

Asia Optical Co., Inc. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Asia Optical Co., Inc.

Introduction

We have reviewed the accompanying consolidated financial statements of Asia Optical Co., Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of September 30, 2024 and 2023, the consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, of changes in equity, and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 issued in to effect by the 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

Except as discussed in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements No. 2410, "Review of Interim Financial Information performed by the Independent auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards, 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.

Basis for Qualified Conclusion

As described in Note 12, the consolidated financial statements of insignificant subsidiaries were prepared and not reviewed by independent auditors for the same reporting periods. Total assets of these subsidiaries amounted to NT\$4,375,218 thousand and NT\$5,737,674 thousand, representing 18% and 27% of the related consolidated totals, and total liabilities amounted to NT\$1,277,522 thousand and NT\$1,690,199 thousand, representing 15% and 27% of the related consolidated totals, as at September 30, 2024 and 2023, respectively. Total comprehensive income of these subsidiaries amounted to NT\$177,170 thousand and NT\$244,127 thousand, representing 37% and 27% of the related consolidated totals for the three-month periods ended September 30, 2024 and 2023. As for the nine-month periods ended September 30, the total comprehensive income of these subsidiaries amounted to NT\$446,015 thousand and NT\$391,760 thousand, representing 21% and 28% of the related consolidated totals. Also, as described in Note 14 to the consolidated financial statements, the financial statements of the investee accounted for using the equity method for the same period were not reviewed by independent auditors. Furthermore, the investments accounted for under equity method as at September 30, 2024 and 2023 amounted to NT\$52,321 thousand and NT\$49,737 thousand, respectively, and the related investment gain were NT\$717 thousand, NT\$738 thousand, NT\$2,630 thousand and NT\$1,956 thousand for the three-month and nine-month periods then ended, respectively.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of non-significant subsidiaries and investee companies been reviewed by independent accountants as described in the preceding paragraph, that we might have become aware of had it not been for the situation described above, 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 Group as of September 30 2024 and 2023, its consolidated financial performance for

the three months and nine months then ended and its consolidated cash flows for the nine months 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 by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Shui-Ching Chiang and Wang, Samuel M.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 1, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and consolidated financial statements shall prevail.

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023 (In Thousands of New Taiwan Dollars)

	September 30, 2024		December 31, 2023		September 30, 2023	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 11,720,450	47	\$ 9,746,889	47	\$ 9,752,009	45
Financial assets at amortized cost - current (Note 9)	188,078	1	174,941	1	174,493	1
Notes receivable (Note 23)	112,971	1	103,502	-	87,403	-
Trade receivables from unrelated parties (Notes 10 and 23)	5,271,813	21	4,272,793	20	4,252,112	20
Other receivables (Note 29)	54,000	-	37,139	-	60,659	-
Inventories (Note 11)	3,522,432	14	2,803,913	13	3,343,943	16
Other current assets (Note 13)	<u>110,654</u>	<u>1</u>	<u>138,445</u>	<u>1</u>	<u>128,516</u>	<u>1</u>
Total current assets	<u>20,980,398</u>	<u>85</u>	<u>17,277,622</u>	<u>82</u>	<u>17,799,135</u>	<u>83</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	136,388	1	168,746	1	176,997	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	64,410	-	80,513	1	-	-
Investments accounted for using the equity method (Note 14)	52,321	-	47,690	-	49,737	-
Property, plant and equipment (Note 15)	2,659,866	11	2,588,543	12	2,630,192	12
Right-of-use assets (Note 16)	268,761	1	261,090	1	277,593	1
Investment property (Note 17)	309,945	1	326,317	2	349,901	2
Other intangible assets (Note 18)	65,576	-	79,280	1	85,505	1
Deferred tax assets (Notes 4 and 25)	57,230	-	37,690	-	63,200	-
Prepayments for equipment	173,610	1	61,814	-	78,753	-
Refundable deposits	<u>13,393</u>	<u>-</u>	<u>13,373</u>	<u>-</u>	<u>13,885</u>	<u>-</u>
Total non-current assets	<u>3,801,500</u>	<u>15</u>	<u>3,665,056</u>	<u>18</u>	<u>3,725,763</u>	<u>17</u>
TOTAL	<u>\$ 24,781,898</u>	<u>100</u>	<u>\$ 20,942,678</u>	<u>100</u>	<u>\$ 21,524,898</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities – current (Note 23)	\$ 396,536	2	\$ 393,691	2	\$ 348,791	2
Notes payable	3,319	-	3,997	-	3,951	-
Trade payables to unrelated parties	4,933,932	20	3,024,091	14	3,224,488	15
Trade payables to related parties (Note 29)	12,182	-	5,124	-	9,913	-
Other payables (Note 19)	2,400,293	10	1,931,436	9	1,901,993	9
Current tax liabilities (Notes 4 and 25)	295,431	1	330,976	2	373,105	2
Lease liabilities - current (Note 16)	15,869	-	18,057	-	18,770	-
Other current liabilities (Note 23)	<u>99,937</u>	<u>-</u>	<u>94,373</u>	<u>1</u>	<u>96,676</u>	<u>-</u>
Total current liabilities	<u>8,157,499</u>	<u>33</u>	<u>5,801,745</u>	<u>28</u>	<u>5,977,687</u>	<u>28</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Notes 4 and 25)	130,134	1	172,406	1	172,638	1
Lease liabilities - non-current (Note 16)	24,792	-	16,049	-	18,019	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	107,176	-	118,779	-	114,953	-
Guarantee deposits received	7,740	-	3,781	-	7,840	-
Other non-current liabilities (Note 20)	<u>2,332</u>	<u>-</u>	<u>2,314</u>	<u>-</u>	<u>2,306</u>	<u>-</u>
Total non-current liabilities	<u>272,174</u>	<u>1</u>	<u>313,329</u>	<u>1</u>	<u>315,756</u>	<u>1</u>
Total liabilities	<u>8,429,673</u>	<u>34</u>	<u>6,115,074</u>	<u>29</u>	<u>6,293,443</u>	<u>29</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT						
Capital Stock	2,792,439	11	2,792,439	13	2,792,439	13
Capital surplus	5,476,803	22	5,365,320	26	5,365,320	25
Retained earnings						
Legal reserve	2,171,975	9	2,100,482	10	2,100,482	10
Special reserve	368,933	1	281,870	1	281,870	1
Unappropriated earnings	2,960,320	12	2,379,872	12	2,107,288	10
Other equity	<u>114,519</u>	<u>1</u>	<u>(363,136)</u>	<u>(2)</u>	<u>274,345</u>	<u>1</u>
Total Equity attributable to owners of the parent	13,884,989	56	12,556,847	60	12,921,744	60
NON-CONTROLLING INTERESTS	<u>2,467,236</u>	<u>10</u>	<u>2,270,757</u>	<u>11</u>	<u>2,309,711</u>	<u>11</u>
Total equity	<u>16,352,225</u>	<u>66</u>	<u>14,827,604</u>	<u>71</u>	<u>15,231,455</u>	<u>71</u>
TOTAL	<u>\$ 24,781,898</u>	<u>100</u>	<u>\$ 20,942,678</u>	<u>100</u>	<u>\$ 21,524,898</u>	<u>100</u>

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Three Months Ended September 30				Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUES (Notes 23 and 29)	\$6,827,802	100	\$4,715,016	100	\$16,730,464	100	\$13,002,307	100
COSTS OF REVENUES (Notes 11, 21, 24 and 29)	<u>5,356,189</u>	<u>79</u>	<u>3,834,010</u>	<u>81</u>	<u>13,619,436</u>	<u>82</u>	<u>10,649,679</u>	<u>82</u>
GROSS PROFIT	<u>1,471,613</u>	<u>21</u>	<u>881,006</u>	<u>19</u>	<u>3,111,028</u>	<u>18</u>	<u>2,352,628</u>	<u>18</u>
OPERATING EXPENSES (Notes 21, 24 and 29)								
Selling and marketing expenses	60,991	1	50,077	1	164,579	1	136,487	1
General and administrative expenses	380,593	5	299,952	7	1,040,164	6	932,145	7
Research and development expenses	266,678	4	189,205	4	661,681	4	579,841	5
Expected credit loss (Note 10)	<u>3,720</u>	<u>-</u>	<u>9,732</u>	<u>-</u>	<u>3,320</u>	<u>-</u>	<u>23,217</u>	<u>-</u>
Total operating expenses	<u>711,982</u>	<u>10</u>	<u>548,966</u>	<u>12</u>	<u>1,869,744</u>	<u>11</u>	<u>1,671,690</u>	<u>13</u>
INCOME FROM OPERATIONS	<u>759,631</u>	<u>11</u>	<u>332,040</u>	<u>7</u>	<u>1,241,284</u>	<u>7</u>	<u>680,938</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 24 and 29)	10,758	-	37,515	1	54,707	-	73,524	-
Other gains and losses (Note 24)	189	-	(349)	-	343	-	(8,479)	-
Finance costs (Note 16)	(295)	-	(323)	-	(776)	-	(1,033)	-
Share of profit of associates (Note 14)	717	-	738	-	2,630	-	1,956	-
Interest income	114,412	2	81,930	2	336,771	2	228,556	2
Foreign exchange gain (loss)	47,439	1	(146,167)	(3)	81,412	1	(46,690)	-
Net gain (loss) on financial asset at FVTPL	<u>(8,616)</u>	<u>-</u>	<u>(29,233)</u>	<u>(1)</u>	<u>30,690</u>	<u>-</u>	<u>3,461</u>	<u>-</u>
Total non-operating income and expenses	<u>164,604</u>	<u>3</u>	<u>(55,889)</u>	<u>(1)</u>	<u>505,777</u>	<u>3</u>	<u>251,295</u>	<u>2</u>
INCOME BEFORE INCOME TAX	924,235	14	276,151	6	1,747,061	10	932,233	7

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ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Three Months Ended September 30				Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
INCOME TAX EXPENSE (Notes 4 and 25)	<u>128,981</u>	<u>2</u>	<u>10,463</u>	<u>-</u>	<u>205,362</u>	<u>1</u>	<u>168,908</u>	<u>1</u>
NET INCOME	<u>795,254</u>	<u>12</u>	<u>265,688</u>	<u>6</u>	<u>1,541,699</u>	<u>9</u>	<u>763,325</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss								
Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(6,441)	-	-	-	(16,103)	-	-	-
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translation of the financial statements of foreign operations	(306,173)	(5)	630,540	13	569,284	4	613,015	5
Other comprehensive income (loss)	(312,614)	(5)	630,540	13	553,181	4	613,015	5
TOTAL COMPREHENSIVE INCOME	<u>\$ 482,640</u>	<u>7</u>	<u>\$ 896,228</u>	<u>19</u>	<u>\$2,094,880</u>	<u>13</u>	<u>\$1,376,340</u>	<u>11</u>
NET INCOME ATTRIBUTE TO:								
Owner of the parent	\$ 684,707	10	\$ 181,756	4	\$1,241,643	7	\$ 498,701	4
Non-controlling interests	<u>110,547</u>	<u>2</u>	<u>83,932</u>	<u>2</u>	<u>300,056</u>	<u>2</u>	<u>264,624</u>	<u>2</u>
	<u>\$ 795,254</u>	<u>12</u>	<u>\$ 265,688</u>	<u>6</u>	<u>\$1,541,699</u>	<u>9</u>	<u>\$ 763,325</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTE TO:								
Owner of the parent	\$ 403,514	6	\$ 729,657	15	\$1,719,298	11	\$1,049,119	8
Non-controlling interests	<u>79,126</u>	<u>1</u>	<u>166,571</u>	<u>4</u>	<u>375,582</u>	<u>2</u>	<u>327,221</u>	<u>3</u>
	<u>\$ 482,640</u>	<u>7</u>	<u>\$ 896,228</u>	<u>19</u>	<u>\$2,094,880</u>	<u>13</u>	<u>\$1,376,340</u>	<u>11</u>
EARNINGS PER SHARE (Note 26)								
Basic	<u>\$ 2.46</u>		<u>\$ 0.65</u>		<u>\$ 4.45</u>		<u>\$ 1.79</u>	
Diluted	<u>\$ 2.42</u>		<u>\$ 0.65</u>		<u>\$ 4.40</u>		<u>\$ 1.77</u>	

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

(Concluded)

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
AS OF NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Parent										
	Capital Stock (Note 22)	Capital Surplus (Notes 12 and 22)	Retained Earnings (Note 22)			Other Equity		Treasury Shares (Note 22)	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Losses from Investments in Equity Instruments Measured at FVTOCI				
BALANCE AT JANUARY 1, 2023	\$ 2,810,839	\$ 5,400,198	\$ 2,040,613	\$ 1,085,120	\$ 1,452,121	(\$ 276,073)	\$ -	(\$ 109,630)	\$ 12,403,188	\$ 2,294,730	\$ 14,697,918
Appropriation of 2022 earnings											
Legal reserve	-	-	59,869	-	(59,869)	-	-	-	-	-	-
Special reserve	-	-	-	(803,250)	803,250	-	-	-	-	-	-
Cash dividends, NT\$1.90 per share	-	-	-	-	(530,563)	-	-	-	(530,563)	-	(530,563)
Net income for the nine months ended September 30, 2023	-	-	-	-	498,701	-	-	-	498,701	264,624	763,325
Other comprehensive income for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	550,418	-	-	550,418	62,597	613,015
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	498,701	550,418	-	-	1,049,119	327,221	1,376,340
Cancellation of treasury shares	(18,400)	(34,878)	-	-	(56,352)	-	-	109,630	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(312,240)	(312,240)
BALANCE AT SEPTEMBER 30, 2023	\$ 2,792,439	\$ 5,365,320	\$ 2,100,482	\$ 281,870	\$ 2,107,288	\$ 274,345	\$ -	\$ -	\$ 12,921,744	\$ 2,309,711	\$ 15,231,455
BALANCE AT JANUARY 1, 2024	\$ 2,792,439	\$ 5,365,320	\$ 2,100,482	\$ 281,870	\$ 2,379,872	(\$ 363,136)	\$ -	\$ -	\$ 12,556,847	\$ 2,270,757	\$ 14,827,604
Appropriation of 2023 earnings											
Legal reserve	-	-	71,493	-	(71,493)	-	-	-	-	-	-
Special reserve	-	-	-	87,063	(87,063)	-	-	-	-	-	-
Cash dividends, NT\$1.80 per share	-	-	-	-	(502,639)	-	-	-	(502,639)	-	(502,639)
Net income for the nine months ended September 30, 2024	-	-	-	-	1,241,643	-	-	-	1,241,643	300,056	1,541,699
Other comprehensive income for the nine months ended September 30, 2024, net of income tax	-	-	-	-	-	493,758	(16,103)	-	477,655	75,526	553,181
Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	1,241,643	493,758	(16,103)	-	1,719,298	375,582	2,094,880
Change in ownership interests in subsidiaries	-	111,483	-	-	-	-	-	-	111,483	(111,483)	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(67,620)	(67,620)
BALANCE AT SEPTEMBER 30, 2024	\$ 2,792,439	\$ 5,476,803	\$ 2,171,975	\$ 368,933	\$ 2,960,320	\$ 130,622	(\$ 16,103)	\$ -	\$ 13,884,989	\$ 2,467,236	\$ 16,352,225

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

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,747,061	\$ 932,233
Adjustments for:		
Depreciation expense	495,848	406,484
Amortization expense	28,104	24,389
Expected credit loss	3,320	23,217
Gain on financial assets at fair value through profit or loss, net	(30,690)	(3,461)
Finance costs	776	1,033
Interest income	(336,771)	(228,556)
Dividend income	-	(9,242)
Share of profit of associates	(2,630)	(1,956)
Loss (gain) on disposal of property, plant and equipment, net	(958)	5,463
Allowance for inventory valuation and obsolescence loss	26,918	11,268
Loss (gain) on foreign currency exchange, net	16,754	(8,670)
Recognition of provisions	18	23
Changes in operating assets and liabilities:		
Notes receivable	(5,066)	(13,933)
Trade receivables	(912,041)	(318,808)
Inventories	(593,477)	147,124
Other current assets	31,402	44,838
Other receivables	(14,756)	42,362
Contract liabilities	957	7,220
Notes payable	(786)	(3,337)
Trade payables	1,823,201	(290,281)
Other payables	413,837	(104,102)
Other current liabilities	4,602	4,502
Net defined benefit liabilities	(11,739)	(8,107)
Cash generated from operations	2,683,884	659,703
Interest received	336,771	228,556
Interest paid	(776)	(1,033)
Income tax paid	(308,110)	(193,067)
Net cash generated from operating activities	<u>2,711,769</u>	<u>694,159</u>

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ASIA OPTICAL CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(\$ 15,157)	(\$ 86,096)
Proceeds from disposal of financial assets at amortized cost	4,985	-
Proceeds from capital reduction of financial assets at fair value through profit or loss	66,041	-
Acquisition of property, plant and equipment	(379,743)	(270,916)
Proceeds from disposal of property, plant and equipment	6,693	5,632
Decrease (Increase) in refundable deposits	142	(305)
Acquisition of intangible assets	(14,309)	(35,935)
Increase in prepayments for equipment	(259,836)	(138,041)
Dividends received	<u>-</u>	<u>9,242</u>
Net cash used in investing activities	(<u>591,184</u>)	(<u>516,419</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in guarantee deposits received	3,753	(132)
Repayment of the principal portion of lease liabilities	(15,618)	(15,834)
Dividends paid owners of the parent	(502,639)	(530,563)
Change in non-controlling interests	(<u>67,620</u>)	(<u>312,240</u>)
Net cash used in financing activities	(<u>582,124</u>)	(<u>858,769</u>)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>435,100</u>	<u>1,253,926</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,973,561	572,897
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>9,746,889</u>	<u>9,179,112</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 11,720,450</u>	<u>\$ 9,752,009</u>

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

(Concluded)

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars and Foreign Currencies, Unless Stated Otherwise)

1. GENERAL INFORMATION

Asia Optical Co., Inc. (the “Company”) was incorporated in the Republic of China (ROC) in October, 1980 according to the Company Law of the ROC. The Company mainly manufactures, processes and sells cameras, riflescopes, photocopier lens, scanner lens and optical components.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since August, 2002.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on November 1, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the aforementioned standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations

Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements as required by International Financing standard (IFRS).

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values and defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Refer Note 12 to Tables 6 and 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other Significant Accounting Policies

1) Criteria for distinguishing current and non-current assets and liabilities

The current assets include the following: (i) Assets held for the main purpose of trading; (ii) Realizable assets no later than 12 months since the date of balance sheet; (iii) Cash and cash equivalent (not including those would be used to exchange or pay debts until 12 months after the date of balance sheet.)

The current liabilities include the following: (i) Liabilities held for the main purpose of trading (ii) Liabilities that would be settled within 12 months since the date of balance sheet, even if a long-term refinancing or a renewed payment agreement has been completed after the balance sheet

date and before the release of financial reports; and (iii) Liabilities that aren't substantively rightful to defer settlement to at least 12 months after the balance sheet date.

Those that do not fall into the above categories are classified as non-current assets and liabilities.

2) Defined benefit retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements or other significant one-off events.

3) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Income taxes for interim period are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

For more significant accounting policies applied in these consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2023.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION, UNCERTAINTY AND ASSUMPTION

When making critical accounting estimates, please refer to the consolidated financial statements for the year ended December 31, 2023, for the critical accounting judgments and key sources of estimation, uncertainty, and assumptions applied in these consolidated financial statements.

6. CASH AND CASH EQUIVALENTS

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Cash on hand and petty cash	\$ 57,212	\$ 16,843	\$ 6,712
Checking and savings accounts	2,291,298	1,541,718	2,008,061
Cash equivalent (Time deposits with original maturities of less than three months)	<u>9,371,940</u>	<u>8,188,328</u>	<u>7,737,236</u>
	<u>\$ 11,720,450</u>	<u>\$ 9,746,889</u>	<u>\$ 9,752,009</u>
Interest rate intervals of cash in bank (%)	0.001-5.57	0.001-5.76	0.001-5.65

7. FINANCIAL ASSETS AT FVTPL - NON-CURRENT

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Unlisted shares			
Pioneer Technology Co., Ltd. ("Pioneer")	\$ 101,717	\$ 121,723	\$ 135,555
OTO Brite Electronics, Inc. ("OTO Brite")	29,957	42,498	36,750
Guangdong Xinwei Automobile Technology Co., Ltd ("Guangdong Xinwei")	4,714	4,525	4,692
B-STORM. CO., LTD. ("B-STORM")	-	-	-
Shisei Datum Ltd. ("Shisei Datum")	-	-	-
	<u>\$ 136,388</u>	<u>\$ 168,746</u>	<u>\$ 176,997</u>

At the shareholders' meeting held in 2024, Pioneer resolved to reduce its capital and return the paid-up capital to shareholders. The consolidated company has recovered investment costs of NT\$66,041 thousand dollars in proportion to its capital contribution.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Unlisted shares			
Myrias Optics, Inc. (‘Myrias’)	\$ 64,410	\$ 80,513	\$ -

The Group invests in Myrias for medium to long-term strategic purposes and expects to make profits through long-term investments. The management level of the Group believes that if the short-term fair value fluctuations of these investments are included in profit and loss, it'd be inconsistent with the long-term investment plan previously mentioned. Therefore, the investment has been specified as financial assets measured at fair value through other comprehensive income.

9. FINANCIAL ASSETS AT AMORTIZED COST – CURRENT

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Time deposits with original maturities of more than 3 months	\$ 188,078	\$ 174,941	\$ 174,493
Market rate intervals of time deposits (%)	1.05-1.69	1.31-1.565	1.25-1.45

10. TRADE RECEIVABLES FROM UNRELATED PARTIES

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
At amortized cost			
Gross carrying amount	\$ 5,308,652	\$ 4,326,722	\$ 4,325,053
Less: Loss Allowance	(36,839)	(53,929)	(72,941)
	<u>\$ 5,271,813</u>	<u>\$ 4,272,793</u>	<u>\$ 4,252,112</u>

The average credit period of sales of goods is 30 to 240 days. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and reviewed by the management annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due days from the invoice date is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables:

	<u>Less than 90 days</u>	<u>91 to 120 Days</u>	<u>121 to 150 Days</u>	<u>151 to 180 Days</u>	<u>181 to 210 Days</u>	<u>Over 211 Days</u>	<u>Total</u>
<u>September 30, 2024</u>							
Expected credit loss rate (%)	0-1	0-5.83	0-23.91	0-25.27	0-68.80	0-100	
Gross carrying amount	\$ 4,876,995	\$ 356,088	\$ 40,832	\$ 20,431	\$ 656	\$ 13,650	\$ 5,308,652
Loss allowance (Lifetime ECLs)	(15,604)	(5,705)	(3,357)	(445)	(192)	(11,536)	(36,839)
Amortized cost	<u>\$ 4,861,391</u>	<u>\$ 350,383</u>	<u>\$ 37,475</u>	<u>\$ 19,986</u>	<u>\$ 464</u>	<u>\$ 2,114</u>	<u>\$ 5,271,813</u>
<u>December 31, 2023</u>							
Expected credit loss rate (%)	0-2.43	0-5.56	0-23.91	0-32.63	0-68.80	0-100	
Gross carrying amount	\$ 3,639,757	\$ 475,076	\$ 83,456	\$ 94,401	\$ 15,472	\$ 18,560	\$ 4,326,722
Loss allowance (Lifetime ECLs)	(21,227)	(9,087)	(4,535)	(6,321)	(39)	(12,720)	(53,929)
Amortized cost	<u>\$ 3,618,530</u>	<u>\$ 465,989</u>	<u>\$ 78,921</u>	<u>\$ 88,080</u>	<u>\$ 15,433</u>	<u>\$ 5,840</u>	<u>\$ 4,272,793</u>
<u>September 30, 2023</u>							
Expected credit loss rate (%)	0-2.8	0-5.56	0-23.91	0-32.63	0-68.80	0-100	
Gross carrying amount	\$ 3,665,950	\$ 353,403	\$ 223,369	\$ 40,843	\$ 12,521	\$ 28,967	\$ 4,325,053
Loss allowance (Lifetime ECLs)	(25,319)	(6,918)	(9,537)	(1,249)	(6,540)	(23,378)	(72,941)
Amortized cost	<u>\$ 3,640,631</u>	<u>\$ 346,485</u>	<u>\$ 213,832</u>	<u>\$ 39,594</u>	<u>\$ 5,981</u>	<u>\$ 5,589</u>	<u>\$ 4,252,112</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 53,929	\$ 47,854
Add: Provision	3,320	23,217
Less: Written off	(22,127)	-
Effect of exchange rate changes	<u>1,717</u>	<u>1,870</u>
Balance at September 30	<u>\$ 36,839</u>	<u>\$ 72,941</u>

11. INVENTORIES

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Raw materials	\$ 2,130,818	\$ 1,564,270	\$ 1,763,323
Supplies	46,925	45,222	43,042
Work in process	577,280	376,076	451,765
Finished goods	<u>767,409</u>	<u>818,345</u>	<u>1,085,813</u>
	<u>\$ 3,522,432</u>	<u>\$ 2,803,913</u>	<u>\$ 3,343,943</u>

The nature of the cost of goods sold is as follows:

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Cost of inventories sold	\$ 5,346,393	\$ 3,826,457	\$ 13,592,518	\$ 10,638,411
Inventory loss from write-down	<u>9,796</u>	<u>7,553</u>	<u>26,918</u>	<u>11,268</u>

Three Months Ended September 30		Nine Months Ended September 30	
2024	2023	2024	2023
<u>\$ 5,356,189</u>	<u>\$ 3,834,010</u>	<u>\$ 13,619,436</u>	<u>\$ 10,649,679</u>

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	% of Ownership		
		September 30, 2024	December 31, 2023	September 30, 2023
Asia Optical	Asia Optical International Ltd. (“Asia International”)	100	100	100
	Powerlink Electronic International Ltd. (“Powerlink”)	100	100	100
	Richman International Group Co., Ltd. (“Richman”)	100	100	100
	Taiwan Top Optical Co., Ltd. (“Taiwan Top”)	94	94	94
	Asia Tech Image, Inc. (“Asia Tech”)	26	26	26
	Powerlink Electronic International (Cayman) Ltd. (“Powerlink Cayman”)	100	100	100
	Asia Optical and Asia International	AOE Optronics Co., Ltd. (“AOE Optronics”)	93	98
Asia Optical, Richman and Asia International	Dong-Guan Tailien Optical Co., Ltd. (“Dong-Guan Tailien”)	90	90	90
Asia International	Dong-Guan Sintai Optical Co., Ltd. (“Dong-Guan Sintai”)	100	100	100
	Shen Zhen Sintai Optical Co., Ltd. (“Shen Zhen Sintai”)	100	100	100
	Sintai Photonics Technology (Shang Hai) Ltd. (“Shang Hai Sintai”)	100	100	100
	Pentax Sintai Holding Co., Limited (“Pentax Sintai”)	-	-	45
	AOI Development Center, Limited (“AOIDC”)	100	100	100
	Myanmar Asia Optical International Co., Ltd. (“Myanmar Asia”)	100	100	100
	Richman	Crosszone Limited (“Crosszone”)	100	100
Richman and Asia International	Yorkey Optical International (Cayman) Ltd. (“Yorkey Cayman”)	100	100	100
	Powerlink	Scopro Optical Co., Ltd. (“Scopro”)	100	100
Asia Tech	Asia Image (Samoa) Technology Limited (“Asia Tech Samoa”)	100	100	100
Asia Tech Samoa	Atii Tech Image (Shen Zhen) Co., Ltd. (“Shen Zhen Atii”)	100	100	100
AOE Optronics	AOE International (Cayman) Limited (AOE Cayman)	100	100	100
AOE Cayman	AOE Optronics (Shen Zhen) Ltd. (“AOE Shen Zhen”)	100	100	100
Powerlink Cayman	Asia Scopro Optics Co., Inc. (Asia Scopro)	100	100	100
	ASAM Industries Inc. (“ASAM”)	100	100	100
Yorkey Cayman	Yorkey Optical Technology Limited (“Yorkey Technology”)	100	100	100
Yorkey Technology	Dong-Guan Yorkey Optical Co., Ltd. (“Dong-Guan Yorkey”)	100	100	100

The dissolution of Pentax Sintai was approved by the board of directors in December 2021; thus, the related income and expenses were excluded from the consolidated statements of comprehensive income. The process of liquidation has been completed in December 2023.

The dissolution of Powerlink TWN BR was approved by the board of directors in December 2022. The process of liquidation has been completed in June 2023.

AOE Optronics has completed a cash capital increase in March 2024. The Group did not subscribe in proportion to its shareholding, and its shareholding ratio decreased from 98.01% to 93.10%. The effect of ownership interest changes is recognized in the capital reserve.

Restricted by local laws, the Company entrusted others to invest in Scopro, Asia Scopro and ASAM; The Company still has a 100% ownership interest in the subsidiaries mentioned above.

The financial statements for the nine months ended September 30, 2024 and 2023 of Asia International, Asia Tech, Shen Zhen Sintai, AOE Optronics, Asia Tech Samoa, Shen Zhen Atii and Myanmar Asia were reviewed by independent auditors. In addition, the financial statements for the nine months ended September 30, 2024 of Yorkey Cayman, AOE Cayman and AOE Shen Zhen were reviewed. Other financial statements of non-significant subsidiaries were not reviewed.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	September 30, 2024	December 31, 2023	September 30, 2023
Asia Tech	74	74	74

Refer to Table 6 and 7 for the information on principal place of business and place of incorporation.

13. OTHER CURRENT ASSETS

	September 30, 2024	December 31, 2023	September 30, 2023
Prepayments	\$ 70,274	\$ 107,592	\$ 101,773
Net input VAT	20,664	9,754	7,937
Other	<u>19,716</u>	<u>21,099</u>	<u>18,806</u>
	<u>\$ 110,654</u>	<u>\$ 138,445</u>	<u>\$ 128,516</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investee	September 30, 2024		December 31, 2023		September 30, 2023	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
<u>Unlisted companies</u>						
Dong-Guan Nikon Surveying Instruments Co., Ltd. (Dong-Guan Nikon)	<u>\$ 52,321</u>	40	<u>\$ 47,690</u>	40	<u>\$ 49,737</u>	40

Refer to Table 7 for the nature of activities, principal place of business and country of incorporation of the associate.

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

15. PROPERTY, PLANT AND EQUIPMENT

Nine Months Ended September 30, 2024						
	Balance, January 1	Additions	Decrease	Reclassification	Effect of Exchange Rate Changes	Balance, September 30
<u>Cost</u>						
Land	\$ 308,219	\$ -	\$ -	\$ -	\$ 682	\$ 308,901
Buildings	2,463,261	551	(3,161)	-	75,719	2,536,370
Machinery and equipment	7,265,758	165,234	(116,978)	3,412	253,366	7,570,792
Office equipment	398,666	428	(805)	-	12,194	410,483
Other equipment	2,624,604	164,803	(36,181)	61,765	108,827	2,923,818
Construction in progress	<u>237</u>	<u>57,820</u>	<u>-</u>	<u>(70)</u>	<u>2,371</u>	<u>60,358</u>
	<u>13,060,745</u>	<u>\$ 388,836</u>	<u>(\$ 157,125)</u>	<u>\$ 65,107</u>	<u>\$ 453,159</u>	<u>13,810,722</u>
<u>Accumulated depreciation</u>						
Buildings	1,716,766	\$ 109,572	(\$ 3,161)	\$ -	\$ 58,571	1,881,748
Machinery and equipment	6,375,184	188,887	(111,245)	-	231,635	6,684,461
Office equipment	357,799	844	(803)	-	10,987	368,827
Other equipment	<u>2,022,453</u>	<u>145,995</u>	<u>(36,181)</u>	<u>-</u>	<u>83,553</u>	<u>2,215,820</u>
	<u>10,472,202</u>	<u>\$ 445,298</u>	<u>(\$ 151,390)</u>	<u>\$ -</u>	<u>\$ 384,746</u>	<u>11,150,856</u>
	<u>\$ 2,588,543</u>					<u>\$ 2,659,866</u>
Nine Months Ended September 30, 2023						
	Balance, January 1	Additions	Decrease	Reclassification	Effect of Exchange Rate Changes	Balance, September 30
<u>Cost</u>						
Land	\$ 310,936	\$ -	\$ -	\$ -	(\$ 2,941)	\$ 307,995
Buildings	2,496,126	2,224	(276)	708	57,277	2,556,059
Machinery and equipment	7,405,830	112,465	(188,856)	27,887	212,253	7,569,579
Office equipment	409,733	821	(496)	-	20,613	430,671
Other equipment	2,400,530	153,248	(60,392)	95,289	51,035	2,639,710
Construction in progress	<u>1,216</u>	<u>6,503</u>	<u>-</u>	<u>(1,149)</u>	<u>287</u>	<u>6,857</u>
	<u>13,024,371</u>	<u>\$ 275,261</u>	<u>(\$ 250,020)</u>	<u>\$ 122,735</u>	<u>\$ 338,524</u>	<u>13,510,871</u>
<u>Accumulated depreciation</u>						
Buildings	1,653,905	\$ 69,726	(\$ 276)	\$ -	\$ 38,119	1,761,474
Machinery and equipment	6,485,878	157,994	(178,178)	-	191,938	6,657,632
Office equipment	341,276	868	(496)	-	17,233	358,881
Other equipment	<u>1,998,841</u>	<u>127,693</u>	<u>(59,975)</u>	<u>-</u>	<u>36,133</u>	<u>2,102,692</u>
	<u>10,479,900</u>	<u>\$ 356,281</u>	<u>(\$ 238,925)</u>	<u>\$ -</u>	<u>(\$ 283,423)</u>	<u>10,880,679</u>
	<u>\$ 2,544,471</u>					<u>\$ 2,630,192</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	
Main buildings	25-50 years
Others	2-20 years
Machinery and equipment	2-12 years
Office equipment	2- 8 years
Other equipment	2-35 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023	
<u>Carrying amount</u>				
Land	\$ 234,175	\$ 235,084	\$ 248,934	
Buildings	34,177	25,321	27,882	
Other equipment	<u>409</u>	<u>685</u>	<u>777</u>	
	<u>\$ 268,761</u>	<u>\$ 261,090</u>	<u>\$ 277,593</u>	
	Three Months Ended September 30	Nine Months Ended September 30		
	2024	2023	2024	2023
Additions to right-of use assets				
Land	\$ -	\$ 2,766	\$ -	\$ 7,350
Other equipment	9,004	-	25,288	-
Buildings	<u>-</u>	<u>-</u>	<u>-</u>	<u>582</u>
	<u>\$ 9,004</u>	<u>\$ 2,766</u>	<u>\$ 25,288</u>	<u>\$ 7,932</u>
	Three Months Ended September 30	Nine Months Ended September 30		
	2024	2023	2024	2023
Depreciation of right-of use assets				
Land	\$ 2,891	\$ 2,741	\$ 8,791	\$ 8,378
Other equipment	4,204	4,629	13,361	13,955
Buildings	<u>92</u>	<u>91</u>	<u>276</u>	<u>275</u>
	<u>\$ 7,187</u>	<u>\$ 7,461</u>	<u>\$ 22,428</u>	<u>\$ 22,608</u>

Besides the addition and recognized depreciation expenses, there were no material subleases and impairment loss of the right-of-use assets of the Group for the nine months ended September 30, 2024 and 2023.

b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amount</u>			
Current	<u>\$ 15,869</u>	<u>\$ 18,057</u>	<u>\$ 18,770</u>
Non-current	<u>\$ 24,792</u>	<u>\$ 16,049</u>	<u>\$ 18,019</u>

Range of discount rates for lease liabilities was as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Land	2%	2%	2%
Buildings	1.1%-5%	1.1%-5%	1.1%-5%
Office equipment	2%-4.75%	2%-4.75%	2%-4.75%
Other equipment	1.5%-4.75%	1.5%-4.75%	1.5%-4.75%

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	2024	2023	2024	2023
Finance Costs				
Interest expense from lease liabilities	\$ <u>295</u>	\$ <u>323</u>	\$ <u>776</u>	\$ <u>1,033</u>

c. Material lease-in activities and terms

The Group leases lands and buildings for the use of plants and offices with lease terms of 2 to 50 years. The lease contracts for land located in the ROC's export processing zone specify that lease payments will be adjusted in the next month after change in land value prices is announced. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	2024	2023	2024	2023
Expenses relating to short-term leases	\$ <u>4,800</u>	\$ <u>5,029</u>	\$ <u>13,837</u>	\$ <u>14,363</u>
Total cash outflow for leases	\$ <u>10,344</u>	\$ <u>10,946</u>	\$ <u>30,231</u>	\$ <u>31,230</u>

17. INVESTMENT PROPERTY

	Balance, January 1	Additions	Effect of Exchange Rate Changes	Balance, September 30
<u>Nine Months Ended September 30, 2024</u>				
Cost	\$ 1,124,985	\$ <u>-</u>	\$ <u>44,340</u>	\$ 1,169,325
Accumulated depreciation	(<u>798,668</u>)	(<u>28,122</u>)	(<u>32,590</u>)	(<u>859,380</u>)
	<u>\$ 326,317</u>			<u>\$ 309,945</u>
<u>Nine Months Ended September 30, 2023</u>				

Cost	\$ 1,141,001	<u>\$ -</u>	<u>\$ 29,561</u>	\$ 1,170,562
Accumulated depreciation	(<u>774,549</u>)	(<u>\$ 27,595</u>)	(<u>\$ 18,517</u>)	(<u>820,661</u>)
	<u>\$ 366,452</u>			<u>\$ 349,901</u>

The investment properties are depreciated using the straight-line method over 20-50 years.

The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

18. OTHER INTANGIBLE ASSETS

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Computer software	\$ 29,234	\$ 38,662	\$ 43,462
Goodwill	14,883	14,883	14,883
Others	<u>21,459</u>	<u>25,735</u>	<u>27,160</u>
	<u>\$ 65,576</u>	<u>\$ 79,280</u>	<u>\$ 85,505</u>

The computer software is amortized on a straight-line basis over 2 to 10 years.

19. OTHER PAYABLES

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September, 2023</u>
Salaries and bonus	\$ 956,439	\$ 1,006,220	\$ 888,888
Compensation of employees and remuneration of directors	537,640	265,411	381,214
Payables for consumables, supplies and packing charges	235,925	196,840	162,650
Payables for annual leave	53,970	53,322	49,264
Others	<u>616,319</u>	<u>409,643</u>	<u>419,977</u>
	<u>\$ 2,400,293</u>	<u>\$ 1,931,436</u>	<u>\$ 1,901,993</u>

20. PROVISIONS

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Employee benefits (other non-current liabilities)	<u>\$ 2,332</u>	<u>\$ 2,314</u>	<u>\$ 2,306</u>

Employee benefits refer to estimates of certain long-term benefits.

21. RETIREMENT BENEFIT PLANS

Relevant pension cost of defined benefit plans recognized for the three months and nine months ended September 30, 2024 and 2023 were determined by the pension cost rates of actuarial valuation as of December 31, 2023 and 2022, amounting to NT\$368 thousand, NT\$496 thousand, NT\$1,103 thousand, and NT\$1,533 thousand, respectively.

22. EQUITY

a. Capital Stock

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Number of shares authorized (in thousands)	313,000	313,000	313,000
Capital authorized	<u>\$ 3,130,000</u>	<u>\$ 3,130,000</u>	<u>\$ 3,130,000</u>
Number of shares issued and fully paid (in thousands)	279,244	279,244	279,244
Capital issued	<u>\$ 2,792,439</u>	<u>\$ 2,792,439</u>	<u>\$ 2,792,439</u>

Each issued common stock with par value of NT\$10 is entitled the right to vote and receive dividends.

On March 7, 2023, the Company's Board of Directors resolved to cancel 1,840 thousand treasury shares with par value of NT\$10, reducing the issued ordinary shares by NT\$18,400 thousand and set March 7, 2023 as the base date of capital reduction, which was approved by the Financial Supervisory Commission, and the registration procedures were completed.

b. Capital surplus

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Additional paid-in capital	\$ 430,838	\$ 430,838	\$ 430,838
From convertible bonds	4,660,886	4,660,886	4,660,886
<u>May be used to offset a deficit only (2)</u>			
From changes in ownership interest of subsidiaries	183,844	72,361	72,361
From interest payable compensation of convertible bonds	74,343	74,343	74,343
Others - share options expired	<u>126,892</u>	<u>126,892</u>	<u>126,892</u>
	<u>\$ 5,476,803</u>	<u>\$ 5,365,320</u>	<u>\$ 5,365,320</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and once a year.

2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, and/or from the relevant payable interest compensation and stock options occurred in converting the corporate bonds and not received before expiration time.

c. Retained earnings and dividends policy

According to the earnings distribution policy of the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the legal reserve equals the Company's total issued capital, and setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for

proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 24.

In accordance with Article 240 of Company Act, the dividends and bonuses, capital surplus, or legal reserve can be distributed in the whole or in part by cash in accordance with Article 241 of the Company Act after a resolution has been adopted by a majority of directors present at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholders' meeting.

Under the Company Law of the ROC and the Company's Articles of Incorporation, in deciding its stock dividend policy, the Company should consider that it is currently expanding and has a great demand for capital. Thus, for a stable dividend policy, the board of directors should take into account the results of operations, financial position and capital demand of the Company when deciding the type of dividends (cash or shares) to be distributed. Total dividends paid should be less than 90% of retained earnings available for appropriation, and the cash dividends must be more than 10% of total dividends paid.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company specifies that when the special reserve is allocated from the net deduction of other equity accumulated in the previous period, if the undistributed surplus in the previous period is insufficient for allocation, the after-tax net income plus items other than the after-tax net income of the current period will be added into the undistributed surplus of the current period for the allocation.

The appropriations of earnings for 2023 and 2022 were resolved by the shareholders' meeting in May and in June 2024 and 2023 as follows:

	<u>Amounts</u>		<u>Dividends Per Share(NT\$)</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Legal reserve	\$ 71,493	\$ 59,869		
Special reserve (reversed)	87,063	(803,250)		
Cash dividends	502,639	530,563	<u>\$ 1.80</u>	<u>\$ 1.90</u>

d. Treasury shares

Purpose of Buy-back	Number of Shares at January 1, 2023 (In Thousands Shares)	Increase (In Thousands Shares)	Decrease (In Thousands Shares)	Number of Shares at September 30, 2023 (In Thousands Shares)
Maintain the Company's creditworthiness and shareholders' interests	<u>1,840</u>	<u>-</u>	<u>(1,840)</u>	<u>-</u>

Under the Securities Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholder's rights on these shares, such as rights to dividends and to vote.

23. NET REVENUES

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Revenues from Contracts with customers				
Sale of goods	<u>\$ 6,827,802</u>	<u>\$ 4,715,016</u>	<u>\$ 16,730,464</u>	<u>\$ 13,002,307</u>

The rate of discount is estimated using the most likely amount, taking into account the Group's accumulated historical experience of discount. The balance of refund liability was as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Refund liability	<u>\$ 36,951</u>	<u>\$ 36,951</u>	<u>\$ 36,951</u>

a. Contract information

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>	<u>January 1, 2023</u>
Notes receivable and trade receivables	<u>\$ 5,384,784</u>	<u>\$ 4,376,295</u>	<u>\$ 4,339,515</u>	<u>\$ 3,908,686</u>
Contract liabilities				
Sale of goods	<u>\$ 396,536</u>	<u>\$ 393,691</u>	<u>\$ 348,791</u>	<u>\$ 339,150</u>

b. Disaggregation of revenues

Refer to Note 33 for information about disaggregation of revenues.

	<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>
<u>Timing of revenue recognition</u>		
Obligation satisfied at a point in time	<u>\$ 16,730,464</u>	<u>\$ 13,002,307</u>

24. NET INCOME FROM CONTINUING OPERATIONS

a. Other income

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Rental income (Note 29)	\$ 5,906	\$ 6,208	\$ 17,216	\$ 17,991
Dividends income	-	9,242	-	9,242
Others	<u>4,852</u>	<u>22,065</u>	<u>37,491</u>	<u>46,291</u>
	<u>\$ 10,758</u>	<u>\$ 37,515</u>	<u>\$ 54,707</u>	<u>\$ 73,524</u>

b. Other gains and losses

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Gain (loss) on disposal of property, plant and equipment	\$ 387	\$ 33	\$ 958	(\$ 5,463)
Other losses	(198)	(382)	(615)	(3,016)
	<u>\$ 189</u>	<u>(\$ 349)</u>	<u>\$ 343</u>	<u>(\$ 8,479)</u>

c. Employee benefits, depreciation and amortization expenses

	Three Months Ended September 30					
	2024			2023		
	Recognized in Operating Costs	Recognized in Operating Expenses	Total	Recognized in Operating Costs	Recognized in Operating Expenses	Total
Employee benefits expense						
Salaries and bonuses	\$884,295	\$381,676	\$1,265,971	\$ 655,451	\$ 266,149	\$ 921,600
Other employee benefits	98,128	38,067	136,195	77,248	38,466	115,714
Post-employment benefits						
Defined contribution plans	48,492	20,180	68,672	41,591	20,077	61,668
Defined benefit plans	131	237	368	174	322	496
Depreciation	128,713	46,552	175,265	97,019	42,920	139,939
Amortization	241	9,406	9,647	351	8,144	8,495

	Nine Months Ended September 30					
	2024			2023		
	Recognized in Operating Costs	Recognized in Operating Expenses	Total	Recognized in Operating Costs	Recognized in Operating Expenses	Total
Employee benefits expense						
Salaries and bonuses	\$2,311,302	\$979,348	\$3,290,650	\$ 1,852,055	\$ 837,493	\$ 2,689,548
Other employee benefits	274,701	112,699	387,400	229,144	105,986	335,130
Post-employment benefits						
Defined contribution plans	133,659	59,708	193,367	122,701	59,617	182,318
Defined benefit plans	391	712	1,103	568	965	1,533
Depreciation	363,399	132,449	495,848	282,454	124,030	406,484
Amortization	703	27,401	28,104	1,679	22,710	24,389

d. Compensation of employees and remuneration of directors

According to the Company's Articles of Incorporation, the Company shall accrue compensation of employees and remuneration of directors at rates of 5% to 20% and no higher than 3.5%, respectively, of net income before income tax.

The compensation of employees and remuneration of directors for the three months and nine months ended September 30, 2024 and 2023 respectively, were as follows:

	Three Months Ended September 30			
	2024		2023	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	16%	\$ 141,764	13%	\$ 21,000
Remuneration of directors	2%	17,221	2%	3,094

	Nine Months Ended September 30			
	2024		2023	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	16%	\$ 241,764	15%	\$ 96,000
Remuneration of directors	2%	30,221	2%	12,500

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in next year.

The compensation of employees and remuneration of directors for the year ended December 31, 2023 and 2022 were resolved by the board of directors in March 2024 and 2023, respectively, as follows:

	2023		2022	
	Accrual Rate	Amount	Accrual Rate	Amount
	Compensation of employees	16%	\$ 160,000	15%
Remuneration of directors	2%	20,000	2%	24,500

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the accrued amount in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employees and remuneration of directors resolved by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX RELATING TO CONTINUING OPERATIONS

a. Major Components of tax expense in profit or loss

Income tax expense consisted of the following:

	Three Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
	Current tax expense			
Current tax expense recognized in the current period	\$ 127,666	\$ 35,657	\$ 267,427	\$ 146,089
Undistributed retained earnings surcharge	-	-	8,873	74,898
Income tax adjustments on prior years	<u>1,185</u>	<u>50</u>	<u>(9,190)</u>	<u>(23,807)</u>
	128,851	35,707	267,110	197,180

Deferred income tax expense				
Current tax expense recognized in the current period	<u>130</u>	<u>(25,244)</u>	<u>(61,748)</u>	<u>(28,272)</u>
Income tax expense recognized in profit or loss	<u>\$ 128,981</u>	<u>\$ 10,463</u>	<u>\$ 205,362</u>	<u>\$ 168,908</u>

b. Income tax assessment

The income tax returns of the Company, AOE Optronics and Taiwan Top Optical Co., Ltd. through 2022 have been examined. The income tax returns of Asia Tech through 2022 have been examined by the tax authorities except for 2021.

26. EARNINGS PER SHARE

	Net Income (Numerator)	Number of Shares (In Thousands) (Denominator)	Earnings Per Share (In NT\$)
<u>Three months ended September 30, 2024</u>			
Basic EPS			
Net income available to shareholders of the common shares	\$ 684,707	279,244	<u>\$ 2.46</u>
Dilutive effects			
Subsidiaries' compensation of employees	(301)	-	
Company's compensation of employees	<u>-</u>	<u>2,121</u>	
Diluted EPS			
Net income available to owners of the parent	<u>\$ 684,406</u>	<u>281,365</u>	<u>\$ 2.42</u>
<u>Three months ended September 30, 2023</u>			
Basic EPS			
Net income available to shareholders of the common shares	\$ 181,756	279,244	<u>\$ 0.65</u>
Dilutive effects			
Subsidiaries' compensation of employees	(287)	-	
Company's compensation of employees	<u>-</u>	<u>1,524</u>	
Diluted EPS			
Net income available to owners of the parent	<u>\$ 181,469</u>	<u>280,768</u>	<u>\$ 0.65</u>
<u>Nine months ended September 30, 2024</u>			
Basic EPS			
Net income available to shareholders of the common shares	\$ 1,241,643	279,244	<u>\$ 4.45</u>
Dilutive effects			
Subsidiaries' compensation of employees	(953)	-	

Company's compensation of employees	_____ -	_____ 2,695	
Diluted EPS			
Net income available to owners of the parent	<u>\$ 1,240,690</u>	<u>281,939</u>	<u>\$ 4.40</u>
<u>Nine months ended September 30, 2023</u>			
Basic EPS			
Net income available to shareholders of the common shares	\$ 498,701	279,244	<u>\$ 1.79</u>
Dilutive effects			
Subsidiaries' compensation of employees	(1,200)	-	
Company's compensation of employees	_____ -	_____ 2,149	
Diluted EPS			
Net income available to owners of the parent	<u>\$ 497,501</u>	<u>281,393</u>	<u>\$ 1.77</u>

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares, if dilutive, are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. NON-CASH TRANSACTIONS

For the nine months ended September 30, 2024 and 2023, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

The Group reclassified prepayments for equipment in the amount of NT\$65,107 thousand and NT\$122,735 thousand to property, plant and equipment for the nine months ended September 30, 2024 and 2023, respectively.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>September 30, 2024</u>				
Financial assets at FVTPL				
Foreign unlisted shares	\$ -	\$ 106,431	\$ -	\$ 106,431
Domestic unlisted shares	-	29,957	-	29,957
Financial assets at FVTOCI				
Foreign unlisted shares	-	64,410	-	64,410
<u>December 31, 2023</u>				
Financial assets at FVTPL				
Foreign unlisted shares	-	126,248	-	126,248

Domestic unlisted shares	-	42,498	-	42,498
Financial assets at FVTOCI				
Foreign unlisted shares	-	80,513	-	80,513
<u>September 30, 2023</u>				
Financial assets at FVTPL				
Foreign unlisted shares	-	140,247	-	140,247
Domestic unlisted shares	-	36,750	-	36,750

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Domestic/foreign Unlisted shares	<p>Market approach: using the market transaction price and other relevant information of same or comparable (similar) assets and liabilities, or a group of assets and liabilities (e.g., operation).</p> <p>Income approach: utilizing discounted cash flows to determine the present value of the expected future economic benefits that will be derived from investment.</p> <p>Asset approach: measuring the fair value of individual assets and liabilities at net asset value.</p>

b. Categories of financial instruments

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 17,360,705	\$ 14,348,637	\$ 14,340,561
Financial assets at FVTPL			
Mandatorily at FVTPL	136,388	168,746	176,997
Financial assets at FVTOCI			
Equity instruments	64,410	80,513	-
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	5,809,417	3,643,476	3,828,819

(Note 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits with original maturity of more than 3 months, notes and trade receivables, other receivables and refundable deposits and so on.

(Note 2) The balances include financial liabilities at amortized cost, which comprise notes and trade payables, other payables and guarantee deposits received and so on.

c. Financial risk management objectives and policies

The Group's major financial instruments included equity, trade receivables, trade payables, and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

1) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities are shown in Note 31.

Sensitivity analysis

The Group was mainly exposed to the USD, JPY and RMB.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. Numbers below indicate the change in pre-tax profit or loss associated with the New Taiwan dollar strengthening 1% against the relevant currency:

	Nine Months Ended	
	September 30	
	2024	2023
Profit or loss		
USD impact	\$ 8,697	\$ 9,687
RMB impact	9,048	7,287
JPY impact	629	2,327

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

2) Interest rate risk

The Group was exposed to interest rate risk because the Group's deposits and lease liabilities are at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and lease liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Fair value interest rate risk			
Financial assets	\$ 9,560,018	\$ 8,363,269	\$ 7,911,729

Lease liabilities	40,661	34,106	36,789
Cash flow interest rate risk			
Financial assets	2,208,130	1,472,378	1,929,821

Sensitivity analysis

If interest rates had been 5% basis points higher/lower and all other variables been held constant, the Group's pretax profits for the nine months ended September 30, 2024 and 2023 would have increased/decreased by NT\$1,909 thousand and NT\$1,863 thousand, respectively. A 5% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount that may be payable in relation to financial guarantees issued by the Group, regardless of its probability.

The Group adopted a policy of obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

Liquidity risk

The Group's operating funds are deemed sufficient to meet the cash flow demand, therefore, liquidity risk is not considered to be significant.

Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Thus, the Group's bank loans that may be required to pay immediately were listed in the soonest period of the list, regardless of the probability that a bank may request immediate repayments. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

	Less Than 1 Year	1-5 Years	More Than 5 Years	Total
<u>September 30, 2024</u>				
Non-interest bearing payables	\$ 7,349,726	\$ 7,740	\$ -	\$ 7,357,466
Lease liabilities	<u>16,788</u>	<u>24,916</u>	<u>651</u>	<u>42,355</u>
	<u>\$ 7,366,514</u>	<u>\$ 32,656</u>	<u>\$ 651</u>	<u>\$ 7,399,821</u>
<u>December 31, 2023</u>				
Non-interest bearing payables	\$ 3,639,695	\$ 3,781	\$ -	\$ 3,643,476
Lease liabilities	<u>18,931</u>	<u>15,993</u>	<u>667</u>	<u>35,591</u>
	<u>\$ 3,658,626</u>	<u>\$ 19,774</u>	<u>\$ 667</u>	<u>\$ 3,679,067</u>
<u>September 30, 2023</u>				
Non-interest bearing payables	\$ 5,140,345	\$ 7,840	\$ -	\$ 5,148,185
Lease liabilities	<u>19,743</u>	<u>18,039</u>	<u>729</u>	<u>38,511</u>
	<u>\$ 5,160,088</u>	<u>\$ 25,879</u>	<u>\$ 729</u>	<u>\$ 5,186,696</u>

29. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Dong-Guan Nikon	Associate

b. Trading transactions

<u>Line Item</u>	<u>Related Party Category</u>	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net revenues	Associate	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 7</u>
Purchase of goods	Associate	<u>\$ 13,794</u>	<u>\$ 7,253</u>	<u>\$ 36,663</u>	<u>\$ 16,252</u>
Rental income	Associate	<u>\$ 396</u>	<u>\$ 493</u>	<u>\$ 1,171</u>	<u>\$ 1,490</u>

Purchases were made at discounted market price to reflect the quantity of goods purchased and relationships between the parties. The payment terms to related parties were not significantly different from those of purchases from third parties.

The rentals were based on the market rentals in the area, and were paid monthly.

c. Receivables from related parties

<u>Line Item</u>	<u>Related Party Category</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Other receivables	Associate	\$ 139	\$ 515	\$ 178

d. Payables to related parties

<u>Line Item</u>	<u>Related Party Category</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Trade payables	Associate	\$ 12,182	\$ 5,124	\$ 9,913

e. Compensation of key management personnel

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 40,697	\$ 47,837	\$ 58,520	\$ 58,368

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group were as follows:

In order to provide for sufficient operating funds, the Company obtained a syndicated loan with a credit line of NT\$1.2 billion with Chinatrust Commercial Bank and the related management group. The Company is required to maintain its current ratio at no less than 100%, debt ratio less than 110%, interest coverage ratio at no less than 4 times and the value of net tangible assets at no less than NT\$12 billion during the contractual period of the loan agreement. The Group has not drawn against the credit line as of September 30, 2024.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	<u>September 30, 2024</u>			
	<u>Foreign Currency</u>	<u>Exchange Rate</u>		<u>Carrying Amount</u>
<u>Financial assets</u>				
Monetary items				
USD	\$ 124,449	31.65	(USD:NTD)	\$ 3,938,811
USD	187,897	7.0074	(USD:RMB)	5,946,940
USD	15,221	56.0276	(USD:PHP)	481,745
JPY	2,135,819	0.0491	(JPY:RMB)	473,191
JPY	1,687,467	0.2223	(JPY:NTD)	373,858
RMB	200,344	0.1427	(RMB:USD)	904,845

Financial liabilities

Monetary items

USD	242,867	31.65	(USD:NTD)	7,686,741
USD	33,356	7.0074	(USD:RMB)	1,055,717
USD	23,865	56.0276	(USD:PHP)	755,327
JPY	4,107,012	0.2223	(JPY:NTD)	909,909

December 31, 2023

	Foreign Currency			Carrying Amount
		Exchange Rate		
<u>Financial assets</u>				
Monetary items				
USD	\$ 165,604	30.705	(USD:NTD)	\$ 5,084,871
USD	171,320	7.0827	(USD:RMB)	5,260,381
USD	7,859	55.3742	(USD:PHP)	241,311
JPY	1,403,576	0.0501	(JPY:RMB)	304,848
JPY	924,001	0.2172	(JPY:NTD)	201,437
RMB	157,221	0.1412	(RMB:USD)	681,639

Financial liabilities

Monetary items

USD	192,261	30.705	(USD:NTD)	5,903,374
USD	25,717	7.0827	(USD:RMB)	789,640
USD	17,930	55.3742	(USD:PHP)	550,541
JPY	2,653,970	0.2712	(JPY:NTD)	578,580

September 30, 2023

	Foreign Currency			Carrying Amount
		Exchange Rate		
<u>Financial assets</u>				
Monetary items				
USD	\$ 102,950	32.27	(USD:NTD)	\$ 3,322,197
USD	170,491	7.1798	(USD:RMB)	5,501,745
USD	7,178	56.9638	(USD:PHP)	231,634
JPY	1,076,250	0.0481	(JPY:RMB)	232,695
RMB	162,105	0.1393	(RMB:USD)	728,696

Financial liabilities

Monetary items

USD	199,285	32.27	(USD:NTD)	6,430,927
USD	34,046	7.1798	(USD:RMB)	1,098,664
USD	17,271	56.9638	(USD:PHP)	557,335

For three and nine months ended September 30, 2024 and 2023, realized and unrealized net foreign exchange gain (loss) were gain NT\$47,439 thousand, loss NT\$146,167 thousand, gain NT\$81,412 thousand, and loss NT\$46,690 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided: None.
- 3) Marketable securities held (excluding investment in subsidiaries and associates): Table 2.
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
- 9) Trading in derivative instruments: None.
- 10) Intercompany relationships and significant intercompany transactions: Table 5.

b. Information on investees: Table 6.

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area: Table 7.
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 3.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 3.
 - c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.

- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Note 29.
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8.

33. SEGMENT INFORMATION

The analysis of revenue and profits by reportable segments are as below:

a. Segment revenue and results

	Segment Revenue		Segment Profit (Loss)	
	Nine Months Ended September 30		Nine Months Ended September 30	
	2024	2023	2024	2023
Optical components	\$ 8,114,427	\$ 6,825,309	\$ 286,872	\$ 102,220
Contact image sensor modules	3,285,677	2,727,313	431,082	344,267
Optronics components	2,227,784	1,657,166	190,828	104,553
Digital camera	2,143,968	1,386,058	118,258	52,106
Optronics products	<u>1,238,952</u>	<u>641,726</u>	<u>215,968</u>	<u>77,885</u>
	<u>\$ 17,010,808</u>	<u>\$ 13,237,572</u>	<u>\$ 1,243,008</u>	<u>\$ 681,031</u>

b. Reconciliation of segment revenue and segment profit (loss)

1) Segment revenue

	Nine Months Ended September 30	
	2024	2023
Reportable segment revenue	\$ 17,010,808	\$ 13,237,572
Eliminated intersegment revenue	<u>(280,344)</u>	<u>(235,265)</u>
Net revenue	<u>\$ 16,730,464</u>	<u>\$ 13,002,307</u>

2) Segment profit (loss)

	Nine Months Ended September 30	
	2024	2023
Reportable segment profit	\$ 1,243,008	\$ 681,031
Other segment profit and loss	(1,724)	(93)
Other income	54,707	73,524
Other gains and losses	343	(8,479)
Financial costs	(776)	(1,033)
Share of profit of associates	2,630	1,956
Interest income	336,771	228,556
Foreign exchange gain (loss), net	81,412	(46,690)
Net gain (loss) on financial assets at FVTPL	<u>30,690</u>	<u>3,461</u>
Income before tax	<u>\$ 1,747,061</u>	<u>\$ 932,233</u>

Segment profit represents the profit earned by each segment without allocation of central administration expenses and directors' compensation, share of profit of associates, interest income, rental income, gain or loss on disposal of assets, net exchange gain or loss, valuation gain or loss on financial instruments, interest expense and income tax expense. This is the amount reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars or Foreign Currencies)**

No.	Lender	Borrower (Note 2)	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
1	Shen Zhen Sintai	Shang Hai Sintai	Receivables from related parties	Yes	\$ 160,109 (RMB 35,450)	\$ 135,494 (RMB 30,000)	\$ 135,494 (RMB 30,000)	0.5	Short-term financing	\$ -	For working capital	\$ -	-	\$ -	\$ 1,000,000	\$ 2,000,000
Total						\$ 135,494	\$ 135,494			\$ -		\$ -		\$ -		

Note 1: The lending amount to a company shall not exceed forty percent (40%) of the net worth of the Company, and the aggregate amount for lending shall not exceed fifty percent (50%) of the net worth of the Company. The restriction of these term shall not apply to inter-company loans for funding between 100% owned subsidiaries, and the Group sets an additional rule that the amount available for lending purpose between 100% owned subsidiaries shall be (a) no more than NT\$1 billion for the individual financier and (b) no more than NT\$2 billion in total.

Note 2: Intercompany accounts and transactions have been eliminated.

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2024

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	SEPTEMBER 30, 2024			
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value
Asia Optical	<u>Shares</u>						
	OTO Brite	None	Financial assets at FVTPL - non-current	2,902,846	\$ 29,957	8	\$ 29,957
	Myrias	None	Financial assets at FVTOCI - non-current	385,240	64,410	-	64,410
Asia International	<u>Equity</u>						
	Pioneer	None	Financial assets at FVTPL - non-current	-	101,717	12	101,717
	B-STORM	None	Financial assets at FVTPL - non-current	1,760	-	44	-
	Shisei Datum	None	Financial assets at FVTPL - non-current	2,718	-	29	-
Shen Zhen Sintai	<u>Equity</u>						
	Guangdong Xinwei	None	Financial assets at FVTPL - non-current	-	4,714	38	4,714

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2024
 (In Thousands of New Taiwan Dollars)

Purchaser or Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases / Sales	Amount	%	Payment Terms	Unit Price	Payment Terms	Ending Balance	%	
Asia Optical	Shen Zhen Sintai	Note 1	Purchases	\$ 551,138	16	30-180 days	-	-	\$ (980,595)	(15)	Note 2
	Dong-Guan Sintai	Note 1	Purchases	278,458	8	30-180 days	-	-	(359,379)	(6)	Note 2
	Dong-Guan Tailien	Note 1	Purchases	176,203	5	30-180 days	-	-	(200,923)	(3)	Note 2
	Scopro	Note 1	Sales	(266,389)	(6)	30-180 days	-	-	245,293	19	Note 2
	Scopro	Note 1	Purchases	445,548	13	30-180 days	-	-	(306,434)	(5)	Note 2
	Myanmar Asia	Note 1	Purchases	477,352	13	30-180 days	-	-	(710,467)	(11)	Note 2
	AOE Optronics	Note 1	Sales	(111,021)	(2)	30-180 days	-	-	35,158	3	Note 2
Asia International	Shen Zhen Sintai	Note 1	Purchases	784,802	9	30-180 days	-	-	(1,290,760)	(51)	Note 2
	Myanmar Asia	Note 1	Purchases	714,323	8	30-180 days	-	-	-	-	Note 2
Asia Tech	Asia Tech Samoa	Note 1	Purchases	2,663,443	100	30-180 days	-	-	(1,914,075)	(99)	Note 2
Asia Tech Samoa	Asia Tech	Note 1	Sales	(2,663,443)	(100)	30-180 days	-	-	1,914,075	100	Note 2
	Shen Zhen Atii	Note 1	Purchases	1,559,354	60	30-180 days	-	-	(1,376,407)	(65)	Note 2
Shen Zhen Atii	Asia Tech Samoa	Note 1	Sales	(1,559,354)	(89)	30-180 days	-	-	1,376,407	97	Note 2
AOE Shen Zhen	Shen Zhen Sintai	Note 1	Purchases	360,717	15	30-180 days	-	-	(79,308)	(6)	Note 2
	AOE Cayman	Note 1	Sales	(981,321)	(30)	30-180 days	-	-	88,208	8	Note 2
	AOE Cayman	Note 1	Purchases	426,615	18	30-180 days	-	-	(106,137)	(8)	Note 2
AOE Cayman	AOE Shen Zhen	Note 1	Sales	(426,615)	(30)	30-180 days	-	-	115,926	32	Note 2
	AOE Shen Zhen	Note 1	Purchases	981,321	68	30-180 days	-	-	(88,208)	(29)	Note 2
AOE Optronics	AOE Optronics	Note 1	Sales	(904,412)	(63)	30-180 days	-	-	240,846	66	Note 2
	Asia Optical	Note 1	Purchases	111,021	9	30-180 days	-	-	(35,158)	(10)	Note 2
	AOE Cayman	Note 1	Purchases	904,412	76	30-180 days	-	-	(242,936)	(68)	Note 2
Dong-Guan Sintai	Asia Optical	Note 1	Sales	(278,458)	(88)	30-180 days	-	-	362,344	95	Note 2
Dong-Guan Tailien	Asia Optical	Note 1	Sales	(176,203)	(41)	30-180 days	-	-	204,292	55	Note 2
Shen Zhen Sintai	Asia International	Note 1	Sales	(784,802)	(29)	30-180 days	-	-	1,553,511	50	Note 2
	Asia Optical	Note 1	Sales	(551,138)	(21)	30-180 days	-	-	990,144	32	Note 2
	AOE Shen Zhen	Note 1	Sales	(360,717)	(13)	30-180 days	-	-	99,713	3	Note 2
Myanmar Asia	Asia International	Note 1	Sales	(714,323)	(60)	30-180 days	-	-	-	-	Note 2
	Asia Optical	Note 1	Sales	(477,352)	(40)	30-180 days	-	-	719,606	99	Note 2
Dong-Guan Yorkey	Yorkey Technology	Note 1	Sales	(897,891)	(42)	30-180 days	-	-	1,769,351	78	Note 2
Yorkey Technology	Dong-Guan Yorkey	Note 1	Purchases	897,891	85	30-180 days	-	-	(1,769,351)	(97)	Note 2
Scopro	Asia Optical	Note 1	Sales	(445,548)	(100)	30-180 days	-	-	304,095	100	Note 2
	Asia Optical	Note 1	Purchases	266,389	73	30-180 days	-	-	(266,428)	(48)	Note 2

Note 1: Refer to Note 12 to the consolidated financial statements.

Note 2: Intercompany accounts and transactions have been eliminated.

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 SEPTEMBER 30, 2024
 (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship (Note 2)	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Asia Optical	Scopro	Affiliate	\$ 245,293	Note 1	\$ -	-	\$ 28,478	\$ -
Asia International	Myanmar Asia	Subsidiary of Asia International	2,090,961	Note 1	-	-	-	-
	AOE Cayman	Affiliate	176,241	Note 1	-	-	47,182	-
	Asia Optical	Parent company of Asia International	3,408,592	Note 1	-	-	50,408	-
	Dong-Guan Tailien	Affiliate	125,166	Note 1	-	-	-	-
AOE Cayman	AOE Shen Zhen	Subsidiary of AOE Cayman	115,926	Note 1	-	-	-	-
	AOE Shen Zhen	Subsidiary of AOE Cayman	921,839	Note 1	-	-	-	-
	AOE Optronics	Parent company of AOE Cayman	240,846	Note 1	-	-	109,314	-
Dong-Guan Sintai	Asia Optical	Parent company of Asia International	362,344	Note 1	-	-	32,288	-
Dong-Guan Tailien	Asia Optical	Parent company of Asia International	204,292	Note 1	-	-	73,750	-
Shen Zhen Sintai	Asia International	Parent company of Shen Zhen Sintai	1,553,511	Note 1	-	-	13,024	-
	Shang Hai Sintai	Affiliate	139,225	Note 1	-	-	-	-
	Asia Optical	Parent company of Asia International	990,144	Note 1	-	-	-	-
Myanmar Asia	Asia Optical	Parent company of Asia International	719,606	Note 1	-	-	5,698	-
Powerlink Cayman	Scopro	Affiliate	219,538	Note 1	-	-	-	-
	Asia Scopro	Parent company of Asia Scopro	173,262	Note 1	-	-	-	-
Asia Tech Samoa	Asia Tech	Parent company of Asia Tech Samoa	1,914,075	Note 1	-	-	271,419	-
Shen Zhen Atii	Asia Tech Samoa	Parent company of Shen Zhen Atii	1,376,407	Note 1	-	-	38,285	-
Dong-Guan Yorkey	Yorkey Technology	Parent company of Dong-Guan Yorkey	1,769,351	Note 1	-	-	188,364	-
Scopro	Asia Optical	Affiliate	304,095	Note 1	-	-	54,612	-

Note 1: The receivables resulted from purchases of materials and property, plant, and equipment on behalf of Asia International and loan transaction; thus, turnover analysis was not suitable.

Note 2: Intercompany accounts and transactions have been eliminated.

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

(In Thousands of New Taiwan Dollars)

Number	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 2)
0	Asia Optical	Asia International	1	Trade payables	\$ 3,239,579	30-180 days	13
				Other payables	178,496	-	1
		Dong-Guan Tailien	1	Purchases	176,203	30-180 days	1
				Trade payables	200,923	30-180 days	1
		Dong-Guan Sintai	1	Purchases	278,458	30-180 days	2
				Trade payables	359,379	-	1
		Shen Zhen Sintai	1	Purchases	551,138	30-180 days	3
				Trade payables	980,595	-	4
		Myanmar Asia	1	Purchases	477,352	30-180 days	3
				Trade payables	710,467	-	3
1	Asia International	Shen Zhen Sintai	2	Purchases	784,802	30-180 days	5
				Trade payables	1,290,760	30-180 days	5
		Myanmar Asia	2	Other payables	262,751	30-180 days	1
				Trade receivables	2,090,961	30-180 days	8
				Purchases	714,323	30-180 days	4
Dong-Guan Tailien	2	Trade receivables	125,166	30-180 days	1		
AOE Cayman	2	Trade receivables	176,241	30-180 days	1		
2	AOE Optronics	AOE Cayman	2	Purchases	904,412	30-180 days	5
				Trade payables	242,936	30-180 days	1
3	Asia Tech	Asia Tech Samoa	2	Purchases	2,663,443	30-180 days	16
				Trade payables	1,914,075	30-180 days	8
4	Asia Tech Samoa	Shen Zhen Atii	2	Purchases	1,559,354	30-180 days	9
				Trade payables	1,376,407	30-180 days	6

(Continued)

Number	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 2)
5	AOE Cayman	AOE Shen Zhen	2	Sales	\$ 426,615	30-180 days	3
				Purchases	981,321	30-180 days	6
				Other receivables	921,839	-	4
6	Shen Zhen Sintai	Shang Hai Sintai	2	Other receivables	139,225	-	1
		AOE Shen Zhen	2	Sales	360,717	30-180 days	2
7	Powerlink Cayman	Scopro	2	Trade receivables	219,538	30-180 days	1
		Asia Scopro	2	Trade receivables	173,262	30-180 days	1
8	Yorkey Technology	Dong-Guan Yorkey	2	Purchases	897,891	30-180 days	5
				Trade payables	1,769,351	30-180 days	7

Note 1: 1. From the parent company to the subsidiary.

2. From the subsidiary to the subsidiary.

Note 2: The percentage of transactions to consolidated assets and liabilities items are calculated at the balance as of the end of reporting period; income and expense items are calculated at the accumulated amount of consolidated sales.

Note 3: Intercompany accounts and transactions have been eliminated.

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Value			
Asia Optical	Asia International	British Virgin Islands	Sale of riflescopes, lenses and optical components	\$ 2,701,520	\$ 2,701,520	15,686,000	100	\$ 13,316,403	\$ 878,398	\$ 878,398	Subsidiary
	Asia Tech	New Taipei	Sale of precision instruments and image sensors	231,753	231,753	19,027,964	26	854,474	389,991	102,437	Subsidiary
	Powerlink Cayman	Cayman Islands	Holding company	44,392	44,392	1,500,000	100	617,227	5,626	5,626	Subsidiary
	AOE Optronics	Taichung	Design, manufacture and sale of cell phone related products	1,938,431	1,921,610	19,179,577	91	903,380	96,395	86,149	Subsidiary
	Richman	British Virgin Islands	Holding company	99,520	99,520	2,566,000	100	160,743	15,323	15,323	Subsidiary
	Taiwan Top	Changhua	Manufacture and sale of cameras, copy machines, printers and facsimile machines	588,105	588,105	8,248,348	94	139,194	600	562	Subsidiary
	Powerlink	British Virgin Islands	Holding company	14,000	14,000	50,000	100	(79,287)	25,658	25,658	Subsidiary
Asia International	Yorkey Cayman	Cayman Islands	Holding company	2,663,778	2,663,778	776,346,000	95	1,862,220	277,885	262,803	Indirect Subsidiary
	Pentax Sintai	Hong Kong	Trading company	-	-	-	-	-	-	-	Note
	AOE Optronics	Taichung	Design, manufacture and sale of cell phone related products	298,179	298,179	506,880	2	23,862	96,395	2,229	Subsidiary
	AOIDC	Japan	Development and technology services	22,071	22,071	100	100	28,472	(92)	(92)	Indirect Subsidiary
	Myanmar Asia	Yangon Myanmar	Manufacture of lens and related products	634,082	634,082	1,998,572	100	(688,158)	596,391	596,391	Indirect subsidiary
Powerlink Cayman	Asia Scopro	Calamba Philippines	Manufacture and trade of riflescopes, lenses and optical component	17,043	17,043	241,000	100	(69,129)	(13,735)	(13,735)	Indirect subsidiary
	ASAM	Calamba Philippines	Anode processing factory	9,690	9,690	150,000	100	44,820	2,617	2,617	Indirect subsidiary
Asia Tech	Asia Tech Samoa	Samoa	Sale of precision instruments and image sensor	845,520	845,520	18,662,310	100	2,788,998	17,275	17,275	Indirect Subsidiary
Powerlink	Scopro	Manila Philippines	Manufacture and trade of riflescopes, lenses and optical component	5,119	5,119	4,000,000	100	(88,448)	25,745	25,745	Indirect subsidiary
Richman	Yorkey Cayman	Cayman Islands	Holding company	291,289	291,289	40,000,000	5	95,915	277,885	13,616	Indirect Subsidiary
	Crosszone	British Virgin Islands	Trading company	1,568	1,568	50,000	100	(3,547)	(584)	(584)	Indirect subsidiary
AOE Optronics	AOE Cayman	Cayman Islands	Sale of cell phone related products	1,311,447	1,311,447	44,176,066	100	741,687	80,792	80,792	Indirect subsidiary
Yorkey Cayman	Yorkey Technology	Samoa	Trading company	302,910	302,910	550,001	100	697,672	277,431	277,431	Indirect subsidiary

Note: The dissolution was approved by the board of directors. Refer to Note 12 to the consolidated financial statements.

ASIA OPTICAL CO., INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2024	Accumulated Repatriation of Investment Income as of September 30, 2024
					Outward	Inward						
Shen Zhen Sintai	Manufacture of laser printers, cameras, scanners and plastic products	US\$ 38,000	(2)	\$ 1,270,274 (US\$ 38,000)	\$ -	\$ -	\$ 1,270,274 (US\$ 38,000)	\$ 49,877	100	\$ 49,877	\$ 3,226,839	\$ -
Dong-Guan Sintai	Manufacture of optical components and finished products	US\$ 16,600	(2)	1,234,670 (US\$ 35,937)	-	-	1,234,670 (US\$ 35,937)	1,356	100	1,356	486,362	454,587 (US\$ 14,000)
Shen Zhen Atii	Manufacture and sale of image sensor	US\$ 10,000	(2)	170,256 (US\$ 5,400)	-	-	170,256 (US\$ 5,400)	(12,754)	26	(3,283)	463,133	-
Shang Hai Sintai	Manufacture and sale of parts of DV and DSC	US\$ 34,000	(2)	1,098,606 (US\$ 34,000)	-	-	1,098,606 (US\$ 34,000)	(7,475)	100	(7,475)	63,093	-
Pioneer	Manufacture and sale of DVD players, DVD pickup heads and parts	US\$ 18,000	(2)	145,656 (US\$ 4,200)	-	66,041 (US\$ 2,100)	79,615 (US\$ 2,100)	-	12	-	101,717	82,859 (US\$ 2,868)
Dong-Guan Tailien	Manufacture and processing of cameras and parts	US\$ 3,160	(2)	123,440 (US\$ 4,000)	-	-	123,440 (US\$ 4,000)	34,865	61	20,921	181,740	99,007 (US\$ 3,212)
			(3)	11,163 (US\$ 420)	-	-	11,163 (US\$ 420)	34,865	17	5,958	50,845	43,564 (US\$ 1,384)
			(2)	22,614 (US\$ 700)	-	-	22,614 (US\$ 700)	34,865	12	4,015	34,255	21,613 (US\$ 676)
Dong-Guan Yorkey	Manufacture of plastic and metallic parts, molds and cases of optical and optronics products	US\$ 20,680	(2)	291,289 (US\$ 9,079)	-	-	291,289 (US\$ 9,079)	221,565	5	10,857	97,238	-
			(2)	2,663,778 (US\$ 93,994)	-	-	2,663,778 (US\$ 93,994)	221,565	95	209,242	1,887,903	-
Dong-Guan Nikon	Research, manufacture and sale of equipment for electronic use	US\$ 2,000	(2)	27,772 (US\$ 800)	-	-	27,772 (US\$ 800)	6,574	40	2,630	52,321	-
AOE Shen Zhen	Design and manufacture of cell phone related products	US\$ 12,000	(2)	360,186 (US\$ 12,000)	-	-	360,186 (US\$ 12,000)	80,719	91	74,016	(225,404)	-
Guangdong Xinwei	Manufacture of automobile parts and components	RMB\$ 9,100	(3)	-	-	-	-	80,719	2	1,937	(6,007)	-
					-	-	-	-	38	-	4,714	-

Accumulated Outward Remittance for Investment in Mainland China as of SEPTEMBER 30, 2024	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$ 7,791,858 (US\$ 235,131)	\$ 10,280,622 (US\$ 328,042)	(Note 3)

Note 1: The investments were made as follows:

- (1) The investment was made directly by a subsidiary located in mainland China.
- (2) The investment was made through a corporation established in a third country, which, in turn, invested in companies located in mainland China (refer to Note 12 to the accompanying consolidated financial statements; in addition, Asia International is the investor of Pioneer and Dong-Guan Nikon).
- (3) Others

Note 2: Investment gain (loss) was recognized based on the financial statements for the periods which are not reviewed by the Company's independent auditors, except for Shen Zhen Sintai, Shen Zhen Atii, and AOE Shen Zhen.

Note 3: Under the "Regulations for the Screening of Applications to Engage in Technical Cooperation in Mainland China" issued by the Investment Commission of the Ministry of Economic Affairs on August 29, 2008, the amount of investment in mainland China has no limit since the parent company, Asia Optical Co., Inc. had acquired the approval by the Industrial Development Bureau to establish operating headquarters in Taiwan.

ASIA OPTICAL CO., INC.**INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Tsih-Mei Industrial Co., Ltd.	34,665,440	12.41%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.