
<u>Amortization and Impairment:</u>	
As of January 1, 2023	\$26,162
Amortization	10,240
Impairment loss	-
Derecognized upon retirement	-
Effect of EX rate	-
As of September 30, 2023	<u>\$36,402</u>
As of January 1, 2022	\$20,783
Amortization	6,020
Impairment loss	1,657
Derecognized upon retirement	(5,028)
Effect of EX rate	13
As of September 30, 2022	<u>\$23,445</u>
<u>Carrying amount, net:</u>	
As of September 30, 2023	<u>\$16,026</u>
As of December 31, 2022	<u>\$22,223</u>
As of September 30, 2022	<u>\$21,985</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>	
	2023	2022	2023	2022
Manufacturing expense	\$73	\$93	\$258	\$257
Selling expense	130	93	390	438
Administrative expense	2,931	1,841	8,805	4,353
Research and development expense	244	276	787	972
Total	<u>\$3,378</u>	<u>\$2,303</u>	<u>\$10,240</u>	<u>\$6,020</u>

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

(9)Other non-current assets

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Refundable deposits	\$62,394	\$67,809	\$67,294
Prepayment for equipment	103,232	88,553	117,654
Prepayment for right-of assets	82,574	-	-
Total	<u>\$248,200</u>	<u>\$156,362</u>	<u>\$184,948</u>

(10)Short-term borrowings

A.Details of Short-term borrowings

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Unsecured bank loans	<u>\$471,441</u>	<u>\$284,467</u>	<u>\$354,610</u>
Interest Rate (%)	5.94%~6.10%	3.04%~5.63%	3.30%~3.75%

B.The Group's unused short-term lines of credits amounts to NT\$885,004 thousand, NT\$1,018,762 and NT\$976,464 thousand, as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

(11)Other payable

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Accrued expenses	\$1,284,135	\$1,269,451	\$1,167,017
Accrued interest payable	3,634	813	1,331
Payable to equipment suppliers	33,419	127,513	158,699
Total	<u>\$1,321,188</u>	<u>\$1,397,777</u>	<u>\$1,327,047</u>

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
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(12)Other current liabilities

A.Details of other current liabilities

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Other current liabilities	\$21,114	\$65,703	\$40,426
Refund liability	202,132	178,644	157,415
Deferred government grants income	326	447	538
Long-Term Borrowings-Current Portion	16,622	4,457	2,854
Total	<u>\$240,194</u>	<u>\$249,251</u>	<u>\$201,233</u>

B.The changes in the Group's balances of deferred government grants income for the nine-month periods ended September 30, 2023 and 2022 are as follows:

	For the nine-month period ended September, 30	
	2023	2022
Beginning balance	\$663	\$1,065
Received during the period	-	-
Released to the statement of comprehensive income	13	(287)
Ending Balance	<u>\$676</u>	<u>\$778</u>
Current	<u>\$326</u>	<u>\$538</u>
Non-current	<u>\$350</u>	<u>\$240</u>

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

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
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(13) Long-term borrowings

A. Details of long-term borrowings

Debtor	Type of Loan	Maturity	As of			Repayment
			Sep. 30 2023	Dec. 31, 2023	Sep. 30 2022	
Chang Hwa Commercial Bank – Beitou Branch	Credit loan	2020.03.25-2025.03.15	\$3,735	\$4,968	\$4,962	Notes 1
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2020.11.10-2030.10.15	8,773	9,654	9,877	Notes 2
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2021.04.08-2030.10.15	34,788	38,616	39,386	Notes 2
Mega International Commercial Bank – Lan-Ya Branch	Credit loan	2021.09.02-2028.09.02	-	92,152	95,269	Notes 3
Mega International Commercial Bank – Lan-Ya Branch	Secured loan	2021.10.08-2026.09.15	4,830	4,946	4,941	Notes 4
Chang Hwa Commercial Bank – Beitou Branch	Secured loan	2022.06.22-2031.06.21	209,000	219,000	219,000	Note 5
Total			261,126	369,336	373,435	
Less: current portion			(16,622)	(4,457)	(2,854)	
Non-current portion			\$244,504	\$364,879	\$370,581	

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. The borrowing was repaid in advance as of January 6, 2023.

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 month starting from the initial draw-down date. Grace period is 3 years (36 terms). The rest is repayable in installments of equal amount for 204 terms

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

	As of		
	Sep. 30 2023	Dec. 31 2022	Sep. 30 2022
The interest rate intervals (%)	1.15%~1.90%	1.025%~6.43%	1.28%~2.67%

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

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

(14) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended September 30, 2023 and 2022 were NT\$13,033 thousand and NT\$12,588 thousand, respectively. Expenses under the defined contribution plan for the nine-month periods ended September 30, 2023 and 2022 were NT\$38,542 thousand and NT\$37,742 thousand, respectively

Pension for the three-month periods ended September 30, 2023 and 2022 were NT\$5 thousand and NT\$1 thousand, respectively. Pension for the nine-month periods ended September 30, 2023 and 2022 were NT\$5 thousand and NT\$1 thousand, respectively.

(15)Equity

A.Common stock

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Company's authorized capital were NT\$1,000,000 thousand, and paid-in capital were NT\$780,000 thousand, NT\$700,000 thousand and NT\$700,000 thousand, each share at par value of NT\$10, divided into 78,000 thousand shares, 70,000 thousand shares and 70,000 thousand shares. Each share has one voting right and a right to receive dividends.

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

B.Capital surplus

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Additional paid-in capital	\$4,204,928	\$1,804,928	\$1,804,928
<u>Offset accumulated deficits:</u>			
Changes in ownership interests in subsidiaries	4,609	4,609	-
Additional paid-in capital-			
Employee stock warrants	59,359	804	804
Expired employee stock warrants	625	-	-
Total	<u>\$4,269,521</u>	<u>\$1,810,341</u>	<u>\$1,805,732</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, 2022, which sets out the following provisions for compliance:

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

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

- e. The appropriations of earnings for the Years 2022 and 2021 were approved through the shareholders’ meetings held on May 24, 2023 and 2022, respectively. The details of the distributions are as follows.

	Appropriation of earnings		Dividend per share (in NT\$)	
	2022	2021	2022	2021
Legal reserve	\$152,755	\$124,857		
Special reserve	(3,433)	8,224		
Cash dividend	700,000	595,000	\$10.0	\$8.5

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

Pegavision Corporation and Subsidiaries
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D. Non-controlling interests

	For the nine-month period ended September 30,	
	2023	2022
Beginning balance	\$58,280	\$22,362
Non-controlling interests increase	-	22,500
Dividend distribution of the subsidiary	(7,500)	-
Non-controlling interests increase/(decrease)	18,577	(1,776)
Reorganization	-	(120)
Difference between consideration given/received and carrying amount of interests in subsidiaries acquired / disposed of	-	10,130
Share-based payment transaction	304	148
Ending balance	\$69,661	\$53,244

(16)Share-based payment plans

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

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

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

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

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

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

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

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

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

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(17) Operating revenue

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Revenue from customer contracts				
Sales of goods	<u>\$1,677,146</u>	<u>\$1,641,790</u>	<u>\$4,752,101</u>	<u>\$4,544,894</u>

Analysis of revenue from contracts with customers for the three-month and nine-month periods ended September 30, 2023 and 2022 are as follows:

A. Disaggregation of revenue

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
	Single department	Single department	Single department	Single department
Sales of goods	<u>\$1,677,146</u>	<u>\$1,641,790</u>	<u>\$4,752,101</u>	<u>\$4,544,894</u>

The timing for revenue recognition:

At a point in time	<u>\$1,677,146</u>	<u>\$1,641,790</u>	<u>\$4,752,101</u>	<u>\$4,544,894</u>
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B. Contract balances

a. Contract liabilities – current

	As of			
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022	1 Jan. 2022
Sales of goods	\$124,780	\$74,709	\$91,613	\$51,556
Customer loyalty programmes	1,919	2,994	3,949	12,671
Total	<u>\$126,699</u>	<u>\$77,703</u>	<u>\$95,562</u>	<u>\$64,227</u>

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

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

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

(18)Expected credit gains (losses)

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Operating expenses – Expected credit gains (losses)				
Accounts receivable	<u>\$(21,476)</u>	<u>\$1,986</u>	<u>\$(29,608)</u>	<u>\$(279)</u>

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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, 2023

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

December 31, 2022

	Past due			
	Not past due	<=60 days	Separate assessment	Total
Gross carrying amount	\$733,379	\$18,027	\$1,929	\$753,335
Loss rate	0.82%	1%	100%	
Lifetime expected credit losses	(6,031)	(180)	(1,929)	(8,140)
Carrying amount of accounts receivable	\$727,348	\$17,847	\$-	\$745,195

September 30, 2022

	Past due				
	Not past due	<=60 days	61-90 days	Separate assessment	Total
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

B.The movement in the provision for impairment of accounts receivable for the nine-month periods ended September 30, 2023 and 2022 are as follows:

	<u>Accounts receivable</u>
As of January 1, 2023	\$8,140
Addition (reversal)	29,608
Effect of EX rate	6
As of September 30, 2023	<u>\$37,754</u>
As of January 1, 2022	\$14,971
Addition (reversal)	279
Effect of EX rate	37
As of September 30, 2022	<u>\$15,287</u>

(19)Leases

A.Group as a lessee

The Group leases buildings. The lease terms range from 1 to 10 years. The Group may not allow to lend, sublease, sell without obtaining the consent from the lessors.

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

a.Amounts recognized in the consolidated balance sheet

I.Right-of-use assets

	<u>Buildings</u>
<u>Cost:</u>	
As of January 1, 2023	\$492,223
Addition	33,010
Disposal/modification	(18,796)
Effect of EX rate	685
As of September 30, 2023	<u>\$507,122</u>

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	<u>Buildings</u>
As of January 1, 2022	\$207,324
Addition	358,082
Disposals	(48,333)
Transfer	-
Effect of EX rate	1,332
As of September 30, 2022	<u>\$518,405</u>
<u>Depreciation and impairment:</u>	
As of January 1, 2023	\$135,280
Depreciation	103,064
Impairment loss	-
Disposal/modification	(18,638)
Effect of EX rate	388
As of September 30, 2023	<u>\$220,094</u>
As of January 1, 2022	\$49,666
Depreciation	80,936
Impairment loss	-
Disposal	(13,640)
Transfer	-
Effect of EX rate	453
As of September 30, 2022	<u>\$117,415</u>
<u>Net carrying amount:</u>	
As of September 30, 2023	<u>\$287,028</u>
As of December 31, 2022	<u>\$356,943</u>
As of September 30, 2022	<u>\$400,990</u>

II. Lease liabilities

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Lease liabilities	\$293,577	\$363,360	\$407,625
Current	\$131,531	\$132,253	\$140,512
Non-current	\$162,046	\$231,107	\$267,113

Please refer to Note 6(21) (d) for the interest on lease liabilities recognized for the three-month and nine-month periods ended September 30, 2023 and 2022, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of September 30, 2023, December 31, 2022 and September 30, 2022.

b. Income and costs relating to leasing activities

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
The expense relating to short-term leases	\$(5,096)	\$(4,078)	\$(14,499)	\$(45,776)
The expense relating to leases of low-value assets	(173)	(186)	(795)	(754)
Income from subleasing right-of-use assets	234	199	630	314

As of September 30, 2023 and 2022, 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, 2023 and 2022, the Group recognized NT\$0 thousand and NT\$1,354 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, 2023 and 2022, the Group recognized NT\$19 thousand and NT\$1,592 thousand as income to account the rent concession arising as a direct consequence of the covid-19 pandemic as a variable lease payment.

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c.Cash outflow relating to leasing activities

	For the nine-month period ended September 30,	
	2023	2022
Cash outflow for leases	\$121,068	\$127,289

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

Function Nature	For the three-month period ended September 30,					
	2023			2022		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Employee benefit expense						
Salaries	\$242,539	\$243,900	\$486,439	\$230,437	\$186,078	\$416,515
Labor and health insurance	21,325	9,762	31,087	20,609	8,632	29,241
Pension	6,821	6,217	13,038	7,031	5,558	12,589
Other employee benefit expense	11,718	9,464	21,182	11,238	9,819	21,057
Depreciation	207,859	21,340	229,199	217,249	21,237	238,486
Amortization	73	3,305	3,378	92	2,211	2,303

Function Nature	For the nine-month period ended September 30,					
	2023			2022		
	Operating Costs	Operating expenses	Total	Operating Costs	Operating expenses	Total
Employee benefit expense						
Salaries	\$704,390	\$604,812	\$1,309,202	\$672,509	\$514,978	\$1,187,487
Labor and health insurance	63,122	28,427	91,549	62,714	25,295	88,009
Pension	20,395	18,152	38,547	21,986	15,757	37,743
Other employee benefit expense	33,631	26,919	60,550	33,223	32,163	65,386
Depreciation	641,720	62,607	704,327	620,797	63,697	684,494
Amortization	258	9,982	10,240	257	5,763	6,020

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, 2023 and 2022 amounted to NT\$56,941 thousand, NT\$4,952 thousand, and NT\$61,699 thousand, NT\$5,366 thousand respectively; the employees' compensation and remuneration to directors for the nine-month periods ended September 30, 2023 and 2022 amounted to NT\$160,620 thousand, NT\$13,962 thousand, and NT\$168,320 thousand, NT\$14,637 thousand respectively, recognized as employee benefits.

The Company's Board has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$231,589 thousand and NT\$20,136 thousand, respectively, in a meeting held on February 15, 2023. 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, 2022, 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\$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.

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(21)Non-operating incomes and expenses

A.Interest income

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Interest income				
Deposit interest	\$3,158	\$1,153	\$9,530	\$3,150
Financial assets measured at amortized cost	2,724	462	6,337	1,520
Total	<u>\$5,882</u>	<u>\$1,615</u>	<u>\$15,867</u>	<u>\$4,670</u>

B.Other incomes

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Rental income	\$351	\$363	\$983	\$478
Government grants income	76	147	(13)	287
Other income - others	3,423	3,548	11,565	16,833
Total	<u>\$3,850</u>	<u>\$4,058</u>	<u>\$12,535</u>	<u>\$17,598</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,	
	2023	2022	2023	2022
Gain (loss) from disposal of property, plant and equipment	\$-	\$51	\$23	\$180
Foreign exchange gain (loss), net	23,977	38,750	21,185	48,506
Gains (losses) on financial assets at fair value through profit or loss	3,791	197	11,057	296
Gains (losses) on lease modification	-	26	-	26
Impairment loss on non-financial assets	-	(17,322)	(11,893)	(34,953)
Other losses	(25)	(13)	(98)	(66)
Total	<u>\$27,743</u>	<u>\$21,689</u>	<u>\$20,274</u>	<u>\$13,989</u>

D.Finance costs

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Interests on borrowings from bank	\$11,145	\$6,230	\$28,903	\$11,199
Interests on lease liabilities	893	1,201	2,770	2,520
Total	<u>\$12,038</u>	<u>\$7,431</u>	<u>\$31,673</u>	<u>\$13,719</u>

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

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Share of the profit or loss of associates and joint ventures	<u>\$(14)</u>	<u>\$-</u>	<u>\$(14)</u>	<u>\$-</u>

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
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(22)Components of other comprehensive income (loss)

For the three-month periods ended September 30, 2023

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	\$10,513	\$-	\$10,513	\$-	\$10,513

For the 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 nine-month periods ended September 30, 2023

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	\$(2,923)	\$-	\$(2,923)	\$-	\$(2,923)

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
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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

(23)Income tax

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

Income tax expense (benefit) recognized in profit or loss

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Current income tax expense (income):				
Current income tax expense	\$71,572	\$68,881	\$192,847	\$190,775
Adjustments in respect of current income tax of prior periods	(19)	(294)	(3,215)	(902)
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	3,090	(2,450)	9,712	4,684
Total income tax expense (income)	\$74,643	\$66,137	\$199,344	\$194,557

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
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B.The assessment of income tax return

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

(24)Earnings per share

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

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

A.Basic earnings per share

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Net income available to common shareholders of the parent	\$377,976	\$421,416	\$1,082,268	\$1,123,367
Weighted average number of common stocks outstanding (in thousand shares)	72,087	70,000	70,703	70,000
Basic earnings per share (in NT\$)	\$5.24	\$6.02	\$15.31	\$16.05

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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,	
	2023	2022	2023	2022
Net income available to common shareholders of the parent	<u>\$377,976</u>	<u>\$421,416</u>	<u>\$1,082,268</u>	<u>\$1,123,367</u>
Net income available to common shareholders of the parent after dilution	<u>\$377,976</u>	<u>\$421,416</u>	<u>\$1,082,268</u>	<u>\$1,123,367</u>
Weighted average number of common stocks outstanding (in thousand shares)	72,087	70,000	70,703	70,000
Effect of dilution:				
Employee bonus (compensation) - stock (in thousand shares)	413	456	492	530
Weighted average number of common stocks outstanding after dilution (in thousand shares)	<u>72,500</u>	<u>70,456</u>	<u>71,195</u>	<u>70,530</u>
Diluted earnings per share (in NT\$)	<u>\$5.21</u>	<u>\$5.98</u>	<u>\$15.20</u>	<u>\$15.93</u>

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

7. RELATED PARTY TRANSACTIONS

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

Related parties and Relationship

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

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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,	
	2023	2022	2023	2022
Kinsus Interconnect Technology Corp.	\$226	\$-	\$342	\$57
Pegatron Corporation	-	-	13	-
Total	\$226	\$-	\$335	\$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 and 30 days after monthly closing.

B. Lease-related parties

a. Right-of-use assets

Related parties	Nature	As of		
		Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Pegatron Japan Inc.	Buildings	\$1,226	\$331	\$501
Pegatron Corporation	Buildings	190,098	264,484	289,279
Total		\$191,324	\$264,815	\$289,780

b. Lease liabilities

Related parties	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Pegatron Japan Inc.	\$1,229	\$333	\$504
Pegatron Corporation	191,706	265,533	289,996
Total	\$192,935	\$265,866	\$290,500

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
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c. Lease payment (Rental expense)

Related parties	Nature	For the three-month period ended September 30,		For the nine-month period ended September 30,	
		2023	2022	2023	2022
Pegatron Corporation	plants	\$34	\$124	\$161	\$33,822

d. Interest expenses

Related parties	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Pegatron Japan Inc.	\$4	\$2	\$6	\$6
Pegatron Corporation	597	891	2,013	1,525
Total	\$601	\$893	\$2,019	\$1,531

C. Operating expense

Related parties	Nature	For the three-month period ended September 30,		For the nine-month period ended September 30,	
		2023	2022	2023	2022
Pegatron Corporation	Provide services	\$-	\$27	\$-	\$193
Pegatron Corporation	Pay utilities	\$28,670	\$23,654	\$84,149	\$76,515
Pegatron Japan Inc.	Provide services and pay utilities and postage	\$24	\$25	\$75	\$77
Pegatron Czech S.R.O.	Provide services	\$41	\$38	\$122	\$112

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
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D. Refundable deposits

Related parties	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Pegatron Corporation	\$10,000	\$10,000	\$10,000

E. Contract liabilities

Related parties	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Kinsus Interconnect Technology Corp.	\$104	\$-	\$-

F. Other payables

Related parties	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Pegatron Corporation	\$24,967	\$23,570	\$30,001

G. Trade receivables

Related parties	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Kinsus Interconnect Technology Corp.	\$27	\$-	\$-

H. On September 21, 2023, the Company's board of directors resolved to purchase Land and Buildings from the related party. Pegatron Corporation, and the total transaction amounted to NT\$3,040,000 thousand. As of September 30, 2023, the property transfer and payment of the purchase price have not yet been completed.

Pegavision Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
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I. 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	
	2023	2022	2023	2022
Short-term employee benefits and post-employment benefits	\$11,910	\$11,979	\$32,769	\$31,535

8. ASSETS PLEDGED AS COLLATERAL

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

Item	Carrying Amount as of			Secured liabilities
	Sep. 30,2023	Dec. 31,2022	Sep. 30,2022	
Property, plant and equipment - Land (carrying amount)	\$196,960	\$196,960	\$196,960	Secured borrowings
Property, plant and equipment - Buildings (carrying amount)	121,340	124,544	117,941	Secured borrowings
Refundable deposits	2,000	2,000	2,000	Security deposit to custom authority
Total	\$320,300	\$323,504	\$316,901	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of September 30, 2023, 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	\$1,824,841	\$1,297,066	\$527,775
Right-of-use asset — land	272,086	82,574	189,512
Total	\$2,096,927	\$1,379,640	\$717,287

The payment was recorded under construction in progress, equipment awaiting inspection and prepayment for right-of assets.

10. LOSSES DUE TO MAJOR DISASTERS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	\$785,220	\$666,488	\$140,144
Financial assets measured at amortized cost			
Cash and cash equivalents (exclude cash on hand)	2,360,050	1,841,762	1,469,612
Financial assets measured at amortized cost	2,077,412	-	-
Accounts receivables	903,223	745,195	905,846
Other receivables	26,064	5,523	17,417
Refundable deposits	62,394	67,809	67,294
Subtotal	5,429,143	2,660,289	2,460,169
Total	\$6,214,363	\$3,326,777	\$2,600,313

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Financial liabilities

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Financial liabilities at amortized cost:			
Short-term borrowings	\$471,441	\$284,467	\$354,610
Payables	1,548,160	1,592,330	1,528,015
Long-term borrowings (including current portion with maturity less than 1 year)	261,126	369,336	373,435
Lease liabilities	293,577	363,360	407,625
Total	<u>\$2,574,304</u>	<u>\$2,609,493</u>	<u>\$2,663,685</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, 2023 and 2022 would decrease/increase by NT\$4,909 thousand and NT\$8,070 thousand, respectively.

When NTD appreciates/depreciates against CNY by 1%, net income (loss) for the nine-month periods ended September 30, 2023 and 2022 would decrease/increase by NT\$ 1,478 thousand and NT\$366 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, 2023 and 2022 would increase / decrease by NT\$923 thousand and NT\$222 thousand, respectively.

(4)Credit risk management

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

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

As of September 30, 2023, December 31, 2022 and September 30, 2022, receivables from the top ten customers were accounted for 73.18%, 73.91% and 82.67% of the Group's total accounts receivable, respectively. The concentration of credit risk is relatively insignificant for the remaining receivables.

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

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

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

(5)Liquidity risk management

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

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>A of September 30, 2023</u>							
Borrowings	\$491,972	\$13,263	\$20,121	\$23,034	\$22,620	\$206,176	\$777,186
Payables	1,548,160	-	-	-	-	-	1,548,160
Lease liabilities	134,250	114,418	15,697	11,015	8,014	15,539	298,933
<u>As of December 31, 2022</u>							
Borrowings	\$296,456	\$25,058	\$44,659	\$47,518	\$45,647	\$241,002	\$700,340
Payables	1,592,330	-	-	-	-	-	1,592,330
Lease liabilities	135,582	125,779	83,335	9,905	6,088	8,775	369,464
<u>As of 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

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(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the nine-month periods ended September 30, 2023:

	Short-term borrowings	Long-term borrowings	Refundable deposits	Lease liabilities	Total liabilities from financing activities
As of January 1, 2023	\$284,467	\$369,336	\$974	\$363,360	\$1,018,137
Cash flows	186,974	(108,228)	24	(105,774)	(27,004)
Non-cash changes					
Lease range changes	-	-	-	32,852	32,852
Interests on lease liabilities	-	-	-	2,770	2,770
Others	-	18	-	-	18
Currency rate change	-	-	-	369	369
As of September 30, 2023	<u>\$471,441</u>	<u>\$261,126</u>	<u>\$998</u>	<u>\$293,577</u>	<u>\$1,027,142</u>

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 of 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 of September 30, 2022	<u>\$354,610</u>	<u>\$373,435</u>	<u>\$990</u>	<u>\$407,625</u>	<u>\$1,136,660</u>

(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 of September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Money market fund	\$785,220	\$-	\$-	\$785,220
<u>Financial liabilities:</u>				
None				

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As of December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Money market fund	\$666,488	\$-	\$-	\$666,488
<u>Financial liabilities:</u>				
None				

As of 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				

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

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

	As of					
	Sep. 30, 2023			Dec. 31, 2022		
	Foreign Currencies	Exchange Rate	NTD	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$29,805	32.4106	\$965,992	\$30,245	30.7175	\$929,038
CNY	\$41,549	4.4953	\$186,775	\$28,276	4.4105	\$124,713

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	As of					
	Sep. 30, 2023			Dec. 31, 2022		
	Foreign Currencies	Exchange Rate	NTD	Foreign Currencies	Exchange Rate	NTD
<u>Financial liabilities</u>						
Monetary items:						
USD	<u>\$14,720</u>	32.2750	<u>\$475,093</u>	<u>\$11,874</u>	30.7175	<u>\$364,753</u>
CNY	<u>\$8,678</u>	4.4953	<u>\$39,010</u>	<u>\$16,679</u>	4.4105	<u>\$73,563</u>

Foreign currency resulting in exchange gain or loss

USD	<u>\$15,728</u>	USD	<u>\$32,964</u>
CNY	<u>\$(2,163)</u>	CNY	<u>\$1,205</u>
Other	<u>\$7,620</u>	Other	<u>\$(2,539)</u>

	As of		
	Sep. 30, 2022		
	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	<u>\$38,027</u>	31.712	<u>\$1,205,910</u>
CNY	<u>\$32,805</u>	4.473	<u>\$146,735</u>

Financial liabilities

Monetary items:			
USD	<u>\$12,563</u>	31.757	<u>\$398,949</u>
CNY	<u>\$24,634</u>	4.473	<u>\$110,184</u>

Foreign currency resulting in exchange gain or loss

USD	<u>\$50,778</u>
CNY	<u>\$3,094</u>
Other	<u>\$(5,366)</u>

(10)Capital management

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

13.ADDITIONAL DISCLOSURES

(1)Information on significant transactions

A.Financing provided to others: None.

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

C.Marketable securities held as of September 30, 2023 (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, 2023: 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, 2023: 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, 2023: 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, 2023: Please refer to attachment 5.

H.Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of September 30, 2023: 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, 2023: Please refer to attachment 11.

(2) Information on investees

A. Names, locations and related information of investees (excluding investment in Mainland China): Please refer to attachment 7.

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

a. Financing provided to others: None.

b. Endorsement/Guarantee provided to others: None.

c. Marketable securities held as of September 30, 2023 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 9.

d. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital for the nine-month period ended September 30, 2023: 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, 2023: Please refer to attachment 8.

f. Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the nine-month period ended September 30, 2023: 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, 2023: Please refer to attachment 10.

h. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of September 30, 2023: None.

i. Derivative instrument transactions: None.

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

(3)Information on investments in Mainland China:

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

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

Name of Investee in China	Main Business	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2023	Profit/ Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of September 30, 2023	Accumulated Inward Remittance of Earnings as of September 30, 2023	Accumulated Outflow of Investment from Taiwan to Mainland China as of September 30, 2023	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	\$(5,303) (Note 5 and 6)	100%	\$(5,303) (Note 5, 6 and 7)	\$75,152 (Note 5, 6 and 7)	\$-	\$85,620	\$85,620	\$5,649,092

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 of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2023	Profit/Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of September 30, 2023	Accumulated Inward Remittance of Earnings as of September 30, 2023	Accumulated Outflow of Investment from Taiwan to Mainland China as of September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in China by Investment Commission, MOEA
					Outflow	Inflow									
BeautyTech Platform (Shanghai) Corporation	Selling medical equipment and cosmetic products	\$14,885 (USD 500)	(3) (Note 2)	\$14,885	\$-	\$-	\$14,885	\$(712) (Note 5 and 6)	85%	\$(605) (Note 5, 6 and 7)	\$24,727 (Note 5, 6 and 7)	\$-	\$14,885	\$14,885	\$205,262
Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	\$112,559 (USD 3,600)	(3) (Note 3)	\$112,559	\$-	\$-	\$112,559	\$34,509 (Note 5 and 6)	85%	\$29,333 (Note 5, 6 and 7)	\$110,586 (Note 5, 6 and 7)	\$-	\$95,043	\$95,043	

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 of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2023	Profit/Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as of September 30, 2023	Accumulated Inward Remittance of Earnings as of September 30, 2023	Accumulated Outflow of Investment from Taiwan to Mainland China as of September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment in China by Investment Commission, MOEA
					Outflow	Inflow									
Gemvision Technology (Zhejiang) Limited	Selling medical equipment	\$94,807 (RMB 22,000) (Note 5)	(3) (Note 4)	\$-	\$-	\$-	\$-	\$34,725 (Note 5 and 6)	85%	\$29,516 (Note 5, 6 and 7)	\$100,915 (Note 5, 6 and 7)	\$-	\$-	\$-	\$205,262

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

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

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

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

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

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

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

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

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

B. Significant transactions with investees in China:

- a. Purchase and balances of related accounts payable as of September 30, 2023: None.
- b. Sale and balance of related accounts receivable as of September 30, 2023: Please refer to attachment 11.
- c. Property transaction amounts and resulting gain or loss: None.
- d. Ending balance of endorsements/guarantees or collateral provided and the purposes: None.
- e. Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: None.
- f. Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered: Please refer to attachment 11.
- g. Above transactions are eliminated upon preparation of consolidated financial statements. Please refer to attachment 11 for details.

(4) Information on major shareholders

Major shareholders \ Shares	Shares	%
Kinsus Investment Co., Ltd.	21,233,736	27.22%
Asuspowers Investment Co., Ltd.	6,372,796	8.17%
Asustek Investment Co., Ltd.	4,934,434	6.32%

14. SEGMENT INFORMATION

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

Pegavision Corporation and Subsidiaries

Endorsement/Guarantee Provided to Others

For the nine-month period ended September 30, 2023

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, 2023 (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, 2023			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	322,184	\$4,964	-%	\$4,995	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	836,170	13,890	-%	13,975	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	5,836,076	75,000	-%	75,044	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	36,721,378	575,771	-%	576,070	
	Add: Valuation Adjustment				459			
	Total				<u>\$670,084</u>		<u>\$670,084</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, 2023

Attachment 3

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		Note
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount	
Pegavision Corporation	Money Market Funds:														
	Yuanta Wan-Tai	Financial assets at fair value	-	-	17,190,427	<u>\$264,208</u>	34,372,508	<u>\$529,000</u>	51,240,751	<u>\$790,500</u>	<u>\$788,035</u>	<u>\$2,465</u>	322,184	<u>\$4,995</u>	Note
	Money Market Fund	through profit or loss									<u>\$(178)</u>				
	Yuanta De-Li	Financial assets at fair value	-	-	18,482,095	<u>\$306,237</u>	24,704,233	<u>\$410,000</u>	42,350,158	<u>\$704,500</u>	<u>\$702,110</u>	<u>\$2,390</u>	836,170	<u>\$13,975</u>	Note
	Money Market Fund	through profit or loss									<u>\$(152)</u>				
	Mega Diamond	Financial assets at fair value	-	-	-	<u>\$-</u>	62,760,346	<u>\$805,000</u>	56,924,270	<u>\$731,522</u>	<u>\$730,000</u>	<u>\$1,522</u>	5,836,076	<u>\$75,044</u>	Note
	Money Market Fund	through profit or loss									<u>\$44</u>				
	FSITC Taiwan	Financial assets at fair value	-	-	-	<u>\$-</u>	173,643,265	<u>\$2,717,224</u>	136,921,888	<u>\$2,145,000</u>	<u>\$2,141,453</u>	<u>\$3,547</u>	36,721,377	<u>\$576,070</u>	Note
	Money Market Fund	through profit or loss									<u>\$299</u>				

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

Pegavision Corporation and Subsidiaries

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

As of September 30, 2023

Attachment 4

(In Thousands of New Taiwan Dollars)

Acquiring Company	Name of Property	Transaction Date (Note)	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Pegavision Corporation	Land	112.9.21	\$1,912,290	By Contract	Pegatron Corporation	Ultimate parent company	ASUSTeK Computer Incorporation	Non-related party	97.1	Note 2	The transaction amount refer to professional appraisal institutions.	Satisfy the growth of business sales.	None
	Buildings	112.9.21	1,127,710	By Contract	Pegatron Corporation	Ultimate parent company	ASUSTeK Computer Incorporation	Non-related party	97.1	Note 2	The transaction amount refer to professional appraisal institutions.	Satisfy the growth of business sales.	None
	Total		<u>\$3,040,000</u> (Note 3)										

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

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

Note 3: As of September 30, 2023, the payment was not paid.

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, 2023

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	\$2,018,856	47.95%	90 days after monthly closing	Similar to those to third party customers.	T/T to 90 days after monthly closing	Accounts receivable \$507,085	46.03%	Note
Pegavision Corporation	BeautyTech Platform Corporation	Subsidiary	Sales	\$208,884	4.96%	Within 120 days after monthly closing	Similar to those to third party customers.	T/T to 90 days after monthly closing	Accounts receivable \$74,352	6.75%	Note
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Subsidiary	Sales	\$214,618	5.10%	Within 180 days after monthly closing	Similar to those to third party customers.	T/T to 90 days after monthly closing	Accounts receivable \$149,089	13.53%	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, 2023

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	\$507,085 (Note)	6.39	\$-	-	\$226,944	\$-
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Subsidiary	\$149,089 (Note)	2.65	\$-	-	\$35,410	\$-

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, 2023

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, 2023			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of September 30, 2023	As of December 31, 2022	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>\$115,322</u>	<u>\$28,720</u>	<u>\$28,720</u>	Note
Pegavision Corporation	Mayin Investment Co. , Ltd.	Taiwan	Investing activities	<u>NTD 246,003</u>	<u>NTD 246,003</u>	21,000,000 shares	100.00%	<u>\$448,871</u>	<u>\$103,215</u>	<u>\$103,215</u>	Note
Pegavision Corporation	Chu-he Investment Co. , Ltd.	Taiwan	Investing activities	<u>NTD 20,000</u>	Not applicable	2,000,000 shares	11.76%	<u>\$19,986</u>	<u>\$(115)</u>	<u>\$(14)</u>	
Mayin Investment Co. , Ltd.	BeautyTech Platform Corporation	Taiwan	Selling medical equipment and cosmetic products	<u>NTD 107,500</u>	<u>NTD 107,500</u>	8,500,000 shares	85.00%	<u>\$290,788</u>	<u>\$127,039</u>	<u>\$107,983</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>\$26,095</u>	<u>\$742</u>	<u>\$408</u>	Note
BeautyTech Platform Corporation	Beautytech Platform (Singapore) Pte. Ltd.	Singapore	Selling medical equipment and cosmetic products	<u>USD 200</u>	<u>USD 200</u>	200,000 shares	100.00%	<u>\$6,317</u>	<u>\$(80)</u>	<u>\$(80)</u>	Note
FacialBeau International Corporation	Aquamax Vision Corporation	USA	Selling medical equipment and cosmetic products	<u>USD 1,100</u>	<u>USD 1,100</u>	11,000,000 shares	100.00%	<u>\$7,030</u>	<u>\$(206)</u>	<u>\$(206)</u>	Note
FacialBeau International Corporation	RODNA Co., Ltd.	Korea	Selling medical equipment and cosmetic products	<u>KRW 100,000</u>	<u>KRW 100,000</u>	-	100.00%	<u>\$2,233</u>	<u>\$(58)</u>	<u>\$(58)</u>	Note
FacialBeau International Corporation	IKIDO Inc.	Japan	Selling medical equipment and cosmetic products	<u>JPY 9,900</u>	Not applicable	198 shares	100.00%	<u>\$2,096</u>	<u>\$(46)</u>	<u>\$(46)</u>	Note

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

Pegavision Corporation and Subsidiaries

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

For the nine-month periods ended September 30, 2023

Attachment 8

(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 VIETNAM COMPANY LIMITED (tentative name) (Note 3)	Right-of-use asset — land	2023.7.5	USD \$8,800 (Note 2)	By Contract	GREEN i-PARK CORPORATION	None	None	None	None	None	The transaction amount refer to professional appraisal institutions.	Capacity expansion	None

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

Note 2: A deposit of NT\$82,574 thousand (US\$2,640) had been paid.

Note 3: The contract was temporarily signed by Pegavision Corporation. It will be transferred to the upcoming subsidiary in Vietnam in the future.

Pegavision Corporation and Subsidiaries

Marketable Securities Held as of September 30, 2023 (excluding investments in subsidiaries, associates and joint ventures)

Attachment 9

(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, 2023				Note
				Shares / Units	Carrying Amount	Shareholding %	Fair Value	
Mayin Investment Co., Ltd. BeautyTech Platform Corporation	Money market funds:							
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	392,329	\$5,000	-	\$5,045	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	502,952	8,360	-	8,406	
	Yuanta Wan-Tai Money Market Fund	-	Financial assets at fair value through profit or loss	2,221,592	34,235	-	34,445	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	4,286,212	67,000	-	67,240	
	Add: Valuation Adjustment				541			
	Total				<u>\$115,136</u>		<u>\$115,136</u>	

Pegavision Corporation and Subsidiaries

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

For the nine-month periods ended September 30, 2023

Attachment 10

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Balance	% to Total	
Pegavision Japan Inc.	Pegavision Corporation	Subsidiary	Purchase	\$2,018,856	100.00%	90 days after monthly closing	No suppliers to be compared with	No suppliers to be compared with	Accounts payable \$507,085	100.00%	Note
BeautyTech Platform Corporation	Pegavision Corporation	Subsidiary	Purchase	\$208,884	74.67%	Within 120 days after monthly closing	No suppliers to be compared with	No suppliers to be compared with	Accounts payable \$74,352	89.63%	Note
Gemvision Technology (Zhejiang) Limited	Pegavision Corporation	Subsidiary	Purchase	\$214,618	95.69%	Within 180 days after monthly closing	No suppliers to be compared with	No suppliers to be compared with	Accounts payable \$149,089	95.44%	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, 2023

Attachment 11

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			
				Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
	<u>2023.01.01~2023.09.30</u>						
0	Pegavision Corporation	Pegavision Japan Inc.	1	Sales revenue	\$2,018,856	90 days after monthly closing	42.48%
0	Pegavision Corporation	Pegavision Japan Inc.	1	Accounts receivable	507,085	90 days after monthly closing	4.08%
0	Pegavision Corporation	Pegavision (Jiangsu) Limited	1	Sales revenue	17,414	Within 180 days after monthly closing	0.37%
0	Pegavision Corporation	Pegavision (Jiangsu) Limited	1	Accounts receivable	16,184	Within 180 days after monthly closing	0.13%
0	Pegavision Corporation	Pegavision (Jiangsu) Limited	1	Operating expense	11,246	Within 180 days after monthly closing	0.24%
0	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	1	Sales revenue	214,618	Within 180 days after monthly closing	4.52%
0	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	1	Accounts receivable	149,089	Within 180 days after monthly closing	1.20%
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Sales revenue	208,884	Within 120 days after monthly closing	4.40%
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Accounts receivable	74,352	Within 120 days after monthly closing	0.60%
0	Pegavision Corporation	BeautyTech Platform Corporation	1	Operating expense	40,560	Within 120 days after monthly closing	0.85%
0	Pegavision Corporation	FacialBeau International Corporation	1	Sales revenue	34,645	Within 90 days after monthly closing	0.73%
0	Pegavision Corporation	FacialBeau International Corporation	1	Accounts receivable	8,825	Within 90 days after monthly closing	0.07%
1	Mayin Investment Co. , Ltd.	BeautyTech Platform Corporation	3	Rent income	9,000	T/T in advance	0.19%
2	FacialBeau International Corporation	BeautyTech Platform Corporation	3	Sales revenue	49,357	Within 30 days after monthly closing	1.04%
2	FacialBeau International Corporation	BeautyTech Platform Corporation	3	Accounts receivable	6,618	Within 30 days after monthly closing	0.05%
3	BeautyTech Platform Corporation	Gemvision Technology (Zhejiang) Limited	3	Sales revenue	11,581	Within 180 days after monthly closing	0.24%
4	BeautyTech Platform (Shanghai) Corporation	Gemvision Technology (Zhejiang) Limited	3	Service revenue	31,719	30 days after monthly closing	0.67%

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

(1) Parent company is coded "0".

(2) The subsidiaries are coded from "1" in the order presented in the table above.

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

(1) From the parent company to a subsidiary.

(2) From a subsidiary to the parent company.

(3) Between subsidiaries.

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

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

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