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Pegavision Corporation

2023 Annual General Shareholders' Meeting Minutes

(Translation)

- Time : 9:00 a.m., May 24, 2023, Wednesday
- Place : Pegavision's Guishan Fab (No.5, Shing Yeh St., Guishan Dist., Taoyuan City 333,Taiwan (R.O.C.))
- Convening method: Physical Shareholders Meeting
- Total outstanding Pegavision shares: 70,000,000 shares
- Total Pegavision shares with voting rights: 70,000,000 shares
- Total shares held by shareholders presented in person or by proxy: 57,808,566 shares
- Percentage of shares held by shareholders presented in person or by proxy: 82.58%
- Chairman: Ming-Tung Kuo, the Chairman of the Board of Directors
- Directors Present: T.H Tung, Te-Sheng Yang, Ho-Hsu Chen, Jen-Lu Yao
- Attendees: Ching-Piao Cheng, CPA, Ernst & Young
Hung-Sheng Chu, Attorney, Phoebus & Artemis Attorneys-at-Law and CPAs
Ching-Hsiang Wang, Director of Finance & Accounting Division
- Recorder: Wei-Chieh Peng
- Corporate Governance Officer: Ching-Hsiang Wang

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

- Chairman's Address (omitted)

I. Items to be reported

- (I) Summary: The Company's 2022 operational and financial results (Business Report).

Details: Please refer to Attachment 1 (pages 7 to 8) for the 2022 business report.

- (II) Summary: Audit Committee's review report on 2022 financial statements.

Details: Please refer to Attachment 2 (page 9) for Audit Committee's Review Report.

- (III) Summary: The 2022 compensation of directors and employee bonus.

Details:

1. Pursuant to Article 27 of the company's Articles of Incorporation, 2022 employees' and directors' remuneration resolved is NT\$231,589,045 (representing 11.5% of pre-tax profit) and NT\$20,138,177 (representing 1% of pre-tax profit) respectively, and the both amounts will be entirely paid in cash.
2. The sum of director remuneration paid in cash to directors and corporate representatives who hold positions within the group amounted to NT\$20,136,000.
3. No differences exist between the estimated amount and the actual distribution of the employee bonuses and there is negative NT\$2,177 differences between the estimated amount and the actual distribution of the remuneration to directors for the year ended December 31, 2022.

- (IV) Summary: The cash dividends distribution of 2022 earnings.

Details:

1. Pursuant to Article 27-1 of the Company's Articles of Incorporation, cash distribution to shareholders shall be resolved in a board meeting, and reported in the upcoming shareholder meeting. A proposal has been made to pay NT\$700,000,000 in cash dividends at NT\$10 per share.
2. The amount of cash dividend distribution shall be calculated using the payout ratio and truncated to the nearest NT\$1. Fractions that do not amount to a full NT\$1 shall be summed and recognized by the Company as other income. At which time, a proposal will also be raised to authorize the Chairman to set details such as the dividend baseline date.

- (V) Summary: The Amendments of the Company's "Rules and Procedures of Board of Director Meetings".

Details:

1. The amendment to the Company's "Rules and Procedures of Board of Director Meetings" to conform to the revised template of

"Regulations Governing Procedure for Board of Directors Meetings of Public Companies" that the authority had published through Order No. Financial-Supervisory-Securities-Corporate-1110383263 of the Financial Supervisory Commission on August 5, 2022.

1.1 In accordance with the amendment to Article 3, Paragraph 4 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies", and taking into account the significant matters related to the company's operations, directors should have sufficient information and time to evaluate the agenda before making a decision. Therefore, the matters of each item in Article 7, Paragraph 1 should be listed in the reasons for convocation and cannot be proposed by a special motion

1.2 In accordance with the amendment to Article 7, Paragraph 1 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies", a new paragraph 6 has been added to specify that if the Board of Directors does not have an executive director, the appointment or removal of the Chairman of the Board of Directors shall be discussed at the Board of Directors. The current Paragraphs 6 to 8 have been moved to become Paragraphs 7 to 9.

2. In accordance with the "Sample Template for XXX Co., Ltd. Rules of Procedure for Board of Directors Meetings" published by the Taiwan Stock Exchange Corporation, Article 20 of the "Rules for Board Meetings" has been amended to stipulate that any future amendments authorized to the Board of Directors, need not be reported to the shareholders' meeting to simplify the operation procedures.
3. Please refer to Attachment 3 (pages 10 to 13) for a comparison between existing and amended terms of the Company's " Rules and Procedures of Board of Director Meetings"

II. Items to be approved

- (I) Summary : Adoption of the Company's 2022 Business Report and Financial Statements (proposed by board of directors).

Details:

1. The Company's 2022 business report and financial statements have been

approved by the board of directors; the financial statements have also been audited by CPA Ching-Piao Cheng and CPA Shao-Pin Kuo of Ernst & Young and reviewed by the Audit Committee.

- Please refer to Attachment 1 (pages 7 to 8) for the 2022 business report, and Attachment 4 (pages 14 to 34) for standalone and consolidated financial statements.

Voting Results:

Number of shares presented at the time of voting	For	Against	Abstained	Invalid
57,808,566 votes*	54,985,241 votes*	95,105 votes*	2,728,220 votes*	0 Votes*
(55,714,379 votes)	(52,894,054 votes)	(95,105 votes)	(2,725,220 votes)	

*including votes casted electronically (number in brackets)

RESOLVED, the above proposal was accepted as submitted.

- (II) Summary: Adoption of the 2022 Earnings Appropriation (proposed by board of directors).

Details:

- The Company reported NT\$1,542,134,970 of net income in 2022; after providing for legal reserves of NT\$152,754,390, the reversed special reserves of NT\$3,432,483, and adding to undistributed earnings of NT\$2,018,562,292 carried from previous years and reducing reorganization adjustment of NT\$5,423,259, and the difference between the actual acquisition or disposal price of subsidiary equity and book value of NT\$9,167,814, the Company had NT\$3,396,784,282 of earnings that were available for distribution.
- Please refer to Attachment 5 (page 35) for the Company's 2022 earnings appropriation report.

Voting Results:

Number of shares presented at the time of voting	For	Against	Abstained	Invalid
57,808,566 votes*	55,069,240 votes*	11,106 votes*	2,728,220 votes*	0 Votes*
(55,714,379 votes)	(52,978,053 votes)	(11,106 votes)	(2,725,220 votes)	

*including votes casted electronically (number in brackets)

RESOLVED, the above proposal was accepted as submitted.

III. Items to be discussed and resolved by shareholders and the election

- (I) Summary: Proposal of Release the Prohibition on Directors from Participation in Competitive Business (proposed by Board of Directors).

Details:

1. According to the regulation , “the behavior belongs to the scope of business that directors conduct for his/her own or for others shall explain the major content of the behavior to shareholders’ meeting and acquire the approval”, Article 209, The Company ACT.
2. If a director or his/her representative does anything for himself or on behalf of another person that is within the scope of the company's business as previously mentioned, it is proposed to remove the noncompetition restriction on the condition that the interests of the company are not impaired. The concurrent positions of directors are as follows :

Title	Name	The newly added concurrent positions of director candidates
Director	Peter Kuo	Vice Chairman : BeautyTech Platform Corporation Director : Pegatron Corporation 、 Lumens Digital Optics Inc.
Director	T.H. Tung	Chairman : BeautyTech Platform Corporation Vice Chairman : New Frontier Foundation Director : Cloud Gate Culture and Arts Foundation 、 Lovely Taiwan Foundation 、 CHENG HSIN GENERAL HOSPITAL 、 Liu Kuo-sung Foundation Vice President : Taiwan Climate Partnership

Voting Results:

Number of shares presented at the time of voting	For	Against	Abstained	Invalid
57,808,566 votes*	50,401,190 votes*	48,879 votes*	7,358,497 votes*	0 Votes*
(55,714,379 votes)	(48,310,003 votes)	(48,879 votes)	(7,355,497 votes)	

*including votes casted electronically (number in brackets)

RESOLVED, the above proposal was accepted as submitted.

IV. Other Question and Special Motion: None

V. Adjournment

No shareholders raised questions at this Annual Meeting of Shareholders.

(Note: This minutes is extracted from the 2023 Annual General Shareholders' Meeting, the details are subject to the audio and video recording.)

Attachment 1

Pegavision Corporation

Business Report

Dear Shareholders,

In 2022, just as the world was ready to restart after more than two years of epidemic lockdowns and isolation, Russia initiated the largest military attack in Europe since WWII against Ukraine, setting off a global energy crisis and inflation. The global economic growth rate decreased from 5.9% in 2021 to 2.9%. However, Cooper Companies, Inc. estimated that total worldwide revenue of soft contact lens manufacturers would reach approximately US\$9.9 billion in 2022, representing an increase of 5% over the US\$9.4 billion of the previous year; the growth rate of the industry has continued to exceed the growth rate of the global economy. In 2022, we once again set a new record in revenue and profit. Herewith is the business performance of the Company in 2022 and our business plan for 2023:

The consolidated revenue of the Company in 2022 was NT\$6,321.2 million, representing an increase of NT\$726.16 million over NT\$5,595.04 million last year, and an annual growth rate of 13%. Our gross profit margin was 52%, representing a decrease of 1% compared to 53% the previous year. Net income attributable to shareholders of the parent company were NT\$1,542.14 million, representing an increase of NT\$293.57 million over the NT\$1,248.57 million of the previous year, and an annual growth rate of 23.5%. Earnings per share were NT\$22.03, representing an increase of NT\$4.19 over the NT\$17.84 of the previous year. The consolidated revenue performance of the Company in 2022 primarily benefited from the growth of our OEM business in the Japanese market. Even though market price competition had some effect on our gross profit margin, the Company recorded favorable performance in our net income over the period as compared to the previous year, due to improvements in production efficiency and stringent control of marketing expenses.

Technological Developments

Pegavision committed TWD 575.93 million of its R&D expenses in 2022 to support new product development and to improve production technology. R&D expenses increased by 5.4% over the NT\$546.64 million invested the previous year. Moreover, we acquired 43 new patents and 27 product licenses in 2022. These include:

- Colored PP blisters and the micro-structure of PP blisters;
- Lenses combining astigmatism correction, multifocal, and pressure relief functions;
- The first solution containing vitamin B2 to receive a product license in Taiwan, and our first aspherical product to receive a product license in China.

Corporate Sustainability

Given global climate change and increasingly frequent heat waves, floods, wildfires, and extreme weather

events, to achieve sustainable operation and fulfill our corporate social responsibility, our current main plant, Guishan Plant, has recorded an increase in water recovery rate of approximately 16.5% over the previous year, and power consumption per product unit decreased by 0.3% over the previous year.

Summary of Current Business Plan

Adhering to our business philosophy of opening up broader horizons for consumers, apart from continuing to invest in the R&D of automated equipment to advance our production efficiency and product quality, achieving breakthroughs in manufacturing system flexibility and shortening delivery times will continue to be the targets of our efforts in 2023. Regarding our product portfolio, product licenses currently owned by Pegavision cover a total of 39 countries, including Taiwan, Japan, China, the U.S., the EU, the U.K., India, Australia, Singapore, Malaysia, Vietnam, Thailand, and the Philippines. With continuous launching of high-end optical products and global certificates, the Company will be able to better our services for branded customers. We estimate that the growth in our sales volume will again greater than the industry average in 2023.

Future prospect

Although the global contact lens market is maintaining its general annual growth rate of 4% to 6% at present, and market momentum beneficial to the development of the industry remains unchanged, in the face of intense inflation, consumers will have to increase their expenditures on oil, power, gas, food, and other necessities in the future; how this will impact the purchasing power of contact lenses remains a major uncertainty.

Contact lens is a capital-intensive industry characterized by high technological barrier of entry, long product certification times, and strict regulations. As a professional manufacturer of soft contact lenses, we therefore invest much attention and ample resources in production technology as well as product R&D, pattern design, certification, distribution, and branding in order to offer our clients the best products and the most complete services. We are also taking steps to reduce dependency on a single area or market in order to mitigate potential adverse impacts from certain policies or regulatory changes on our business and results.

On behalf of employees at Pegavision, we thank you for your continued trust and support. We will persistently create value for shareholders through sound corporate governance and sustainable practices.

Pegavision Corporation

Chairman Peter Kuo

President T.S Yang

Head of Accounting C.H. Wang

Attachment 2

Pegavision Corporation Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of Ernst & Young Taiwan was retained to audit Pegavision's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Pegavision Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Pegavision Corporation

Chairman of the Audit Committee : Eric Yao

February 13, 2023

Attachment 3

Pegavision Corporation

Comparison Table for the Articles of Rules and Procedures of Board of Director Meetings before and after revision

Amended clause	Existing clause	Explanation
<p>Article 4: The Company shall convene board of directors meetings at least once every quarter. Convention of board meeting shall be communicated to directors 7 days in advance with detailed agenda; however, board meetings may be convened in shorter notices in case of emergency.</p> <p>All matters listed in Paragraph 1, Article 7 of this policy shall be raised as regular motions, and cannot be raised in the form of a special motion.</p>	<p>Article 4: The Company shall convene board of directors meetings at least once every quarter. Convention of board meeting shall be communicated to directors 7 days in advance with detailed agenda; however, board meetings may be convened in shorter notices in case of emergency.</p> <p><u>Except in the case of emergency or under circumstances supported by justifiable reasons,</u> all matters listed in Paragraph 1, Article 7 of this policy shall be raised as regular motions, and cannot be raised in the form of a special motion.</p>	<p>Amended Paragraph To conform to "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" that the authority had published through Order No. Financial-Supervisory-Securities-Corporate-1110383263.</p>
<p>Article 7 The following issues concerning the Company shall be resolved by the board of directors: I. Operating plans of</p>	<p>Article 7 The following issues concerning the Company shall be resolved by the board of directors: I. Operating plans of</p>	<p>Amended Paragraph To conform to "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" that the</p>

<p>the Company.</p> <p>II. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA.</p> <p>III. Establishment or amendment of the Company's internal control system and assessment of the effectiveness of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.</p> <p>IV. Establishment or amendment of asset acquisition and disposal procedures, derivative trading procedures, external party lending procedures, external party endorsement and guarantee procedures, and other procedures of major financial or business consequence according to Article 36-1 of the Securities and Exchange Act.</p> <p>V. Offering, issuance or private placement of securities with equity characteristics.</p> <p>VI. If the board of directors does not have managing directors, the</p>	<p>the Company.</p> <p>II. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA.</p> <p>III. Establishment or amendment of the Company's internal control system and assessment of the effectiveness of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.</p> <p>IV. Establishment or amendment of asset acquisition and disposal procedures, derivative trading procedures, external party lending procedures, external party endorsement and guarantee procedures, and other procedures of major financial or business consequence according to Article 36-1 of the Securities and Exchange Act.</p> <p>V. Offering, issuance or private placement of securities with equity characteristics.</p>	<p>authority had published through Order No. Financial-Supervisory-Securities-Corporate-1110383263.</p>
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<p>election or discharge of the chairman of the board of directors.</p> <p>VII. Appointment and dismissal of finance, accounting, or internal audit officers.</p> <p>VIII. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation for imperative disaster relief relating to a major natural disaster may be submitted to the following board meeting for retroactive recognition.</p> <p>VIII. Any decisions that shall be resolved in a shareholder meeting or a board of directors meeting as required by law or Articles of Incorporation, and any major issues prompted by the competent authority.</p> <p>Omitted from this point onwards.</p>	<p>VI. Appointment and dismissal of finance, accounting, or internal audit officers.</p> <p>VII. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation for imperative disaster relief relating to a major natural disaster may be submitted to the following board meeting for retroactive recognition.</p> <p>VIII. Any decisions that shall be resolved in a shareholder meeting or a board of directors meeting as required by law or Articles of Incorporation, and any major issues prompted by the competent authority.</p> <p>Omitted from this point onwards.</p>	
<p>Article 20</p> <p>Establishment of the conference rules are subject to approval by the Company's board of directors and acknowledgment in shareholder meeting. The</p>	<p>Article 20</p> <p>Establishment_____and_____amendment_____of the conference rules are subject to approval by the Company's board of directors and acknowledgment in</p>	<p>In accordance with the "Sample Template for XXX Co., Ltd. Rules of Procedure for Board of Directors Meetings" published by the Taiwan Stock Exchange Corporation, Article 20 of</p>

<p>board of directors is authorized to make subsequent amendments as deemed necessary.</p> <p>The above rules were first established on December 27, 2013.</p> <p>The first amendment was made on February 10, 2020.</p> <p>The second amendment was made on October 26, 2020.</p> <p><u>The third amendment was made on October 31, 2022.</u></p> <p><u>The fourth amendment was made on February 13, 2023.</u></p>	<p>shareholder meeting. The board of directors is authorized to make subsequent amendments as deemed necessary.</p> <p>The above rules were first established on December 27, 2013.</p> <p>The first amendment was made on February 10, 2020.</p> <p>The second amendment was made on October 26, 2020.</p>	<p>the "Rules for Board Meetings" has been amended to stipulate that any future amendments authorized to the Board of Directors, need not be reported to the shareholders' meeting to simplify the operation procedures. And added revision date.</p>
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Attachment 4

INDEPENDENT AUDITORS' REPORT

To: the Board of Directors and Shareholders of
Pegavision Corporation

Opinion

We have audited the accompanying parent-company-only balance sheets of Pegavision Corporation (the “Company”) as of December 31, 2022 and 2021, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together referred as “the parent-company-only financial statements”).

In our opinion, the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2022 and 2021, and the parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of parent-company-only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue amounting to NT\$5,603,362 thousand for the year ended December 31, 2022 is a significant account to the Company's financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, Japan, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on sale revenues, and executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Note 6 to the financial statements.

Market valuation on Inventory

We determined the market valuation on inventory is also one of key audit matters. The Company's net inventory amounted to NT\$405,945 thousand, representing 5% of total assets, as of December 31, 2022, which is significant to the Company's financial statements. The market of the Company's main products, is characterized by fierce competition and the trend of consumers' preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value.

Our audit procedures therefore include, but not limit to, evaluating the Company's policy with respect to assessment the loss from slow-moving inventory and phased-out items, (including identification method, testing the accuracy of inventory aging schedule, analysis on inventory movement), evaluating the physical inventory stock take plan report provided by the management and choose the significant location to perform the observation, and inspecting the current status of inventory usage, etc. We also evaluated the appropriateness of related disclosure in the Note 5 and 6 to the financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the requirements of the Regulations Governing the Preparation

of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/Cheng,Ching-Piao

/s/Kuo,Shao-Pin

Ernst & Young
Taiwan, R.O.C
February 13th, 2023

Notice to Readers

The accompanying parent-company-only financial statements are intended only to present the parent-company-only 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 audit such financial parent-company-only statements are those generally accepted and applied in the Republic of China on Taiwan.

Accordingly, the accompanying parent-company-only 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
Parent-Company-Only Balance Sheets

As of December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2022		2021	
Code	Accounts	Notes	Amount	%	Amount	%
11XX	Current assets					
1100	Cash and cash equivalents	4,6(1)	\$1,399,682	16	\$1,447,272	18
1110	Financial assets at fair value through profit or loss	4,6(2)	570,445	6	55,024	1
1170	Accounts receivable, net	4,6(3)	377,093	4	319,381	4
1180	Accounts receivable - related parties, net	4,6(3),7	519,072	6	538,184	6
1200	Other receivables		4,411	-	5,348	-
1210	Other receivables - related parties	7	257	-	328	-
1310	Inventories, net	4,6(4)	405,945	5	406,315	5
1410	Prepayments		58,749	1	56,212	1
1470	Other current assets		15,643	-	26,302	-
	Total current assets		<u>3,351,297</u>	<u>38</u>	<u>2,854,366</u>	<u>35</u>
15XX	Non-current assets					
1550	Investment accounted for under equity method	4,6(5)	456,699	5	281,810	3
1600	Property, plant and equipment, net	4,6(6),8	4,643,032	52	4,905,796	60
1755	Right-of-use assets, net	4,6(17)	264,484	3	-	-
1780	Intangible assets, net	4,6(7)	21,549	-	11,550	-
1840	Deferred tax assets	4,6(21)	16,057	-	12,704	-
1900	Other non-current assets	6(6),6(8),7,8,9	127,970	2	122,898	2
	Total non-current assets		<u>5,529,791</u>	<u>62</u>	<u>5,334,758</u>	<u>65</u>
	Total Assets		<u>\$8,881,088</u>	<u>100</u>	<u>\$8,189,124</u>	<u>100</u>

(The accompanying notes are an integral part of the parent-company-only financial statements.)

Pegavision Corporation
Parent-Company-Only Balance Sheets (Continued)
As of December 31, 2022 and 2021
(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2022		2021	
Code	Accounts	Notes	Amount	%	Amount	%
21XX	Current liabilities					
2100	Short-term borrowings	6(9)	\$284,467	3	\$444,866	5
2130	Contract liabilities	6(15), 7	10,625	-	24,000	-
2150	Notes payable		3,441	-	2,216	-
2170	Accounts payable		184,648	2	199,583	3
2200	Other payables	6(10), 7	1,230,750	14	1,640,762	20
2230	Current tax liabilities	4,6(21)	66,520	1	99,171	1
2280	Lease liabilities	4,6(17)	98,584	1	-	-
2300	Other current liabilities	6(11),6(12),7,8	226,875	3	123,619	2
	Total current liabilities		<u>2,105,910</u>	<u>24</u>	<u>2,534,217</u>	<u>31</u>
25XX	Non-current liabilities					
2540	Non-current portion of long-term borrowings	6(12),8	145,879	2	141,993	2
2570	Deferred tax liabilities	4,6(21)	34,282	-	25,661	-
2580	Lease liabilities	4,6(17)	166,949	2	-	-
2645	Guarantee deposits received	7	400	-	404	-
2670	Other non-current liabilities	6(11)	216	-	784	-
	Total non-current liabilities		<u>347,726</u>	<u>4</u>	<u>168,842</u>	<u>2</u>
	Total liabilities		<u>2,453,636</u>	<u>28</u>	<u>2,703,059</u>	<u>33</u>
31XX	Equity attributable to shareholders of the parent					
3100	Capital	6(14)				
3110	Common stock		700,000	8	700,000	9
3200	Capital surplus	6(14)	1,810,341	20	1,804,931	22
3300	Retained earnings	6(14)				
3310	Legal reserve		367,572	4	242,715	3
3320	Special reserve		16,367	-	8,143	-
3350	Unappropriated retained earnings		3,546,106	40	2,746,643	33
3400	Other equity interest		(12,934)	-	(16,367)	-
	Total equity		<u>6,427,452</u>	<u>72</u>	<u>5,486,065</u>	<u>67</u>
	Total liabilities and equity		<u>\$8,881,088</u>	<u>100</u>	<u>\$8,189,124</u>	<u>100</u>

(The accompanying notes are an integral part of the parent-company-only financial statements.)

Pegavision Corporation
Parent-Company-Only Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	4,6(15),7	\$5,603,362	100	\$5,162,463	100
5000	Operating costs	6(3),7	<u>(2,971,928)</u>	<u>(53)</u>	<u>(2,685,241)</u>	<u>(52)</u>
5900	Gross profit from operations		2,631,434	47	2,477,222	48
5910	Unrealized gross profit (loss) from sales		30,814	1	4,642	-
	Gross profit from operations		<u>2,662,248</u>	<u>48</u>	<u>2,481,864</u>	<u>48</u>
6000	Operating expenses	7				
6100	Selling expenses		(144,177)	(2)	(266,304)	(5)
6200	Administrative expenses		(323,756)	(6)	(268,506)	(5)
6300	Research and development expenses		(551,472)	(10)	(546,642)	(11)
6450	Expected credit gains (losses)	6(16)	5,534	-	(7,873)	-
	Operating expenses total		<u>(1,013,871)</u>	<u>(18)</u>	<u>(1,089,325)</u>	<u>(21)</u>
6900	Operating income		<u>1,648,377</u>	<u>30</u>	<u>1,392,539</u>	<u>27</u>
7000	Non-operating income and expenses	6(19)				
7100	Interest income		6,358	-	3,429	-
7010	Other income		10,572	-	15,803	-
7020	Other gains and losses		(4,072)	1	(29,767)	-
7050	Finance costs		(18,814)	-	(3,206)	-
7060	Share of profit or loss of subsidiaries, associates and joint ventures	4,6(5)	119,670	1	37,056	-
	Non-operating income and expense total		<u>113,714</u>	<u>2</u>	<u>23,315</u>	<u>-</u>
7900	Income from continuing operations before income tax		1,762,091	32	1,415,854	27
7950	Income tax	4,6(21)	<u>(219,956)</u>	<u>(4)</u>	<u>(167,280)</u>	<u>(3)</u>
8200	Net income		<u>1,542,135</u>	<u>28</u>	<u>1,248,574</u>	<u>24</u>
8300	Other comprehensive income (loss)	6(20)				
8360	Items that may be reclassified subsequently to profit or loss					
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		3,433	-	(8,224)	-
	Total other comprehensive income, net of tax		<u>3,433</u>	<u>-</u>	<u>(8,224)</u>	<u>-</u>
8500	Total comprehensive income		<u>\$1,545,568</u>	<u>28</u>	<u>\$1,240,350</u>	<u>24</u>
9750	Earnings per share - basic (in NT\$)	4,6(22)	<u>\$22.03</u>		<u>\$17.84</u>	
9850	Earnings per share - diluted (in NT\$)	4,6(22)	<u>\$21.84</u>		<u>\$17.72</u>	

(The accompanying notes are an integral part of the parent-company-only financial statements.)

Pegavision Corporation
Parent-Company-Only Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Capital 3100	Capital Surplus 3200	Retained Earnings			Other Components of equity	Total Equity 3XXX
				Legal Reserve 3310	Special Reserve 3320	Unappropriated Earnings 3350	Exchange differences arising on translation of foreign operations 3410	
A1	Balance as of January 1, 2021	\$700,000	\$1,804,928	\$171,179	\$9,795	\$1,917,956	\$(8,143)	\$4,595,715
	Appropriation and distribution of 2020 earnings:							
B1	Legal reserve appropriated			71,536		(71,536)		-
B3	Special reserve appropriated				(1,652)	1,652		-
B5	Cash dividends - common shares					(350,000)		(350,000)
D1	Net income for 2021					1,248,574		1,248,574
D3	Other comprehensive income (loss) for 2021						(8,224)	(8,224)
D5	Total comprehensive income	-	-	-	-	1,248,574	(8,224)	1,240,350
H3	Reorganization		3			(3)		-
Z1	Balance as of December 31, 2021	<u>\$700,000</u>	<u>\$1,804,931</u>	<u>\$242,715</u>	<u>\$8,143</u>	<u>\$2,746,643</u>	<u>\$(16,367)</u>	<u>\$5,486,065</u>
A1	Balance as of January 1, 2022	\$700,000	\$1,804,931	\$242,715	\$8,143	\$2,746,643	\$(16,367)	\$5,486,065
	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 shares					(595,000)		(\$595,000)
D1	Net income for 2022					1,542,135		\$1,542,135
D3	Other comprehensive income (loss) for 2022						3,433	3,433
D5	Total comprehensive income	-	-	-	-	1,542,135	3,433	1,545,568
H3	Reorganization		4,729			(5,423)		(694)
M5	Difference between consideration given / received and carrying amount of interests in subsidiaries acquired / disposed of		(962)			(9,168)		(10,130)
N1	Share-based payment transaction		1,643					1,643
Z1	Balance as of December 31, 2022	<u>\$700,000</u>	<u>\$1,810,341</u>	<u>\$367,572</u>	<u>\$16,367</u>	<u>\$3,546,106</u>	<u>\$(12,934)</u>	<u>\$6,427,452</u>

(The accompanying notes are an integral part of the parent-company-only financial statements.)

Pegavision Corporation
Parent-Company-Only Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2022	2021	Code	Items	2022	2021
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	1,762,091	1,415,854	B01800	Acquisition of investment accounted for under equity method	(126,000)	(194,180)
A20010	Profit or loss not effecting cash flows:			B01900	Proceeds from disposal of investment accounted for under equity method	95,043	-
A20100	Depreciation (including right-of-use assets)	860,427	603,226	B02700	Acquisition of property, plant and equipment	(1,069,186)	(1,779,133)
A20200	Amortization	8,288	4,047	B02800	Proceeds from disposal of property, plant and equipment	180	447
A20300	Expected credit losses (gain)	(5,534)	7,873	B03700	Decrease (increase) in refundable deposits	542	23,170
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(698)	(356)	B04500	Acquisition of intangible assets	(18,287)	(9,301)
A20900	Interest expense	18,814	3,206	BBBB	Net cash provided by (used in) investing activities	(1,117,708)	(1,958,997)
A21200	Interest income	(6,358)	(3,429)				
A21900	Share-based payments awards	804	-	CCCC	Cash flows from financing activities:		
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	(119,670)	(37,056)	C00100	Increase in (repayment of) short-term borrowings	(160,399)	76,976
A22500	Loss on disposal of property, plant and equipment	(180)	(447)	C01600	Increase in long-term borrowings	9,104	128,580
A23700	Impairment loss on non-financial assets	37,686	24,015	C01700	Repayment of long-term borrowings	(1,042)	-
A23900	Unrealized (gains) losses	(30,814)	(4,642)	C03000	Increase (decrease) in guarantee deposits received	(4)	(230)
A29900	Loss (gain) on lease modification	-	(690)	C04020	Payments of lease liabilities	(67,415)	(8,495)
A29900	Loss (gain) on government grants	(402)	(218)	C04500	Cash dividends paid	(595,000)	(350,000)
A30000	Changes in operating assets and liabilities:			CCCC	Net cash provided by (used in) financing activities	(814,756)	(153,169)
A31115	Mandatorily measured Financial assets at fair value through profit or loss	(514,723)	512,101				
A31150	Accounts receivable	(52,178)	(68,971)	EEEE	Increase (decrease) in cash and cash equivalents	(47,590)	494,369
A31160	Accounts receivable - related parties	19,112	43,879	E00100	Cash and cash equivalents at beginning of period	1,447,272	952,903
A31180	Other receivables	1,112	(1,745)	E00200	Cash and cash equivalents at end of period	\$1,399,682	\$1,447,272
A31190	Other receivables - related parties	71	(328)				
A31200	Inventories	370	(114,467)				
A31230	Prepayments	(2,537)	(14,035)				
A31240	Other current assets	10,659	7				
A32125	Contract liabilities	(13,375)	(15,635)				
A32130	Notes payable	1,225	1,662				
A32150	Accounts payable	(14,935)	55,494				
A32180	Other payables	84,132	332,739				
A32230	Other current liabilities	98,633	(8,917)				
A33000	Cash generated from operations	2,142,020	2,733,167				
A33100	Interest received	6,183	3,506				
A33300	Interest paid	(15,990)	(3,381)				
A33500	Income tax paid	(247,339)	(126,757)				
AAAA	Net cash provided by (used in) operating activities	1,884,874	2,606,535				

(The accompanying notes are an integral part of the parent-company-only financial statements.)

MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Pegavision Corporation as of December 31, 2022 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Pegavision Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Pegavision Corporation

By

Guo, Ming-Dong

Chairman

February 13th, 2023

INDEPENDENT AUDITORS' REPORT

To : the Board of Directors and Shareholders of
Pegavision Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Pegavision Corporation (the “Company”) and its subsidiaries as of December 31, 2022 and 2021, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together referred as “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Group's revenue amounting to NT\$6,321,198 thousand for the year ended December 31, 2022 is a significant account to the Group's consolidated financial statements. The Group has conducted these sale activities in multi-marketplace, including Taiwan, China, Japan, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on sale revenues, and executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Note 6 to the consolidated financial statements.

Market valuation on Inventory

We determined the market valuation on inventory is also one of key audit matters. The Group's net inventory amounted to NT\$568,628 thousand, representing 6% of total assets, as of December 31, 2022, which is significant to the Group's consolidated financial statements. The market of the Group's main products, is characterized by fierce competition and the trend of consumers' preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value.

Our audit procedures therefore include, but not limit to, evaluating the Group's policy with respect to assessment the loss from slow-moving inventory and phased-out items, (including identification method, testing the accuracy of inventory aging schedule, analysis on inventory movement), evaluating the physical inventory stock take plan report provided by the management and choose the significant location to perform the observation, and inspecting the current status of inventory usage, etc. We also evaluated the appropriateness of related disclosure in the Note 5 and 6 to the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial

statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the internal control of the Company and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of the Company as of and for the years then ended December 31, 2022 and 2021.

/s/Cheng, Ching-Piao

/s/Kuo, Shao-Pin

Ernst & Young
Taiwan, R.O.C.
February 13th, 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 audit 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 December 31, 2022 and 2021
(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of December 31, 2022		As of December 31, 2021	
Code	Accounts	Notes	Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$1,846,120	19	\$1,848,965	21
1110	Financial assets at fair value through profit or loss	4, 6(2)	666,488	7	67,028	1
1170	Accounts receivable, net	4, 6(3), 6(15)	745,195	8	627,333	7
1200	Other receivables		5,523	-	6,708	-
1220	Current tax assets	4, 6(20)	2,929	-	1,558	-
1310	Inventories, net	4, 6(4)	568,628	6	573,774	7
1410	Prepayments		76,884	1	73,409	1
1470	Other current assets		59,062	1	63,795	1
	Total current assets		<u>3,970,829</u>	<u>42</u>	<u>3,262,570</u>	<u>38</u>
15xx	Non-current assets					
1600	Property, plant and equipment, net	4, 6(5), 8, 9	5,037,447	52	4,915,392	57
1755	Right-of-use assets, net	4, 6(16),7	356,943	4	157,658	2
1780	Intangible assets, net	4, 6(6)	22,223	-	14,082	-
1840	Deferred tax assets	4, 6(20)	17,793	-	13,305	-
1900	Other non-current assets	6(5), 6(7), 7, 8	156,362	2	201,909	3
	Total non-current assets		<u>5,590,768</u>	<u>58</u>	<u>5,302,346</u>	<u>62</u>
1xxx	Total Assets		<u>\$9,561,597</u>	<u>100</u>	<u>\$8,564,916</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 December 31, 2022 and 2021
(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2022		As of December 31, 2021	
Code	Accounts	Notes	Amount	%	Amount	%
21xx	Current liabilities					
2100	Short-term borrowings	6(8)	\$284,467	3	\$444,866	5
2130	Contract liabilities	6(14),7	77,703	1	64,227	1
2150	Notes payable		3,910	-	2,316	-
2170	Accounts payable		190,643	2	200,420	2
2200	Other payables	6(9), 7	1,397,777	15	1,736,420	20
2230	Current tax liabilities	4, 6(20)	105,500	1	122,480	2
2280	Lease liabilities	4, 6(16),7	132,253	1	52,396	1
2300	Other current liabilities	6(10), 6(11),8	249,251	3	155,304	2
	Total current liabilities		2,441,504	26	2,778,429	33
25xx	Non-current liabilities					
2540	Non-current portion of long-term borrowings	6(11), 8	364,879	4	141,993	2
2570	Deferred tax liabilities	4, 6(20)	37,185	-	25,661	-
2580	Lease liabilities	4, 6(16),7	231,107	2	109,107	1
2645	Guarantee deposits received		974	-	515	-
2670	Other non-current liabilities	4, 6(10)	216	-	784	-
	Total non-current liabilities		634,361	6	278,060	3
	Total liabilities		3,075,865	32	3,056,489	36
31xx	Equity attributable to shareholders of the parent					
3100	Capital	6(13)				
3110	Common stock		700,000	7	700,000	8
3200	Capital surplus	6(13)	1,810,341	19	1,804,931	21
3300	Retained earnings	6(13)				
3310	Legal reserve		367,572	4	242,715	3
3320	Special reserve		16,367	-	8,143	-
3350	Unappropriated retained earnings		3,546,106	37	2,746,643	32
3400	Other equity interest		(12,934)	-	(16,367)	-
36xx	Non-controlling interests	6(13)	58,280	1	22,362	-
	Total equity		6,485,732	68	5,508,427	64
	Total liabilities and equity		\$9,561,597	100	\$8,564,916	100

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

Pegavision Corporation and Subsidiaries
Consolidated Statements Of Comprehensive Incomes
For the Years Ended December 31, 2022 and 2021
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	4, 6(14)	\$6,321,198	100	\$5,595,043	100
5000	Operating costs	6(4), 7	(3,005,756)	(48)	(2,630,738)	(47)
5900	Gross profit		3,315,442	52	2,964,305	53
6000	Operating expenses	7				
6100	Selling expenses		(555,426)	(9)	(627,067)	(11)
6200	Administrative expenses		(371,077)	(6)	(321,543)	(6)
6300	Research and development expenses		(575,925)	(9)	(546,642)	(10)
6450	Expected credit gains (losses)	6(15)	6,859	-	(9,059)	-
	Operating expenses total		(1,495,569)	(24)	(1,504,311)	(27)
6900	Operating income		1,819,873	28	1,459,994	26
7000	Non-operating income and expenses	6(18)				
7100	Interest income		8,628	-	4,470	-
7010	Other income		19,478	-	14,474	-
7020	Other gains or losses		(8,175)	-	(30,542)	-
7050	Finance costs		(22,526)	-	(4,459)	-
	Total non-operating incomes and expenses		(2,595)	-	(16,057)	-
7900	Income from continuing operations before income tax		1,817,278	28	1,443,937	26
7950	Income tax	4, 6(20)	(271,937)	(4)	(195,501)	(4)
8200	Net income		1,545,341	24	1,248,436	22
8300	Other comprehensive income (loss)	6(19)				
8360	Items that may be reclassified subsequently to profit or loss					
8380	Exchange differences resulting from translating the financial statements of a foreign operation		2,673	-	(8,224)	-
	Total other comprehensive income, net of tax		2,673	-	(8,224)	-
8500	Total comprehensive income		\$1,548,014	24	\$1,240,212	22
8600	Net income (loss) attributable to:					
8610	Shareholders of the parent		\$1,542,135	24	\$1,248,574	22
8620	Non-controlling interests		3,206	-	(138)	-
			\$1,545,341	24	\$1,248,436	22
8700	Comprehensive income (loss) attributable to:					
8710	Shareholders of the parent		\$1,545,568	24	\$1,240,350	22
8720	Non-controlling interests		2,446	-	(138)	-
			\$1,548,014	24	\$1,240,212	22
9750	Earnings per share-basic (in NTD)	4, 6(21)	\$22.03		\$17.84	
9850	Earnings per share-diluted (in NTD)	4, 6(21)	\$21.84		\$17.72	

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

Pegavision Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021
(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	Equity Attributable to Shareholders of the Parent							Non-controlling interests	Total Equity
		Capital	Capital Surplus	Retained Earnings				Total		
				Legal Reserve	Special reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations			
3100	3200	3310	3320	3350	3410	31XX	36XX	3XXX		
A1	Balance as of January 1, 2021	\$700,000	\$1,804,928	\$171,179	\$9,795	\$1,917,956	(8,143)	\$4,595,715	\$-	\$4,595,715
	Appropriation and distribution of 2020 earnings									
B1	Legal reserve appropriated			71,536		(71,536)		-		-
B3	Special reserve appropriated				(1,652)	1,652		-		-
B5	Cash dividends-common shares					(350,000)		(350,000)		(350,000)
D1	Net income for 2021					1,248,574		1,248,574	(138)	1,248,436
D3	Other comprehensive income (loss) for 2021						(8,224)	(8,224)		(8,224)
D5	Total comprehensive income	-	-	-	-	1,248,574	(8,224)	1,240,350	(138)	1,240,212
H3	Reorganization		3			(3)		-		-
O1	Non-controlling interests								22,500	22,500
Z1	Balance as of December 31, 2021	<u>\$700,000</u>	<u>\$1,804,931</u>	<u>\$242,715</u>	<u>\$8,143</u>	<u>\$2,746,643</u>	<u>\$(16,367)</u>	<u>\$5,486,065</u>	<u>\$22,362</u>	<u>\$5,508,427</u>
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 shares					(595,000)		(595,000)		(595,000)
D1	Net income for 2022					1,542,135		1,542,135	3,206	1,545,341
D3	Other comprehensive income (loss) for 2022						3,433	3,433	(760)	2,673
D5	Total comprehensive income	-	-	-	-	1,542,135	3,433	1,545,568	2,446	1,548,014
H3	Reorganization		4,729			(5,423)		(694)	694	-
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 December 31, 2022	<u>\$700,000</u>	<u>\$1,810,341</u>	<u>\$367,572</u>	<u>\$16,367</u>	<u>\$3,546,106</u>	<u>\$(12,934)</u>	<u>\$6,427,452</u>	<u>\$58,280</u>	<u>\$6,485,732</u>

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

Pegavision Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2022	2021	Code	Items	2022	2021
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	\$1,817,278	\$1,443,937	B02700	Acquisition of property, plant and equipment	(1,410,912)	(1,840,501)
A20000	Adjustments:			B02800	Proceeds from disposal of property, plant and equipment	180	447
A20010	Profit or loss not effecting cash flows:			B03800	Decrease (increase) in refundable deposits	755	3,510
A20100	Depreciation (including right-of-use assets)	923,876	652,256	B04500	Acquisition of intangible assets	(18,527)	(12,089)
A20200	Amortization	8,837	4,306	BBBB	Net cash provided by (used in) investing activities	(1,428,504)	(1,848,633)
A20300	Expected credit losses (gain)	(6,859)	9,059				
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(761)	(360)	CCCC	Cash flows from financing activities:		
A20900	Interest expense	22,526	4,459	C00100	Increase in (repayment of) short-term borrowings	(160,399)	76,976
A21200	Interest income	(8,628)	(4,470)	C01600	Increase in long-term borrowings	228,104	128,580
A21900	Share-based payments awards	1,791		C01700	Repayment of long-term borrowings	(1,042)	-
A22500	Loss (gain) on disposal of property, plant and equipment	(180)	(381)	C03000	Increase (decrease) in guarantee deposits received	459	(130)
A23700	Impairment loss on non-financial assets	40,759	24,015	C04020	Payments of lease liabilities	(117,882)	(50,176)
A29900	Loss (gain) on lease modification	(90)	(710)	C04500	Cash dividends paid	(595,000)	(350,000)
A29900	Loss (gain) on government grants	(402)	(218)	C05800	Non-controlling interests changed	22,500	22,500
A30000	Changes in operating assets and liabilities:			CCCC	Net cash provided by (used in) financing activities	(623,260)	(172,250)
A31115	Financial assets at fair value through profit or loss	(598,699)	500,101				
A31150	Accounts receivable	(111,031)	(61,672)				
A31180	Other receivables	1,381	(3,093)	DDDD	Effect of exchange rate changes	1,456	(9,016)
A31200	Inventories	5,146	(184,369)				
A31230	Prepayments	(3,475)	(19,339)	EEEE	Increase (decrease) in cash and cash equivalents	(2,845)	602,964
A31240	Other current assets	4,733	(7,657)	E00100	Cash and cash equivalents at beginning of period	1,848,965	1,246,001
A32125	Contract liabilities	13,476	(16,035)	E00200	Cash and cash equivalents at end of period	\$1,846,120	\$1,848,965
A32130	Notes payable	1,594	1,762				
A32150	Accounts payable	(9,777)	56,330				
A32180	Other payables	149,523	389,809				
A32230	Other current liabilities	89,324	(3,748)				
A32000	Cash generated from operations	2,340,342	2,783,982				
A33100	Interest received	8,432	4,535				
A33300	Interest paid	(18,102)	(3,381)				
A33500	Income tax paid	(283,209)	(152,273)				
AAAA	Net cash provided by (used in) operating activities	2,047,463	2,632,863				

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

Attachment 5

Pegavision Corporation Earnings Appropriation Report 2022

Unit: NTD

Item	Amount
Opening undistributed earnings	2,018,562,292
Minus: Reorganization	(5,423,259)
Minus: Difference between consideration given /received and carrying amount of interests in subsidiaries acquired / disposed of	(9,167,814)
Plus: 2022 net income	1,542,134,970
Subtotal	3,546,106,189
Provisions:	
Provision for legal reserve (10%)	(152,754,390)
Reversal for special reserve	3,432,483
Subtotal of distributable earnings for the year	3,396,784,282
Distributions:	
Shareholders' dividends - NT\$10 cash per share	(700,000,000)
Closing undistributed earnings	2,696,784,282
Note 1: The appropriation will be allocated out of 2022 earnings as a priority.	

Chairman:
Ming-Dong Guo

President:
Te-Sheng Yang

Head of Accounting:
Ching-Hsiang Wang