Stock Code: 3406

# GENIUS ELECTRONIC OPTICAL CO., LTD.

## PARENT COMPANY ONLY FINANCIAL STATEMENTS
## WITH REPORT OF INDEPENDENT ACCOUNTANTS

## FOR THE YEARS ENDED
## 31 DECEMBER 2023 AND 2022

Address: No. 1, Keya E. Rd., Daya Dist., Central Taiwan Science Park, Taichung

Company phone number: (04)2566-7115

Notice to readers:
The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

## Independent Auditors' Report

To GENIUS ELECTRONIC OPTICAL CO, LTD:

### Opinion

We have audited the accompanying parent company only balance sheets of GENIUS ELECTRONIC OPTICAL CO, LTD (the "Company") as of 31 December 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the parent company only financial statements, including the summary of material accounting policies (together " the financial statements").

In our opinion, the accompanying parent company only financial statements referred to above present fairly, in all material respects, the parent company only the financial position of the parent company as of 31 December 2023 and 2022, and their financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of 2023 parent company only financial statements. These matters were addressed in the context of our audit of the the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Impairment of accounts receivable**

As of 31 December 2023, the Company's accounts receivable and allowance for doubtful accounts amounted to NTD $4,879,727 thousand and NTD $11,000 thousand, respectively. Net accountes receivable represented 13% of the parent company only total assets and have significant impacts on the Company. Since the accounts receivable from main consumers dominated the Company's accounts receivable, the collection of accounts receivable is a key factor in the working capital management of the company, and the adoption of provision policy requires significant management judgement, we therefore determined the issue as a key audit mater.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control over accounts receivable; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio according to historical experience, current market and future economic outlook expected; investigating accounts receivable details, recalculating the reasonableness of loss allowance based on assumptions of the credit risk and the expected credit loss ratio of customers; evaluating individually the reasonableness of the impairment of accounts receivable long overdue and its collection in subsequent period. We also assessed the adequacy of the disclosures related to the impairment of accounts receivable in Notes 5 and 6 to the financial statements.

**Valuation for inventories (including investments accounted for using equity method- inventory of subsidiaries)**

As of December 31, 2023, the Company and the investees accounted for under the equity method that could have significant impacts on the financial statements. Due to uncertainty arising from rapid changes in product technology, the inventory price fluctuates greatly due to the influence of the market, and the provision for valuation loss, sluggish or obsolete inventories involves major judgments by the management, we therefore determined this a key audit matter.

Our audit procedures included, but were not limited to, evaluate the effectiveness of the internal control established by the management for inventory, including performing simple tests and understanding the appropriateness of the management's assessment of inventory evaluation policies and methods, evaluating the management's stocktaking plan and conducting inventory inspections on the spot, checking the unit cost of inventory, sampling inventory purchase and sales related documents to verify the net realizable value, and obtain the inventory aging table and test the correctness of the inventory age. We also assessed the adequacy of the disclosures related to inventory in Notes 5 and 6 to the financial statements.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the parent only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Huang Tzu Ping
Huang Yu Ting

Ernst & Young, Taiwan
13 March 2024

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

GENIUS ELECTRONIC OPTICAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| | Assets | Notes | As of 31 December, 2023 Amount | % | As of 31 December, 2022 Amount | % |
|---|---|---|---|---|---|---|
| | **Current assets** | | | | | |
| 1100 | Cash and cash equivalents | 4, 6(1) | $5,455,883 | 15 | $3,121,962 | 10 |
| 1150 | Notes receivable, net | 4 | 21,834 | - | 46,476 | - |
| 1170 | Accounts receivable, net | 4,5,6(2),7 | 4,868,727 | 13 | 3,736,460 | 12 |
| 1200 | Other receivables | 7 | 259,570 | 1 | 772,997 | 3 |
| 130x | Inventories | 4,5,6(3) | 341,785 | 1 | 473,960 | 2 |
| 1410 | Prepayments | | 55,665 | - | 119,275 | - |
| 1470 | Other current assets | 7 | 1,805 | - | 16,530 | - |
| 11xx | **Total current assets** | | 11,005,269 | 30 | 8,287,660 | 27 |
| | **Non-current assets** | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non current | 6(4) | 215,123 | - | 197,799 | 1 |
| 1550 | Investments accounted for using equity method | 4,6(5) | 21,317,041 | 58 | 17,457,586 | 56 |
| 1600 | Property, plant and equipment | 4, 6(6),7,8 | 3,728,923 | 10 | 3,595,842 | 11 |
| 1755 | Right-of-use assets | 4, 6(15) | 219,035 | 1 | 303,822 | 1 |
| 1780 | Intangible assets | 4, 6(7) | 17,769 | - | 17,839 | - |
| 1840 | Deferred income tax assets | 4, 6(19) | 46,510 | - | 20,489 | - |
| 1900 | Other non-current assets | 6(11) | 312,623 | 1 | 1,357,134 | 4 |
| 15xx | **Total non-current assets** | | 25,857,024 | 70 | 22,950,511 | 73 |
| 1xxx | **Total assets** | | $36,862,293 | 100 | $31,238,171 | 100 |

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

(Continued)

GENIUS ELECTRONIC OPTICAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| | Liabilities and Equity | Notes | As of 31 December, 2023 Amount | % | 31 December, 2022 Amount | % |
|---|---|---|---|---|---|---|
| | **Current liabilities** | | | | | |
| 2100 | Short-term loans | 4, 6(8) | 3,082,000 | 8 | 1,815,000 | 6 |
| 2130 | Contract liabilities, current | 6(13) | 2,513 | - | 4,569 | - |
| 2150 | Notes payable | 4,7 | 77,601 | - | 310,564 | 1 |
| 2170 | Accounts payable | 4 | 51,838 | - | 90,572 | - |
| 2180 | Accounts payable - related parties | 4,7 | 6,213,733 | 17 | 3,616,900 | 12 |
| 2200 | Other payables | 7 | 447,576 | 1 | 712,836 | 2 |
| 2230 | Current income tax liabilities | 4 | 368,086 | 1 | 367,641 | 1 |
| 2300 | Other current liabilities | 6(15) | 196,549 | 1 | 136,824 | 1 |
| 2322 | Current portion of long-term loans | 4,6(9) | 255,000 | 1 | 612,500 | 2 |
| 21xx | **Total current liabilities** | | 10,694,896 | 29 | 7,667,406 | 25 |
| | **Non-current liabilities** | | | | | |
| 2540 | Long-term loans | 4,6(9) | 362,500 | 1 | 517,500 | 2 |
| 2550 | Non-current provisions | | 3,245 | - | 4,082 | - |
| 2570 | Deferred income tax liabilities | 4, 6(19) | 2,330,901 | 6 | 1,976,597 | 6 |
| 2580 | Lease liabilities, non-current | 4, 6(15) | 148,952 | 1 | 222,845 | 1 |
| 2600 | Other non-current liabilities | 6(10) | 2,194,764 | 6 | 1,134,171 | 3 |
| 25xx | **Total non-current liabilities** | | 5,040,362 | 14 | 3,855,195 | 12 |
| 2xxx | **Total liabilities** | | 15,735,258 | 43 | 11,522,601 | 37 |
| 31xx | **Equity attributable to the parent company** | 4,6(12) | | | | |
| 3100 | Capital | | | | | |
| 3110 | Common stock | | 1,127,431 | 3 | 1,127,191 | 4 |
| 3140 | Capital collected in advance | | - | - | 240 | - |
| | Total Capital stock | | 1,127,431 | 3 | 1,127,431 | 4 |
| 3200 | Additional paid-in capital | | 9,239,675 | 25 | 9,239,675 | 29 |
| 3300 | Retained earnings | | | | | |
| 3310 | Legal reserve | | 1,312,694 | 3 | 984,957 | 3 |
| 3320 | Special reserve | | 259,122 | 1 | 259,122 | 1 |
| 3350 | Unappropriated earnings | | 9,552,534 | 26 | 8,160,595 | 26 |
| | Total retained earnings | | 11,124,350 | 30 | 9,404,674 | 30 |
| 3400 | Other components of equity | | | | | |
| 3410 | Exchange differences on translation of foreign operations | | (484,864) | (1) | (159,329) | - |
| 3420 | Unrealized gains or losses from financial assets measured at fair value through other comprehensive income | | 120,443 | - | 103,119 | - |
| | Total other components of equity | | (364,421) | (1) | (56,210) | - |
| 3xxx | **Total equity** | | 21,127,035 | 57 | 19,715,570 | 63 |
| | **Total liabilities and equity** | | $36,862,293 | 100 | $31,238,171 | 100 |

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

GENIUS ELECTRONIC OPTICAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

| | | Notes | 2023 Amount | 2023 % | 2022 Amount | 2022 % |
|---|---|---|---|---|---|---|
| 4000 | **Operating revenues** | 4, 6(13),7 | $18,282,320 | 100 | $15,939,187 | 100 |
| 5000 | **Operating costs** | 6(3)(16),7 | (15,787,845) | (86) | (12,871,194) | (81) |
| 5900 | **Gross profit** | | 2,494,475 | 14 | 3,067,993 | 19 |
| 5910 | Unrealized intercompany profit | | - | - | (10,390) | - |
| 5920 | Realized intercompany profit | | 44,215 | - | 39,134 | - |
| 5950 | Gross profit, net | | 2,538,690 | 14 | 3,096,737 | 19 |
| 6000 | **Operating expenses** | 6(11),(15),(16) | | | | |
| 6100 | Selling and marketing expenses | | (184,302) | (1) | (209,519) | (1) |
| 6200 | General and administrative expenses | | (328,540) | (2) | (327,392) | (2) |
| 6300 | Research and development expenses | | (794,636) | (4) | (957,161) | (6) |
| 6450 | Expected credit income (loss) | 6,(14) | 26,000 | - | (7,000) | - |
| | Total operating expenses | | (1,281,478) | (7) | (1,501,072) | (9) |
| 6900 | **Operating income** | | 1,257,212 | 7 | 1,595,665 | 10 |
| 7000 | **Non-operating income and expenses** | | | | | |
| 7010 | Other income | 6(17),7 | 349,057 | 2 | 57,860 | - |
| 7020 | Other gains and losses | 6(17),7 | 104,970 | - | 272,087 | 2 |
| 7050 | Finance costs | 6(17),7 | (64,844) | - | (32,230) | - |
| 7060 | Share of profit of associates and joint ventures accounted for using equity method | 4,6(5) | 2,172,761 | 12 | 2,135,756 | 13 |
| | Total non-operating income and expenses | | 2,561,944 | 14 | 2,433,473.0 | 15 |
| 7900 | **Income from continuing operations before income tax** | | 3,819,156 | 21 | 4,029,138 | 25 |
| 7950 | **Income tax expense** | 4,5,6(19) | (746,436) | (4) | (755,572) | (4) |
| 8200 | **Net income** | | 3,072,720 | 17 | 3,273,566 | 21 |
| 8300 | **Other comprehensive income (loss)** | | | | | |
| 8310 | **Items that may not be reclassified subsequently to profit or loss** | | | | | |
| 8311 | Remeasurements of defined benefit plans | 5,6(11),(18) | (127) | - | 3,801 | - |
| 8372 | Unrealized gains or losses on financial assets at fair value through other comprehensive income | 6(18) | 17,324 | - | (12,885) | - |
| 8360 | **Items that may be reclassified subsequently to profit or loss** | | | | | |
| 8361 | Exchange differences on translation of foreign operations | 6(5),(18) | (406,919) | (2) | 246,174 | 1 |
| 8399 | Income tax related to items that may be reclassified subsequently to profit or loss | 6(18),(19) | 81,384 | (1) | (49,235) | - |
| | **Total other comprehensive income, net of tax** | | (308,338) | (3) | 187,855 | 1 |
| 8500 | **Total comprehensive income** | | $2,764,382 | 14 | $3,461,421 | 22 |
| | | | | | | |
| | **Earnings per share (NTD)** | 6(20) | | | | |
| 9750 | Earnings per share-basic | | $27.25 | | $29.06 | |
| 9850 | Earnings per share-diluted | | $27.22 | | $28.88 | |

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

GENIUS ELECTRONIC OPTICAL CO., LTD
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| Item | Capital | | Additional Paid-in Capital | Retained earnings | | | Other components of equity | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Common Stock | Capital Collected in Advance | | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translation of Foreign Operations | Unrealized gains or losses on financial assets at fair value through other comprehensive income (losses) | |
| Code | 3100 | 3140 | 3200 | 3310 | 3320 | 3350 | 3410 | 3420 | 3XXX |
| **Balance as of 1 January 2022** | $1,120,077 | $1,882 | $9,193,163 | $755,137 | $322,455 | $5,950,770 | $(356,268) | $116,004 | $17,103,220 |
| Appropriation of earnings, 2021 | | | | | | | | | |
| Legal reserve | | | | 229,820 | | (229,820) | | | - |
| Special reserve | | | | | (63,333) | 63,333 | | | - |
| Cash dividends | | | | | | (901,055) | | | (901,055) |
| Net income in 2022 | | | | | | 3,273,566 | | | 3,273,566 |
| Other comprehensive income (loss), net of income tax in 2022 | | | | | | 3,801 | 196,939 | (12,885) | 187,855 |
| Total comprehensive income (loss) | - | - | - | - | - | 3,277,367 | 196,939 | (12,885) | 3,461,421 |
| Share-based payment transactions | 7,114 | (1,642) | 46,512 | | | | | | 51,984 |
| **Balance as of 31 December 2022** | $1,127,191 | $240 | $9,239,675 | $984,957 | $259,122 | $8,160,595 | $(159,329) | $103,119 | $19,715,570 |
| | | | | | | | | | |
| **Balance as of 1 January 2023** | $1,127,191 | $240 | $9,239,675 | $984,957 | $259,122 | $8,160,595 | $(159,329) | $103,119 | $19,715,570 |
| Appropriation of earnings, 2022 | | | | | | | | | |
| Legal reserve | | | | 327,737 | | (327,737) | | | - |
| Cash dividends | | | | | | (1,352,917) | | | (1,352,917) |
| Net income in 2023 | | | | | | 3,072,720 | | | 3,072,720 |
| Other comprehensive income (loss), net of income tax in 2023 | | | | | | (127) | (325,535) | 17,324 | (308,338) |
| Total comprehensive income (loss) | - | - | - | - | - | 3,072,593 | (325,535) | 17,324 | 2,764,382 |
| Share-based payment transactions | 240 | (240) | - | | | | | | - |
| **Balance as of 31 December 2023** | $1,127,431 | $- | $9,239,675 | $1,312,694 | $259,122 | $9,552,534 | $(484,864) | $120,443 | $21,127,035 |

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

GENIUS ELECTRONIC OPTICAL CO., LTD
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| **Cash flows from operating activities:** | | |
| Net income before tax | $3,819,156 | $4,029,138 |
| Adjustments: | | |
| Adjustments to reconcile net income: | | |
| Depreciation | 844,885 | 507,618 |
| Amortization | 9,620 | 8,213 |
| Expected credit (income) losses | (26,000) | 7,000 |
| Inventory falling price losses | 79,000 | 52,000 |
| Gain on disposal of property, plant and equipment | (114,734) | (1,975) |
| Share of profit of associates and joint ventures accounted for using equity method | (2,172,761) | (2,135,756) |
| Unrealized intercompany profit | - | 10,390 |
| Realized intercompany profit | (44,215) | (39,134) |
| Intereset expense | 64,844 | 32,230 |
| Interest income | (184,467) | (29,617) |
| Dividend income | (3,856) | (3,264) |
| Changes in operating assets and liabilities: | | |
| Decrease(Increase) in notes receivable | 24,642 | (33,881) |
| Increase in accounts receivable | (1,106,267) | (282,984) |
| Decrease(Increase) in other receivables | 516,902 | (111,384) |
| Increase in inventories | (36,726) | (596,400) |
| Decrease(Increase) in prepayments | 63,610 | (21,813) |
| Decrease in other current assets | 14,725 | 4,248 |
| Decrease(Increase) in other non-current assets | 1,695 | (11,152) |
| Decrease in contract liabilities | (2,056) | (3,857) |
| (Decrease) Increase in notes payable | (232,963) | 160,572 |
| (Decrease) Increase in accounts payable | (38,734) | 33,783 |
| Increase in accounts payable-related paties | 2,596,833 | 435,982 |
| (Decrease) Increase in other payables | (123,370) | 211,637 |
| Increase (Decrease) in other current liabilities | 71,466 | (72,390) |
| Decrease in non-current provisions | (837) | (1,218) |
| Increase in other non-current liabilities | 1,060,593 | 1,004,154 |
| Cash generated from operations | 5,080,985 | 3,152,140 |
| Income tax paid | (336,324) | (253,094) |
| Net cash provided by operating activities | 4,744,661 | 2,899,046 |

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

(continued)

GENIUS ELECTRONIC OPTICAL CO., LTD
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| (Continued) | | |
| **Cash flows from investing activities:** | | |
| Acquisition of investments accounted for using equity method | (2,079,350) | (276,300) |
| Disposal of property, plant and equipment | 670,469 | 41,380 |
| Acquisition of property, plant and equipment | (582,558) | (1,440,728) |
| Decrease (Increase) in other non-current assets | 123,186 | (651,551) |
| Increase in intangible assets | (7,380) | (5,732) |
| Interest received | 180,992 | 29,866 |
| Dividends received | 33,808 | 32,064 |
| Net cash used in investing activities | (1,660,833) | (2,271,001) |
| **Cash flows from financing activities:** | | |
| Increase in short-term loans | 9,097,000 | 6,232,000 |
| Decrease in short-term loans | (7,830,000) | (5,972,000) |
| Increase in long-term loans | 250,000 | 630,000 |
| Decrease in long-term loans | (762,500) | - |
| Lease principal repayment | (95,207) | (21,313) |
| Cash dividends | (1,352,917) | (901,055) |
| Exercise of employee stock option | - | 51,984 |
| Interest paid | (56,283) | (26,477) |
| Net cash used in financing activities | (749,907) | (6,861) |
| **Net increase in cash and cash equivalents** | 2,333,921 | 621,184 |
| **Cash and cash equivalents at beginning of period** | 3,121,962 | 2,500,778 |
| **Cash and cash equivalents at end of period** | $5,455,883 | $3,121,962 |

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

GENIUS ELECTRONIC OPTICAL CO.,LTD.

Notes to Parent Company Only Financial Statements

FOR THE YEARS ENDED
31 DECEMBER 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

Genius Electronic Optical Corporation ("the Company") was incorporated in February 1990 to manufacture and sell optical instruments, mold, lighting equipment, and their spare parts, and acts as an agent of related export and import trade. The Company was authorized to publicly trade its shares in November 2005 and its shares were listed on the Taiwan Stock Exchange on 20 December 2005. The Company's registered location and main operations are located at Central Taiwan Science Park, No. 1, Keya E. Rd., Daya Dist., Taichung City, Taiwan (R.O.C.)

The Company merged a whole-owned company, Lizhuo Precision Industry Co., Ltd ("Lizhuo Company") on 1 January 2008, the consolidation record date, with the Company as the surviving entity, and Lizhuo Company was dissolved following the merger.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The parent company only financial statements of the Company for the years ended 31 December 2023 and 2022 were authorized for issue by the Company's board of directors on 13 March 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by the Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

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

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

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

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

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

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

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

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

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024. The new or amended standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, , revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

| Items | New, Revised or Amended Standards and Interpretations | Effective Date issued by IASB |
|---|---|---|
| a | IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures | To be determined by IASB |
| b | IFRS 17 “Insurance Contracts” | 1 January 2023 |
| c | Lack of Exchangeability – Amendments to IAS 21 | 1 January 2025 |

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

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

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

(b) IFRS 17 "Insurance Contracts"

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

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

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

(c) Lack of Exchangeability – Amendments to IAS 21

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under (a), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (1) Statement of Compliance

The parent company only financial statements of the Company for the years ended 31 December 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), which is endorsed by the FSC.

### (2) Basis of Preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments. The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("$") unless otherwise stated.

(3) Foreign Currency Transactions

The parent company only financial statements are presented in NT$, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(b) Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

Each foreign operations of the Company determines its own functional currency and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it in its normal operating cycle.
(b) The Company holds the asset primarily for the purpose of trading.
(c) The Company expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Company expects to settle the liability in its normal operating cycle.
(b) The Company holds the liability primarily for the purpose of trading.
(c) The liability is due to be settled within twelve months after the reporting period.
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. the Company’s business model for managing the financial assets and
B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

A. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

   (i) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(ii) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
B. the time value of money; and
C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
D. For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(c) Derecognition of financial assets

A financial asset is derecognized when:

A. The rights to receive cash flows from the asset have expired.
B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(d) Financial liabilities and equity instruments

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials and merchandise – Purchase cost on weighted averaged method.

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs on weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(10) Investments accounted for using the equity method

The Company prepared the parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments. The adjustments took into consideration how the subsidiaries should be accounted for in accordance with IFRS 10 and the different extent to each reporting entity IFRS applies. The adjustments are made by debiting or crediting “Investments accounted for under the equity method”, “share of profit or loss of associates and joint ventures accounted for under equity method”, and “share of other comprehensive income of associates and joint ventures accounted for using the equity method”.

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

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

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

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

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.
The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

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

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

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

| Item | Useful years |
|---|---|
| Buildings | 3~51 years |
| Machinery and equipment | 5~11 years |
| Transportation equipment | 5~6 years |
| Office equipment | 3~8 years |
| Other equipment | 2~11 years |

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Leases

On the date that contracts are established, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time; the Company assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date

(a) Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
(b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date.
(c) Amounts expected to be payable by the lessee under residual value guarantees.
(d) The exercise price of a purchase option if the Company is reasonably certain to exercise that option.
(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Company's intangible assets is as follows:

| | Computer software | Technology and patent rights |
|---|---|---|
| Useful lives | 2～5 years | 5 years or with limited useful lives |
| Amortization method used | Amortized on a straight- line basis | Amortized on a straight-line basis |
| Internally generated or acquired | Acquired | Acquired |

(14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited to the extent that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit or group to which goodwill belongs, regardless of whether there is impairment or not, is tested on a regular basis every year. If the impairment test results need to recognize the impairment loss, the goodwill shall be cut first, and the other assets other than goodwill shall be apportioned to other assets other than goodwill in proportion to the item of the non-family amount in face. Once recognized as a diminution of goodwill, it cannot be reverse for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management’s judgement and other known factors.

(16) Revenue recognition

The Company’s revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

Sale of goods

The Company manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is types of optical lens, lighting fixtures, and high-end machinery, etc., and revenue is recognized based on the consideration stated in the contract.

The Company provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers, and the warranty is accounted for in accordance with IAS 37.

The credit period of the Company’s sale of goods is from 30 to 120 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year; thus, no significant financing component arose.

Interest income

The interest revenue of financial assets measured at amortized cost and current held-to-maturity financial assets is calculated by using the effective interest method. The related interest revenue is recognized in profit or loss.

Dividends Revenue

The company recognizes the dividend revenue when it has the right to collect dividends.

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(18) Post-employment benefits plans

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company’s financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognize expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(19) Share-based payment transactions

The cost of equity-settled transactions between the Company is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, Except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(20) Income Tax

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

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved at the shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(c) Post-employment benefit plan

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Please refer to Note 6 for more details.

(d) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(f) Accounts receivable — estimation of impairment loss

The Company estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that are expected to be received (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(g) Inventory valuation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

## 6. CONTENTS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

| | As of 31 December | |
|---|---|---|
| | 31 Dec. 2023 | 31 Dec. 2022 |
| Cash on hand | $995 | $1,317 |
| Demand deposits | 5,454,888 | 3,120,645 |
| Total | $5,455,883 | $3,121,962 |

Cash and cash equivalents were not pledged

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(2) Net accounts receivable

| | As of 31 December | |
|---|---|---|
| | 31 Dec. 2023 | 31 Dec. 2022 |
| Accounts receivable | $4,879,727 | $3,773,460 |
| Less: loss allowance | (11,000) | (37,000) |
| Total | $4,868,727 | $3,736,460 |

The accounts receivables of the Company were not pledged.

Accounts receivable are generally on 30~120 day terms. The total carrying amount as of 31 December 2023 and 2022 were $4,901,561 and $3,819,936 respectively. Please refer to Note 6(14) for more details on loss allowance of accounts receivable for the years ended 31 December 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(3) Inventories

(a) The inventory composition is as follows:

| | As of 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Raw materials | $79,124 | $144,638 |
| Work in Process | 92,118 | 164,174 |
| Finished goods | 163,583 | 156,648 |
| Merchandise | 6,960 | 8,500 |
| Total | $341,785 | $473,960 |

(b) The cost of inventories recognized in operating costs for the years ended 31 December 2023 and 2022 were $15,787,845 and $12,871,194, respectively. The profit and loss related to cost of goods sold were as follows.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Scraps | $(26,792) | $(11,191) |
| Losses on obsolete inventory price recovery | (79,000) | (52,000) |
| Revenue from sale of scraps | 1,431 | 2,257 |
| Net | $(104,361) | $(60,934) |

(c) No inventories above were pledged.

(4) Financial assets at fair value through other comprehensive income - Non Current

| | As of 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Equity instrument investments measured at fair value through other comprehensive income – Non Current: | | |
| OTC stocks | $190,566 | $173,242 |
| Domestic unlisted(OTC) stocks | 24,557 | 24,557 |
| Total | $215,123 | $197,799 |

Financial assets at fair value through other comprehensive income were not pledged.

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended 31 December 2023 and 2022 were as follows:

| | For the years ended 31 December | |
|---|---|---|
| | 31 Dec. 2023 | 31 Dec. 2022 |
| Related to investments held at the end of the reporting period | | |
| Dividends recognized during the period | $3,856 | $3,264 |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(5) Investments accounted for using the equity method

The details of the investment of the Company using the equity method are as follows:

| | As of 31 December | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| Investees | Amount | % of ownership | Amount | % of ownership |
| Investment in related companies: | | | | |
| GENIUS ELECTRONICS OPTICAL CO., LTD. | $51 | 100.00 | $51 | 100.00 |
| GLOBALIZE INTERNATIONAL LTD. | 18,290,036 | 100.00 | 16,091,512 | 100.00 |
| GENIUS ELECTRO-OPTICS (XIAMEN) CO.,LTD. | 2,879,157 | 100.00 | 1,239,612 | 100.00 |
| UMA TECHNOLOGY INC. | 147,797 | 80.00 | 126,411 | 80.00 |
| Total | $21,317,041 | | $17,457,586 | |

a. The investment on subsidiary's parent company only financial report is expressed as "investment using the equity method" and is evaluated as necessary.

b. The Company receives dividend for the years ended 31 December 2023 and 2022 were as follows:

| | For the years ended 31 December | |
|---|---|---|
| Investees | 2023 | 2022 |
| UMA TECHNOLOGY INC. | $29,952 | $28,800 |

c. The Share of profit of associates and joint ventures accounted for using equity method for the years ended 31 December 2023 and 2022 were $2,172,761 and $2,135,756, respectively; The Exchange differences on translation of foreign operationsare were $(406,919) and $246,174, respectively.

(6) Property, plant and equipment

| | As of 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Owner occupied property, plant and equipment | $3,728,923 | $3,595,842 |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

| | Land | Buildings | Machinery equipment | Transportation equipment | Office equipment | Other equipment | Construction in progress and equipment awaiting examination | Total |
|---|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | | |
| As at 1 Jan. 2023 | $49,900 | $1,251,709 | $1,738,570 | $9,757 | $50,846 | $1,249,402 | $120,726 | $4,470,910 |
| Additions | - | 63,348 | 193,346 | 3,690 | 28,281 | 156,212 | (8,789) | 436,088 |
| Disposals | - | (2,308) | (259,853) | - | (12,361) | (495,520) | - | (770,042) |
| Transfers | - | 36,155 | 470,451 | - | 173 | 532,301 | (31,846) | 1,007,234 |
| As at 31 Dec. 2023 | $49,900 | $1,348,904 | $2,142,514 | $13,447 | $66,939 | $1,442,395 | $80,091 | $5,144,190 |
| | | | | | | | | |
| As at 1 Jan. 2022 | $49,900 | $550,196 | $800,945 | $8,008 | $29,699 | $645,348 | $591,353 | $2,675,449 |
| Additions | - | 119,383 | 796,755 | 1,749 | 21,061 | 460,714 | 114,767 | 1,514,429 |
| Disposals | - | (3,264) | (84,116) | - | (749) | (178,050) | - | (266,179) |
| Transfers | - | 585,394 | 224,986 | - | 835 | 321,390 | (585,394) | 547,211 |
| As at 31 Dec. 2022 | $49,900 | $1,251,709 | $1,738,570 | $9,757 | $50,846 | $1,249,402 | $120,726 | $4,470,910 |
| | | | | | | | | |
| Depreciation and impairment: | | | | | | | | |
| As at 1 Jan. 2023 | $- | $220,085 | $296,762 | $4,986 | $13,311 | $339,924 | $- | $875,068 |
| Depreciation | - | 73,699 | 263,545 | 2,505 | 13,254 | 401,503 | - | 754,506 |
| Disposals | - | (2,308) | (23,714) | - | (1,898) | (186,387) | - | (214,307) |
| Transfers | - | - | - | - | - | - | - | - |
| As at 31 Dec. 2023 | $- | $291,476 | $536,593 | $7,491 | $24,667 | $555,040 | $- | $1,415,267 |
| | | | | | | | | |
| Depreciation and impairment: | | | | | | | | |
| As at 1 Jan. 2022 | $- | $162,920 | $198,294 | $3,100 | $6,652 | $241,645 | $- | $612,611 |
| Depreciation | - | 60,429 | 148,517 | 1,886 | 7,408 | 270,991 | - | 489,231 |
| Disposals | - | (3,264) | (50,049) | - | (749) | (172,712) | - | (226,774) |
| Transfers | - | - | - | - | - | - | - | - |
| As at 31 Dec. 2022 | $- | $220,085 | $296,762 | $4,986 | $13,311 | $339,924 | $- | $875,068 |
| | | | | | | | | |
| Net carrying amount： | | | | | | | | |
| 31 Dec. 2023 | $49,900 | $1,057,428 | $1,605,921 | $5,956 | $42,272 | $887,355 | $80,091 | $3,728,923 |
| 31 Dec. 2022 | $49,900 | $1,031,624 | $1,441,808 | $4,771 | $37,535 | $909,478 | $120,726 | $3,595,842 |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The major components of the Company's buildings are main buildings, air conditioners, and water and power supply, and are depreciated according to their useful life of 50, and 10 - 11 years, respectively.

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

There is no occurrence of capitalization of interest due to purchasing property, plant and equipment for the years ended 31 December 2023 and 2022.

(7) Intangible assets

| | Patent rights | Computer software cost | Total |
|---|---|---|---|
| Cost: | | | |
| As of 1 Jan.2023 | $8,271 | $92,600 | $100,871 |
| Addition - acquired separately | - | 7,380 | 7,380 |
| As of 31 Dec. 2023 | $8,271 | $99,980 | $108,251 |
| Amortization and impairment: | | | |
| As of 1 Jan.2023 | $7,595 | $75,437 | $83,032 |
| Amortization | 271 | 7,179 | 7,450 |
| As of 31 Dec. 2023 | $7,866 | $82,616 | $90,482 |
| | | | |
| Cost: | | | |
| As of 1 Jan.2022 | $8,271 | $86,868 | $95,139 |
| Addition - acquired separately | - | 5,732 | 5,732 |
| As of 31 Dec. 2022 | $8,271 | $92,600 | $100,871 |
| | | | |
| Amortization and impairment: | | | |
| As of 1 Jan.2022 | $7,253 | $69,277 | $76,530 |
| Amortization | 342 | 6,160 | 6,502 |
| As of 31 Dec. 2022 | $7,595 | $75,437 | $83,032 |
| | | | |
| Net carrying amount: | | | |
| As of 31 Dec. 2023 | $405 | $17,364 | $17,769 |
| As of 31 Dec. 2022 | $676 | $17,163 | $17,839 |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The amortized amount of recognized intangible assets is as follows:

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Operating cost | $3,547 | $3,776 |
| Operating expenses | 3,903 | 2,726 |
| Total | $7,450 | $6,502 |

(8) Short-term loans

| | As of 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Unsecured bank loans | $2,732,000 | $1,615,000 |
| Secured bank loans | 350,000 | 200,000 |
| Total | $3,082,000 | $1,815,000 |

| | As at 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Interest Rates (%) | 1.60%~1.71% | 1.35%~1.64% |
| Unused short-term lines of credits amounted | $2,170,500 | $3,295,000 |

Please refer to Note 8 for more details of secured loans.

(9) Long-term loans

| | As of 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Secured bank loans | $617,500 | $1,130,000 |
| Unsecured bank loans | - | - |
| Subtotal | 617,500 | 1,130,000 |
| Less: current portion | (255,000) | (612,500) |
| Total | $362,500 | $517,500 |
| Interest Rates(%) | 1.90%~2.16% | 1.48%~1.78% |

Long-term loans were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(10) Other non-current liabilities

| | As of 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Temporary receipts | $1,878,536 | $899,748 |
| Deferred revenue-non current | 316,228 | 234,423 |
| Total | $2,194,764 | $1,134,171 |

(11) Post-employment benefit plans

Defined contribution plans

The Company adopts a defined contribution plan in accordance with the “Labor Pension Act of the R.O.C.”. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees’ monthly wages to the employees’ individual pension accounts. The Company has made monthly contributions of 6% of each individual employee’s salaries or wages to employees’ pension accounts.

The Company’s expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 were $39,709 and $37,064, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the “Labor Standards Act of R.O.C.”. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 5% of the employees’ total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one payment before the end of March the following year.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is managed by the in-house managers or under discretionary accounts, based on a passive-aggressive investment strategy for mid-term and long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute $(82) to its defined benefit plan in the next year starting from 31 December 2023.

The average duration of the defined benefits plan obligation as of 31 December 2023 and 2022, were 9 years and 10 years, respectively.

The summary of defined benefits plan reflected in profit or loss is as follows:

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Current service cost | $- | $- |
| Net defined interest on benefit liabilities | (98) | (15) |
| Total | $(98) | $(15) |

Changes in the defined benefit obligation and fair value of plan assets are as follows:

| | 31 Dec. 2023 | 31 Dec. 2022 | 1 Jan. 2022 |
|---|---|---|---|
| Defined benefit obligation | $23,244 | $24,802 | $27,015 |
| Plan assets at fair value | (29,653) | (31,240) | (29,637) |
| Net defined benefit liabilities - Non-Current | $(6,409) | $(6,438) | $(2,622) |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Reconciliation of liability (asset) of the defined benefit plan is as follows:

| | Defined benefit obligation | Fair value of plan assets | Benefit liability (asset) |
|---|---|---|---|
| As at 1 January 2022 | $27,015 | $(29,637) | $(2,622) |
| Current period service costs | - | - | - |
| Net interest expense (income) | 154 | (169) | (15) |
| Subtotal | 27,169 | (29,806) | (2,637) |
| Remeasurements of the net defined benefit liability (asset): | | | |
| Actuarial gains and losses arising from changes in demographic assumptions | 87 | - | 87 |
| Actuarial gains and losses arising from changes in financial assumptions | (2,467) | - | (2,467) |
| Experience adjustments | 850 | - | 850 |
| Loss of the planned asset remuneration | - | (2,271) | (2,271) |
| Subtotal | (1,530) | (2,271) | (3,801) |
| Payments from the plan | (837) | 837 | - |
| Contributions by employer | - | - | - |
| As at 31 December 2022 | 24,802 | (31,240) | (6,438) |
| Current period service costs | - | - | - |
| Net interest expense (income) | 377 | (475) | (98) |
| Subtotal | 25,179 | (31,715) | (6,536) |
| Remeasurements of the net defined benefit liability (asset): | | | |
| Actuarial gains and losses arising from changes in demographic assumptions | - | - | - |
| Actuarial gains and losses arising from changes in financial assumptions | 535 | - | 535 |
| Experience adjustments | (350) | - | (350) |
| Loss of the planned asset remuneration | - | (58) | (58) |
| Subtotal | 185 | (58) | 127 |
| Payments from the plan | (2,120) | 2,120 | - |
| Contributions by employer | - | - | - |
| As at 31 December 2023 | $23,244 | $(29,653) | $(6,409) |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The principal actuarial assumptions used were as follows:

| | As of 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Discount rate | 1.28% | 1.52% |
| Expected rate of salary increases | 3.00% | 3.00% |

Sensitivity analysis for significant assumption are shown below:

| | As of 31 December | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| | Increase in defined benefit obligation | Decrease in defined benefit obligation | Increase in defined benefit obligation | Decrease in defined benefit obligation |
| Discount rate increased by 0.5% | $- | $1,095 | $- | $1,168 |
| Discount rate decreased by 0.5% | 1,177 | - | 1,262 | - |
| Future salary increased by 0.5% | 1,151 | - | 1,237 | - |
| Future salary decreased by 0.5% | - | 1,082 | - | 1,157 |

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(12) Equities

(a) Common stock

As of 1 Jannary 2022, the Company’s authorized capital amounted to $1,500,000, divided into 1,500,000,000 shares with par value of NT$10 each. The paid-in capital amounted to $1,121,959, divided into 112,196 thousand shares. Among the issued shares, 188,200 shares have not completed the registration process and were booked as capital collected in advance in the amount of $1,882.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The employee stock options were excised 547,200 units, converted the options into 547,200 shares and amounted to $5,472 in 2022.

As of 31 December 2022, the paid-in capital amounted to $1,127,431, divided into 112,743 thousand shares, inclouding 24,000 shares have not completed the registration process. 24,000 shares have completed the registration process in the first quarter 2023. As of 31 December 2023, the Company's authorized capital, the issued shares and the paid-in capital were no change.

(b) Additional paid-in capital

Under the relevant laws, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them. The detail of additional paid-in capital are as below:

| | As of 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Premium from merger | $9,034,561 | $9,034,561 |
| Capital increased by employee stock option | 203,920 | 203,920 |
| Share-base payment transactions | 1,194 | 1,194 |
| Total | $9,239,675 | $9,239,675 |

The variation of additional paid-in capital of premium from merger and share-base payment transactions are as below:

(i).As at 31 Dec. 2023:None.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(ii).As at 31 Dec. 2022:

| | Premium from merger | | | Share-base payment transactions | | |
|---|---|---|---|---|---|---|
| | Premium of capital increased by cash | Premium of employee stock option | Subtotal | Recognized | Lapsed | Subtotal |
| As at 1 Jan. 2022 | $8,669,392 | $294,859 | $8,964,251 | $24,752 | $240 | $24,992 |
| Share-base payment transactions | | | | | | |
| Remuneration costs | - | - | - | - | - | - |
| Forfeited | - | - | - | (954) | 954 | - |
| Premium | - | 70,310 | 70,310 | (23,798) | - | (23,798) |
| As at 31 Dec. 2022 | $8,669,392 | $365,169 | $9,034,561 | $- | $1,194 | $1,194 |

(c) Retained earnings and dividend policies

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

A. Payment of all taxes and dues;
B. Offset prior years’ operation losses;
C. Set aside 10% of the remaining amount as legal reserve;
D. Set aside or reverse special reserve in accordance with law and regulations;
E. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders’ meeting.

If the aforementioned earnings are distributed in the form of cash, approval for such distribution should be approved by the Board of Directors with more than two-thirds of the directors' attendance and a majority of the directors' consents and the results are reported to the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements and domestic and international competition; as well as the interest of the shareholders, balanced dividend and long-term financial plan, etc. The Board of Directors shall propose a motion and submit it to the shareholders’ meeting for approval before distribution annually, and the cash dividend ratio shall not be less than 10% of the total shareholder dividend, however, can choose to no distribution. The type and ratio of this surplus distribution may be adjusted by the resolution of the shareholders' meeting depending on the actual profit and capital status of the year.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

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

The FSC on 31 March 2022 issued Order No. Financial – Supervisory – Securities – Corporate – 1090150022, which sets out the following provisions for compliance. On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reverse in the amount equal to the reversal may be released for earnings distribution.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the board of meeting on March 22, 2023, and the shareholders' meeting on June 17, 2023, respectively,are as follows::

| | Appropriation of earnings | | Dividend per share (NT$) | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Cash dividend common stock | $1,352,917 | $1,352,917 | $12 | $12 |
| Legal reserve | 307,259 | 327,737 | | |
| Reversal of special reserve | 105,299 | - | | |
| Total | $1,765,475 | $1,680,654 | | |

Please refer to Note 6(16) for more details on employees' compensation and remuneration to directors.

(13) Operating revenue

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Revenue from contracts with customers - Sale of goods | $18,282,320 | $15,939,187 |

Analysis of revenue from contracts with customers during the periods ended 31 December 2023 and 2022 are as follows:

(a) Disaggregation of revenue

For the year ended 31 December 2023:

| | Optical lenses | Other | Total |
|---|---|---|---|
| Sale of goods | $14,595,598 | $3,686,722 | $18,282,320 |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

For the year ended 31 December 2022:

| | Optical lenses | Other | Total |
|---|---|---|---|
| Sale of goods | $12,199,293 | $3,739,894 | $15,939,187 |

The Company recognizes revenue when transferring the goods to customers, so the contract performance obligation is satisfied at a point in time.

(b) Contract balances

A. Contract assets - current

| | 31 Dec. 2023 | 31 Dec. 2022 | 1 Jan. 2022 |
|---|---|---|---|
| Sale of goods | $2,513 | $4,569 | $8,426 |

The significant changes in the Company's balances of contract assets for the years ended 31 December 2023 and 2022 are as follows:

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| The opening balance transferred to accounts receivable | $(4,569) | $(8,302) |
| Fulfilling performance obligations without achieving the unconditional collection | 2,513 | 4,445 |
| Changes the period | $(2,056) | $(3,857) |

(c) Transaction price allocated to unfulfilled performance obligations

As at the year ended 31 December 2023 there are no deatails of the unfulfilled performance obligan as the client contracts of sales of goods are within a year.

(d) Assets recognized from costs to fulfil a contract

None.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(14) Expected credit (income) losses

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Accounts receivable | $(26,000) | $7,000 |

Please refer to Note 12 for more details on credit risk.

The loss allowances of the Company's contractual assets and receivables (including note receivables and accounts receivable) were measured at lifetime expected credit loss. The assessment of the Company's loss allowance as of 31 December 2023 and 2022 are as follows:

(a) The Company considers the grouping of accounts receivable by the counterparties' credit ratings, the geographical region and industry sector and its loss allowance is measured by using a provision matrix. The details are as follows:

As of 31 December 2023

Group 1

| | | Overdue | | | | | |
|---|---|---|---|---|---|---|---|
| | Not yet due | Within 30 days | 31-60 days | 61-90 days | 91-120 days | Upon 121 days | Total |
| Gross carrying amount | $4,871,785 | $16,095 | $85 | $287 | $6 | $500 | $4,888,758 |
| Loss ratio | 0%~0.07% | 0%~3% | 0%~20% | 0%~73% | 0%~91% | 0%~100% | |
| Lifetime expected credit losses | (3,541) | (480) | (18) | (265) | (6) | (500) | (4,810) |
| Carrying amount | $4,868,244 | $15,615 | $67 | $22 | $- | $- | $4,883,948 |

Group 2

| | | Overdue | | | | | |
|---|---|---|---|---|---|---|---|
| | Not yet due (Note) | Within 30 days | 31-60 days | 61-90 days | 91-120 days | More than 121 days | Total |
| Gross carrying amount | $656 | $10 | $457 | $4,045 | $1,152 | $6,483 | $12,803 |
| Lifetime expected credit losses | - | - | (23) | (405) | (576) | (5,186) | (6,190) |
| Carrying amount | $656 | $10 | $434 | $3,640 | $576 | $1,297 | $6,613 |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

As of 31 December 2022

Group 1

| | Not yet due | Overdue: Within 30 days | 31-60 days | 61-90 days | 91-120 days | More than 121 days | Total |
|---|---|---|---|---|---|---|---|
| Gross carrying amount | $3,615,831 | $90,174 | $48,169 | $- | $361 | $211 | $3,754,746 |
| Loss ratio | 0%~0.07% | 0%~3% | 0%~20% | 0%~73% | 0%~92% | 0%~100% | |
| Lifetime expected credit losses | (2,374) | (2,501) | (9,696) | - | (331) | (211) | (15,113) |
| Carrying amount | $3,613,457 | $87,673 | $38,473 | $- | $30 | $- | $3,739,633 |

Group 2

| | Not yet due (Note) | Overdue: Within 30 days | 31-60 days | 61-90 days | 91-120 days | More than 121 days | Total |
|---|---|---|---|---|---|---|---|
| Gross carrying amount | $20,766 | $54 | $9,446 | $14,906 | $4,964 | $15,054 | $65,190 |
| Lifetime expected credit losses | (3,504) | - | (472) | (1,491) | (2,482) | (13,938) | (21,887) |
| Carrying amount | $17,262 | $54 | $8,974 | $13,415 | $2,482 | $1,116 | $43,303 |

Note: The Company accrues the expected credit impairment loss according to the individual customer assessment method.

The movement in the provision for impairment of note receivables and account receivables during the ended 31 December 2023 and 2022 is as follows:

| | Note receivables | Accounts receivable | Total |
|---|---|---|---|
| As at 1 Jan. 2023 | $- | $37,000 | $37,000 |
| Addition for the current year | - | (26,000) | (26,000) |
| As at 31 Dec. 2023 | $- | $11,000 | $11,000 |

| | Note receivables | Accounts receivable | Total |
|---|---|---|---|
| As at 1 Jan. 2022 | $- | $30,000 | $30,000 |
| Addition for the current year | - | 7,000 | 7,000 |
| As at 31 Dec. 2022 | $- | $37,000 | $37,000 |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(15) Leases

(a) Company as a lessee

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

i. Right-of-use assets

| | As of 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Land | $130,746 | $135,323 |
| Buildings | 88,289 | 168,499 |
| Total | $219,035 | $303,822 |

Right-of-use assets change schedule

| | Land | Buildings | Total |
|---|---|---|---|
| Cost: | | | |
| As at 1 Jan. 2023 | $147,950 | $184,052 | $332,002 |
| Addition | - | 5,592 | 5,592 |
| Decrease | - | (5,588) | (5,588) |
| Other change | - | - | - |
| As at 31 Dec. 2023 | $147,950 | $184,056 | $332,006 |
| | | | |
| As at 1 Jan. 2022 | $116,286 | $5,588 | $121,874 |
| Addition | 31,664 | 178,464 | 210,128 |
| Decrease | - | - | - |
| Other change | - | - | - |
| As at 31 Dec. 2022 | $147,950 | $184,052 | $332,002 |
| | | | |
| Depreciation: | | | |
| 1 Jan. 2023 | $12,627 | $15,553 | $28,180 |
| Depreciation | 4,577 | 85,802 | 90,379 |
| Decrease | - | (5,588) | (5,588) |
| Other change | - | - | - |
| 31 Dec. 2023 | $17,204 | $95,767 | $112,971 |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

| | Land | Buildings | Total |
|---|---|---|---|
| Depreciation: | | | |
| 1 Jan. 2022 | $8,861 | $932 | $9,793 |
| Depreciation | 3,766 | 14,621 | 18,387 |
| Decrease | - | - | - |
| Other change | - | - | - |
| 31 Dec. 2022 | $12,627 | $15,553 | $28,180 |
| | | | |
| Net carrying amount: | | | |
| 31 Dec. 2023 | $130,746 | $88,289 | $219,035 |
| 31 Dec. 2022 | $135,323 | $168,499 | $303,822 |

During the year ended 31 December 2023 and 2022, the Company's additions to right-of-use assets amounted to $5,592 and $210,128, respectively.

ii. Lease liabilities

| | As of 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Lease liabilities | | |
| Current | $78,578 | $87,020 |
| Non-current | $148,952 | $222,845 |
| Total | $227,530 | $309,865 |

Please refer to Note 6(17)(c) for the interest on lease liabilities recognized during the period ended 31 December 2023 and 2022 and refer to Note 12.5 - Liquidity Risk Management for the maturity analysis for lease liabilities as of 31 December 2023 and 2022.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Land | $4,577 | $3,766 |
| Buildings | 85,802 | 14,621 |
| Total | $90,379 | $18,387 |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

C. Income and costs relating to leasing activities

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| The expenses relating to short-term leases | $1,768 | $13,526 |

D. Cash outflow relating to leasing activities

During the year ended 31 December 2023 and 2022, the Company's total cash out-flows for leases amounted to $96,975 and $34,839, respectively.

(16) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2023 and 2022:

| Function / Nature | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefits expense | | | | | | |
| Salaries | $388,549 | $550,388 | $938,937 | $399,831 | $633,174 | $1,033,005 |
| Labor and health insurance | 54,155 | 28,615 | 82,770 | 47,100 | 26,522 | 73,622 |
| Pension | 24,327 | 15,284 | 39,611 | 22,377 | 14,672 | 37,049 |
| Directors' remuneration | - | 16,000 | 16,000 | - | 15,497 | 15,497 |
| Other employee benefits expense | 29,122 | 7,851 | 36,973 | 34,068 | 6,250 | 40,318 |
| Depreciation | 716,440 | 128,445 | 844,885 | 380,906 | 126,712 | 507,618 |
| Amortization | 5,185 | 4,435 | 9,620 | 5,074 | 3,139 | 8,213 |

As of 31 December 2023 and 2022, the Company had 1,050 and 1,014 employees, both including 9 directors who were non-employee directors.

For the years ended 31 December 2023 and 2022, the average employee benefit expenses were $1,055 and $1,178, respectively.

For the years ended 31 December 2023 and 2022, the average employee salaries were $902 and $1,028, respectively, and the average employee salaries adjustment changes were (12.2)%.

The Company's remuneration for supervisors in 2023 and 2022 was $0 and $3,259 respectively.The Company’s policy for compensation of directors, managers and employees is as follows:

According to the Company’s Articles of Incorporation, if the Company makes a profit for the year, it shall contribute at least 1% as employee remuneration, and no more than 5% as director compensation. However, the profit shall make up for losses first, if any. The above-mentioned employee compensation shall be distributed in stocks or cash and shall be approved by the Board of Directors with more than two-thirds of the directors' attendance and a majority of the directors' consents and the results are reported to the shareholders' meeting.

If the board of directors resolves to distribute employees’ compensation through stock, the number of stocks is calculated based on the closing price one day prior to the date of the meeting. The difference between the estimation and the resolution will be recognized as profit or loss of the subsequent year.

Information about the appropriation of employees’ compensation and directors’ remuneration of the Company as resolved by the Board of Directors, please refer to the "Market Observation Post System " of the TWSE.

The Company estimated the amounts of the employees’ compensation and remuneration to directors for the year ended 31 December 2023 of profit of the current year, respectively. The employees’ compensation and remuneration to directors for the year ended 31 December 2023 amount to $50,000 and $16,000, respectively, recognized as salary expense.

A resolution was passed at the board meeting held on 23 March 2023 to distribute $50,000 and $16,000 in cash as 2023 employees’ compensation and remuneration to directors, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2023.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The actual distribution of the employee's compensation and remuneration of the directors in 2022 were $52,500and $17,500, respectively. There was the same as the estimated amount recognized in the 2022 financial statements.

(17) Non-operating income and expenses

(a) Other income

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Interest revenue | | |
| Financial assets measured at amortized cost | $184,467 | $29,617 |
| Subsidy income | 78,723 | 7,257 |
| Dividend income | 3,856 | 3,264 |
| Other income | 82,011 | 17,722 |
| Total | $349,057 | $57,860 |

(b) Other gains and losses

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Foreign exchange gains, net | $4,127 | $271,328 |
| Net gain on disposals of property, plant and equipment | 114,734 | 1,975 |
| Others | (13,891) | (1,216) |
| Total | $104,970 | $272,087 |

(c) Finance costs

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Interest on loans from bank | $(57,564) | $(27,493) |
| Interest on lease liabilities | (7,280) | (4,737) |
| Total | $(64,844) | $(32,230) |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(18) Components of other comprehensive income

For the year ended 31 December 2023:

| | Arising during the period | Reclassification adjustments during the period | Other comprehensive income (loss) | Income tax | Other comprehensive income, net of tax |
|---|---|---|---|---|---|
| Not to be reclassified to profit or loss in subsequent periods: | | | | | |
| Remeasurements of defined benefit plans | $(127) | $- | $(127) | $- | $(127) |
| Unrealized gains on equity instrument investments measured at fair value through other comprehensive income | 17,324 | - | 17,324 | - | 17,324 |
| To be reclassified to profit or loss in subsequent periods: | | | | | |
| Exchange differences on translation of foreign operations | (406,919) | - | (406,919) | 81,384 | (325,535) |
| Total other comprehensive income | $(389,722) | $- | $(389,722) | $81,384 | $(308,338) |

For the year ended 31 December 2022:

| | Arising during the period | Reclassification adjustments during the period | Other comprehensive income (loss) | Income tax | Other comprehensive income, net of tax |
|---|---|---|---|---|---|
| Not to be reclassified to profit or loss in subsequent periods: | | | | | |
| Remeasurements of defined benefit plans | $3,801 | $- | $3,801 | $- | $3,801 |
| Unrealized gains on equity instrument investments measured at fair value through other comprehensive income | (12,885) | - | (12,885) | - | (12,885) |
| To be reclassified to profit or loss in subsequent periods: | | | | | |
| Exchange differences on translation of foreign operations | 246,174 | - | 246,174 | (49,235) | 196,939 |
| Total other comprehensive income | $237,090 | $- | $237,090 | $(49,235) | $187,855 |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(19) Income tax

The major components of the income tax expenses are as follows:

(a) Income tax expense recognized in profit or loss:

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Current income tax expense: | | |
| Current income tax charge | $385,293 | $370,478 |
| Undistributed surplus for income tax | (48,524) | (44,430) |
| Deferred tax expense: | | |
| Deferred tax expense relating to origination and reversal of temporary differences | 409,667 | 429,524 |
| Total income tax expense | $746,436 | $755,572 |

(b) Income tax relating to components of other comprehensive income

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Deferred tax income (expense): | | |
| Exchange differences on translation of foreign operations | $81,384 | $(49,235) |

(c) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Accounting profit before tax from continuing operations | $3,819,156 | $4,029,138 |
| Tax at the domestic rates applicable to profits in the country concerned | $763,831 | $805,827 |
| Corporate income surtax on undistributed retained earnings | 42,399 | 3,759 |
| Tax effect of revenues exempt from taxation | (771) | (653) |
| Tax effect of expenses not deductible for tax purposes | 106 | 291 |
| Tax effect of deferred tax assets/liabilities | (10,605) | (9,222) |
| Adjustments in respect of current income tax of prior periods | (48,524) | (44,430) |
| Total income tax expense | $746,436 | $755,572 |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(d) Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2023

| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Ending balance |
|---|---|---|---|---|
| Temporary difference | | | | |
| Unrealized loss on inventory market value decline | $24,100 | $15,800 | $- | $39,900 |
| Unrealized exchange gain or loss | (7,197) | 594 | - | (6,603) |
| Investment using the equity method | (1,958,396) | (426,053) | - | (2,384,449) |
| Pension costs are exceeded | 279 | - | - | 279 |
| Provision for warranties | 1,717 | (8) | - | 1,709 |
| Impairment losses | 9,696 | - | - | 9,696 |
| Exchange differences on translation of foreign operations | (26,307) | - | 81,384 | 55,077 |
| Deferred income tax expense | | $(409,667) | $81,384 | |
| Deferred income tax liabilities | $(1,956,108) | | | $(2,284,391) |
| The information expressed on the balance sheet is as follows: | | | | |
| Deferred income tax assets | $20,489 | | | $46,510 |
| Deferred income tax liabilities | $(1,976,597) | | | $(2,330,901) |

For the year ended 31 December 2022

| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Ending balance |
|---|---|---|---|---|
| Temporary difference | | | | |
| Unrealized loss on inventory market value decline | $13,700 | $10,400 | $- | $24,100 |
| Unrealized exchange gain or loss | 8,752 | (15,949) | - | (7,197) |
| Investment using the equity method | (1,534,590) | (423,806) | - | (1,958,396) |
| Pension costs are exceeded | 279 | - | - | 279 |
| Provision for warranties | 1,886 | (169) | - | 1,717 |
| Impairment losses | 9,696 | - | - | 9,696 |
| Exchange differences on translation of foreign operations | 22,928 | | (49,235) | (26,307) |
| Deferred income tax (expense) income | | $(429,524) | $(49,235) | |
| Net deferred tax liabilities | $(1,477,349) | | | $(1,956,108) |
| The information expressed on the balance sheet is as follows: | | | | |
| Deferred income tax assets | $29,683 | | | $20,489 |
| Deferred income tax liabilities | $(1,507,032) | | | $(1,976,597) |

(f) The assessment of income tax returns

As of 31 December 2023, the assessment returns of income tax returns of the Company is as follows:

| | The assessment of income tax returns |
|---|---|
| The Company | Assessed and approved up to 2021 |

(20) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| (a) Basic earnings per share | | |
| Net profit attributable to ordinary stockholders (in NT$ thousands) | $3,072,720 | $3,273,566 |
| Weighted average number of ordinary shares outstanding (in thousands) | 112,743 | 112,631 |
| Basic earnings per share (NT$) | $27.25 | $29.06 |
| (b) Diluted earnings per share | | |
| Net profit attributable to ordinary stockholders (in NT$ thousands) | $3,072,720 | $3,273,566 |
| Net profit after adjusting the dilution effect (in thousands) | $3,072,720 | $3,273,566 |
| Weighted average number of ordinary shares outstanding (in thousands) | 112,743 | 112,631 |
| Dilutive effect: | | |
| Employee compensation - stock (in thousands) | - | 547 |
| Employee payable - stock (in thousands) | 148 | 175 |
| Weighted average number of ordinary shares outstanding after dilution (in thousands) | 112,891 | 113,353 |
| Diluted earnings per share (NT$) | $27.22 | $28.88 |

There has not been other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date that the financial statements were authorized for issuance.

## 7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

### Name and nature of relationship of the related parties

| Name of the related parties | Nature of relationship of the related parties |
|---|---|
| GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD. | Subsidiary |
| GIANT ELECTRONIC OPTICAL (XIAMEN) CO.,LTD. | Subsidiary |
| GIANT ELECTRONIC OPTICAL (SHENYANG) CO.,LTD. | Subsidiary |
| GENIUS ELECTRO-OPTICS OPTICAL (XIAMEN) CO., LTD. | Subsidiary |
| UMA TECHNOLOGY INC. | Subsidiary |
| AEROJONES AVIATION TECHNOLOGY CO., LTD | Other related parties |
| BEST PRECISION INDUSTRIAL CO., LTD. (NOTE) | Other related parties |
| CHEN,TIAN-CHENG and other 15 people | Directors and Deputy General Manager of the company |

Note: As the related parties from Jane 1 ,2023. The significant transactions disclosured from Jane 1 ,2023.

### Significant transactions and balances with related parties

(a) Sales

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Subsidiaries | $65,130 | $97,827 |

The sales price of the Company to related parties is not significantly different from any third parties. The credit terms were 120 day terms. The outstanding amounts at the end of the year were unsecured, interest-free and must be settled in cash. Accounts receivable from related parties did not have any guarantees.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(b) Purchases

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Subsidiaries | $14,190,586 | $11,195,518 |

The terms of purchases and payment of the Company from related parties is not significantly different from any third parties.

(c) Accounts receivables

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Subsidiaries | $22,686 | $19,648 |

(d) Other Reivables

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Subsidiaries | $248,482 | $769,522 |

(e) Notes payables

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Other related parties | $2,631 | $- |
| Subsidiaries | 161 | 2,911 |
| Total | $2,792 | $2,911 |

(f) Accounts payable-related parties

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Subsidiaries | $6,213,733 | $3,616,900 |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(g) Other payable

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Subsidiaries | $5,525 | $18,543 |

(h) Interest revenue

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Subsidiaries | $12,913 | $9,648 |

(i) Purchasing transactions on behalf of the Purchaser

| Company | 31 Dec.2023 | 31 Dec. 2023 Uncollected balance | 31 Dec.2022 | 31 Dec. 2022 Uncollected balance |
|---|---|---|---|---|
| Subsidiaries | $5,031 | $- | $17,250 | $- |

The above-mentioned purchasing transaction did not generate any profit or loss.

(j) Property transactions

A. The details of the equipment purchased from related parties in 2023 and 2022 are as follows:

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Subsidiaries | $5,141 | $30,256 |
| Other related parties | - | 41,786 |
| Total | $5,141 | $72,042 |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

B. Purchase of office supplies from related parties were as follows:

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Other related parties | $13,251 | $- |

C. The details of the sale equipment to related parties in 2023 are as follows:

| Related Parties | The balance is not discounted | Amount (Note) | Gain on disposal of fixed asset |
|---|---|---|---|
| Subsidiaries | $207,452 | $212,196 | $4,744 |

The details of the sale equipment to related parties in 2022 are as follows:

| Related Parties | The balance is not discounted | Amount (Note) | Gain on disposal of fixed asset |
|---|---|---|---|
| Subsidiaries | $39,266 | $41,196 | $1,930 |

Note: Excluding the necessary customs declaration and inspection fees.

(k) Total compensation information for key management

| | For the years ended 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Short-term employee benefits | $106,065 | $87,200 |
| Post-Employment Benefits | 643 | 637 |
| Total | $106,708 | $87,837 |

Note: The company reelection all its directors on June ,2022 , and the quota of the directors were from five people to nine people.

## 8. PLEDGED ASSETS

The following assets were pledged:

| | Carrying amount | | |
|---|---|---|---|
| | As of 31 December | | |
| Item | 2023 | 2022 | Purpose of collateral |
| Buildings | $375,983 | $362,437 | Bank Loan |

## 9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Before the issuance date of the report, the Company was sued for patent infringement by the Intermediate People's Court of Xiamen City, Fujian Province and Intellectual Property and Commercial Court. Both the Company and its subsidiary, GENIUS ELECTRONIC OPTICAL (XIAMEN) CO., LTD., have denied these allegations.As of the report date, the outcome of the lawsuit and its potential impact cannot be determined, so that the Company didn’t disclose IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* information.

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT SUBSEQUENT EVENTS

None.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

## 12. OTHERS

(1) Financial instruments

Financial assets

| | As of 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Financial assets at fair value through other comprehensive income | $215,123 | $197,799 |
| Financial assets measured at amortized cost | | |
| Cash and cash equivalents (exclude cash on hand) | 5,454,888 | 3,120,645 |
| Notes receivable | 21,834 | 46,476 |
| Accounts receivable | 4,868,727 | 3,736,460 |
| Other receivable | 259,570 | 772,997 |

Financial liabilities

| | As of 31 December | |
|---|---|---|
| | 2023 | 2022 |
| Financial liabilities at amortized cost | | |
| Short-term loans | $3,082,000 | $1,815,000 |
| Contract liability - current | 2,513 | 4,569 |
| Notes payable | 77,601 | 310,564 |
| Accounts payable | 6,265,571 | 3,707,472 |
| Long-term loans(current and non-current) | 617,500 | 1,130,000 |
| Lease liabilities (current and non-current) | 227,530 | 309,865 |

(2) Financial risk management objectives and policies

The Company’s principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on the Company’s policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

The Company's market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risks (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables.  However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investment in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received.  The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria.  Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The impact of foreign currency appreciation/depreciation on the Company's profit and loss. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for Renminbi (CN$) and US$. The sensitivity analysis information is as follows:

When NTD strengthens against USD by 1%:

| | Increase decrease in equity | Decrease (increase) in profit or loss |
|---|---|---|
| For the year ended 31 December 2023 | $- | $42,045 |
| For the year ended 31 December 2022 | $- | $38,825 |

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2023 and 2022 to decrease/increase by $3,700 and $2,945, respectively.

Equity price risk

The fair value of the Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed equity securities are classified under fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT$1,906 and NT$1,732 on the equity attributable to the Company for the years ended 31 December 2023 and 2022, respectively.

Please refer to Note 12(8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

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

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, ratings from credit rating agencies, historical experiences, prevailing economic condition and the Company's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

As of 31 December 2023 and 2022, amounts receivable from top ten customers represented are both 97% of the total trade receivables of the Company, respectively. The credit concentration risk of other Accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank loans. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

| | Less than 1 year | 2 to 3 years | 4 to 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| As of 31 Dec. 2023 | | | | | |
| Short-term loans | $3,092,692 | $- | $- | $- | $3,092,692 |
| Notes and accounts payable | 6,343,172 | - | - | - | 6,343,172 |
| Contract liabilities | 2,513 | - | - | - | 2,513 |
| Long-term loans(current and non-current) | 264,970 | 366,749 | - | - | 631,719 |
| Lease liabilities(Note) | 83,741 | 28,574 | 14,415 | 178,483 | 305,213 |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

| | Less than 1 year | 2 to 3 years | 4 to 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| As of 31 Dec. 2022 | | | | | |
| short-term loans | $1,823,775 | $- | $- | $- | $1,823,775 |
| Notes and accounts payable | 4,018,036 | - | - | - | 4,018,036 |
| Contract liabilities | 4,569 | - | - | - | 4,569 |
| Long-term loans(current and non-current) | 631,401 | 525,748 | - | - | 1,157,149 |
| Lease liabilities | 94,248 | 100,308 | 14,415 | 236,607 | 445,578 |

Note: 1. Cash flows of lease contracts that include short-term leases and low-value underlying assets.

2. The following table provides further information on the analysis of lease liability expiration:

| | Maturities | | | | | |
|---|---|---|---|---|---|---|
| | Less than one year | One to five years | Six to ten years | Eleven to fifteen years | More than fifteen years | Total |
| Lease liabilities | $83,741 | $42,989 | $36,037 | $36,037 | $106,409 | $305,213 |

(6) Reconciliation of liabilities from financing activities

Information on the adjustment of liabilities from January 1 to December 31, 2023:

| | Short-term loans | Long-term loans | Lease liabilities | Total |
|---|---|---|---|---|
| As of 1 Jan. 2023 | $1,815,000 | $1,130,000 | $309,865 | $3,254,865 |
| Non-cash changes | 1,267,000 | (512,500) | (95,207) | 659,293 |
| Cash flows | - | - | 12,872 | 12,872 |
| As of 31 Dec. 2023 | $3,082,000 | $617,500 | $227,530 | $3,927,030 |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Information on the adjustment of liabilities from 1 January to 31 December, 2022:

| | Short-term loans | Lease liabilities | Long-term loans | Total |
|---|---|---|---|---|
| As of 1 Jan. 2022 | $1,555,000 | $500,000 | $116,313 | $2,171,313 |
| Non-cash changes | 260,000 | 630,000 | (21,313) | 868,687 |
| Cash flows | - | - | 214,865 | 214,865 |
| As of 31 Dec. 2022 | $1,815,000 | $1,130,000 | $309,865 | $3,254,865 |

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, trade receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.

B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.

C. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

D. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

E. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amounts of the Group’s financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

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

(8) Fair value measurement hierarchy

(a) Definition of fair value measurement hierarchy

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

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

Level 3 – Unobservable inputs for the asset or liability

(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

| As of 31 Dec. 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets measured at fair value: | | | | |
| Equity instruments measured at fair value through other comprehensive gains and losses | | | | |
| OTC Stocks | $190,566 | $- | $- | $190,566 |
| Domestic Unlisted (OTC) Stocks | - | - | 24,557 | 24,557 |

As of 31 Dec. 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets measured at fair value: | | | | |
| Equity instruments measured at fair value through other comprehensive gains and losses | | | | |
| OTC Stocks | $173,242 | $- | $- | $173,242 |
| Domestic Unlisted (OTC) Stocks | - | - | 24,557 | 24,557 |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Transfer between Level 1 and Level 2 during the period

During the year of 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurement.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period

The assets and liabilities measured by the Company's repetitive fair value are the level 3 of the fair value hierarchy. The adjustment of the opening balance to the ending balance is as follows:

| | Assets |
|---|---|
| | Financial assets measured at fair value through other comprehensive gains and losses |
| | Stock |
| As of 1 January, 2023 | $24,557 |
| Total gains and losses recognized in 2023: | |
| Recognized in other comprehensive gains and losses (presented in "Unrealized valuation gains and losses on equity instrument measured at fair value through other comprehensive gains and losses") | - |
| As of 31 December, 2023 | $24,557 |

| | Assets |
|---|---|
| | Financial assets measured at fair value through other comprehensive gains and losses |
| As of 1 January, 2022 | $24,557 |
| Total gains and losses recognized in 2022: | |
| Amount recognized in profit or loss (presented in "loss on disposal of investments") | - |
| As of 31 December, 2022 | $24,557 |

Significant unobservable input value information at the Level 3 of the fair value hierarchy

The assets of the Company's fair value hierarchy are measured at the fair value. The significant unobservable inputs for fair value measurement are listed in the following table:

As of 31 December 2023:

| | Valuation techniques | Significant unobservable inputs | Quantitative information | Relationship between inputs and fair value | Sensitivity analysis of the relationship between input value and fair value |
|---|---|---|---|---|---|
| Financial assets: | | | | | |
| Through other comprehensive gains and losses as measured by fair value | | | | | |
| Domestic Unlisted (OTC) Stocks | Market approach | Discount for lack of liquidity | 30% | The higher the degree of lack of liquidity, the lower the estimated fair value | When the percentage of lack of liquidity increases (decreases) by 10%, the company's equity would decrease/increase by NT$4,748 thousand. |
| | | P/E ratio of similar entities | 17.63~36.36 | The higher the degree of similar entities, the lower the estimated fair value | When the percentage of similar entities increases (decreases) by 10%, the company's equity would decrease/increase by NT$1,266 thousand. |

As of 31 December 2022:

| | Valuation techniques | Significant unobservable inputs | Quantitative information | Relationship between inputs and fair value | Sensitivity analysis of the relationship between input value and fair value |
|---|---|---|---|---|---|
| Financial assets: | | | | | |
| Through other comprehensive gains and losses as measured by fair value | | | | | |
| Domestic Unlisted (OTC) Stocks | Market approach | Discount for lack of liquidity | 30% | The higher the degree of lack of liquidity, the lower the estimated fair value | When the percentage of lack of liquidity increases (decreases) by 10%, the company's equity would decrease/increase by NT$3,069 thousand. |
| | | P/E ratio of similar entities | 8.44~31.46 | The higher the degree of similar entities, the lower the estimated fair value | When the percentage of similar entities increases (decreases) by 10%, the company's equity would decrease/increase by NT$309 thousand. |

Valuation process used for Level 3 fair value measurements

The financial department of the Company is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured as per the Company’s accounting policies at each reporting date.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

| | As of 31 Dec. 2023 | | | As of 31 Dec. 2022 | | |
|---|---|---|---|---|---|---|
| | Foreign currency | Exchange rate | NT$ | Foreign currency | Exchange rate | NT$ |
| Monetary assets | | | | | | |
| Currency item | | | | | | |
| US$ | $340,266 | 30.7100 | $10,449,569 | $245,409 | 30.7000 | $7,534,056 |
| Financial liabilities | | | | | | |
| Monetary items | | | | | | |
| US$ | $203,358 | 30.7100 | $6,245,124 | $118,944 | 30.7000 | $3,651,581 |

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

Due to the wide variety of individual functional currencies of the Company, it is not possible to disclose the exchange gains and losses information of monetary financial assets and financial liabilities in accordance with each significant foreign currency. The foreign exchange gains of the Company in the year of 2023 and 2022 were $4,127 and $271,238, respectively.

(10) Capital management

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

(11) Other

Certain items in the financial statements as of December 31, 2022 have been reclassified to facilitate comparison of the financial statements.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

## 13. OTHER DISCLOSURE

(1) Information of significant transactions:

(a) Provision of endorsement and guarantees to others:

| | Lend out funds company | Credits and objects | Financial statement account | Related Party | Maximum balance for the period | Ending Balance(Note 3) | Actual amount provided | Interest rate | Nature of financin | Amount of sales to (purchases from) counter party | Reason for financing | Loss allowance | Collateral | | Limit of financing amount for individual counter party(Note 1) | Limit of total financing amount(Note 2) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | GENIUS ELECTRONIC OPTICAL CO., LTD | GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD. | Other receivable | yes | $593,605 | $85,700 | $85,700 | 2.10% | Buisness relationship short-term | $14,143,581 | - | $ - | - | $ - | $6,338,110 | $8,450,814 |
| 0 | GENIUS ELECTRONIC OPTICAL CO., LTD | GIANT ELECTRONIC OPTICAL (SHENYANG) CO.,LTD. | Other receivable | yes | $123,040 | $123,040 | $123,040 | 2.10% | short-term financing | Not applicable | Operating purposes | $- | - | $- | $6,338,110 | $8,450,814 |

Note 1: According to the provisions of the Company's capital loan and operating procedures, the total amount of capital loans to a single enterprise shall not exceed 30% of the net value of the Company's current financial statements.

Note 2: According to the provisions of the Company's capital loan and operating procedures, the maximum limit of capital loan and it shall not exceed 40% of the net value of the Company's current financial statements.

Note 3: Excluding adjustments to foreign currency exchange gains and losses.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(b) Provision of endorsement and guarantees to others: None.

(c) The holding of securities at the end of the period:

| Holding company | Name of securities | Relationship between issuer of securities and the Company | Account name | As at 31 December 2023 | | | |
|---|---|---|---|---|---|---|---|
| | | | | Number of shares / unit | Book amount | Shareholding ratio | Fair value |
| GENIUS ELECTRONIC OPTICAL CO., LTD | FORTECHGRP CO., LTD. | - | Financial assets at fair value through other comprehensive income – non current | 1,396,802 | $24,557 | 2.46% | $24,557 |
| GENIUS ELECTRONIC OPTICAL CO., LTD | BEST PRECISION INDUSTRIAL CO.,LTD. | - | Financial assets at fair value through other comprehensive income – non current | 1,506,450 | $190,566 | 3.87% | $190,566 |

(d) Acquisition or sale of the same security with the accumulated amount exceeding NT$300 million or 20% of the Company’s paid-in capital or more: None.

(e) Acquisition of real estate reaching NT$300 million or 20% of paid-up capital or more: None.

(f) Disposal of real estate reaching NT$300 million or 20% of paid-up capital or more: None.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(g) Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of the paid-up capital or more:

| Company Name | Counter-party | Relationship | Transactions | | | | Differences in transaction terms compared to third party transactions | | Note and accounts receivable (payable) | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchases (Sales) | Amount(Note) | Percentage of total purchases (sales) | Term | Unit price | Term | Balance | Percentage of total receivables (payable) | |
| GENIUS ELECTRONIC OPTICAL CO., LTD | GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD. | Subsidiary | Purchases | $14,136,717 | 97.27% | Within 120 days | Regular | Regular | $(6,203,699) | 97.80% | - |

(h) Receivables from related party reaching NT$100 million than 20% of the paid-up capital or more: None.

| Company Name | Transaction Object | Relationship | Receivable-related paties | Velocity | Overdue receivables Payments from related parties | | Receivable Relative After the payment period Recover the amount | Mention of the list of offsets The amount of loss |
|---|---|---|---|---|---|---|---|---|
| | | | Balance (Note 1) | | Amount | Method | | |
| GENIUS ELECTRONIC OPTICAL CO., LTD | GIANT ELECTRONIC OPTICAL (SHENYANG) CO., LTD | Subsidiary | Other accounts receivable $123,040 | - | $- | - | Due for Payment (Note 2) | $- |

Note 1: Adjustments to foreign currency exchange gains and losses are not included.

Note 2: Other receivables are loans from related parties within the group, and after the period, they are renewed by borrowing new and repaying the old and new funds.

(i) Engaged in derivatives trading: None.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(2) Information about reinvestment business

(a) For those who have significant influence or control over the investee company, the relevant information of the investee company is as follows:

| | Be invested Company name | The region | Main business items | The original investment amount | | Period-end holding | | | Investee companies Profit and loss for the period | The Company recognizes Investment profit or loss | NOTE |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | End of the issue | Late last year | Number of shares | ratio | carrying amount | | | |
| GENIUS ELECTRONIC OPTICAL CO., LTD. | GENIUS ELECTRONIC OPTICAL CO., LTD. | P.O. BOX 957, ROAD TOWN,TORTOLA, BRITISH VIRGIN ISLANDS | Trading business | $35 (USD 1 thousand) | $35 (USD1 thousand) | 1,000 | 100.00% | $51 | $- | $- | - |
| GENIUS ELECTRONIC OPTICAL CO., LTD. | GLOBALIZE INTERNATIONAL LTD. | P.O. BOX 957, ROAD TOWN,TORTOLA, BRITISH VIRGIN ISLANDS | Finance investment | $6,377,048 (USD 208,034 thousand) | $6,377,048 (USD208,034 thousand) | 161,811,318 | 100.00% | $18,290,036 | $2,503,953 | $2,495,111 | The investment income recognized by the Company included the buyer’s tax rate of unrealized profit from side-stream transactions. |

GENIUS ELECTRONIC OPTICAL CO.,LTD.

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

| | Be invested Company name | The region | Main business items | The original investment amount | | Period-end holding | | | Investee companies Profit and loss for the period | The Company recognizes Investment profit or loss | NOTE |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | End of the issue | Late last year | Number of shares | ratio | carrying amount | | | |
| GENIUS ELECTRONIC OPTICAL CO., LTD. | UMA TECHNOLOGY INC. | 5F.-10, No. 26, Taiyuan St., Zhubei City, Hsinchu County | Various of eccentricity correction of lens MTF, CMOS image module focusing, image quality analysis and testing and production facility development. | $115,200 | $115,200 | 2,880,000 | 80.00% | $147,797 | $52,917 | $51,338 | Thex investment income recognized by the Company included adjustment of unrealized profit from side-stream transactions and premium amortization. |
| GENIUS ELECTRONIC OPTICAL CO., LTD. | GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD. | No. 1, Qingquan Road, Xiamen Shi, Houju High-Tech Zone (Xiang'An) | Manufacturing and sales of optical lenses and their spare parts | $3,338,200 (USD110,000 thousand) | $1,258,850 (USD45,000 thousand) | - | 100.00% | $2,879,157 | $(373,688) | $(373,688) | - |

GENIUS ELECTRONIC OPTICAL CO.,LTD.

Notes to Parent Company Only Financial Statements (continued)

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(b) Information on material transactions of investee companies with significant influence and control:

a. Funds are credited to others

| NOTE | Company | Debit | Financial account | Related Parties | Maximum balance for the period | Ending balance | Amount drawn | Interest rate | Nature of financin | Amount of sales to (purchases from) counter-pa | There are reasons why short-term financing is necessary | The amount of the provision is made to offset the loss | Collateral | | Limit of financing amount for individual counter-party | Limit of total financing amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | ITEM | Value | | |
| 1 | GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD. | GIANT ELECTRONIC OPTICAL (XIAMEN) CO.,LTD. | Other receivable | YES | $66,780 | $66,480 | $66,480 | 2.50% | There is a need for short-term financing | not applicable | For operating | $- | - | $- | $5,558,403 | $7,411,204 |
| 1 | GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD. | GIANT ELECTRONIC OPTICAL (SHENYANG) CO., LTD. | Other receivable | YES | $373,660 | $372,163 | $372,163 | 2.50% | There is a need for short-term financing | not applicable | For operating | $- | - | $- | $5,558,403 | $7,411,204 |
| 1 | GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD. | GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD. | Other receivable | YES | $567,640 | $567,640 | $567,640 | 2.50% | There is a need for short-term financing | not applicable | For operating | $- | - | $- | $5,558,403 | $7,411,204 |

Note 1: According to the provisions of GENIUS ELECTRONIC OPTICAL CO., LTD. Capital Loan and Operating Procedures, the total amount of capital loans to a single enterprise shall not exceed 100% of the net financial statement of GENIUS ELECTRONIC OPTICAL CO., LTD. According to the provisions of the capital loan and operation procedures of GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD., the total amount of capital loans to a single enterprise shall not exceed 30% of the net value of the current financial statements of GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD.

Note 2: According to the provisions of GENIUS ELECTRONIC OPTICAL CO., LTD. Capital Loan and Operating Procedures, the maximum limit of capital loan and other funds is not more than 100% of the net value of GENIUS ELECTRONIC OPTICAL CO., LTD. for the current period; According to the provisions of the capital loan and operation procedures of GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD., the maximum limit of capital loan and its loan shall not exceed 40% of the net financial statement of GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD. for the current period.

Note 3: Excluding adjustments to foreign currency exchange gains and losses.

Note 4: The write-off transaction between the merged individuals has been adjusted.

b. Endorsement Warranty: None.

c. Holding of securities at the end of the period, excluding investment subsidiaries, affiliates and joint venture controls: None.

d. Cumulative purchase and sale of securities or holding a single marketable securities at the end of the period amounted to NT$300 million or more than 20% of the paid-in capital: None.

e. If the amount of immovable property acquired reaches NT$300 million or more than 20% of the paid-in capital: None.

f. Disposal of real estate reaching NT$300 million or 20% of paid-up capital or more: None.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

g.Purchase or sale of goods from or to related parties reaching NT$100 million or 20% of the paid-up capital or more. The details are as follows:

| Company Name | Counter-party | Relationship | Transactions | | | | Details of non-arm's length transaction | | Notes and accounts receivable (payable) | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchases (Sales) | Amount | Percentage of total purchases (sales) | Term | Unit price | Term | Balance | Percentage of total receivable (payable) | |
| GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD. | GENIUS ELECTRONIC OPTICAL CO.,LTD. | Subsidiary | Sales | $14,136,717 | 86.57% | Within 120 days | Regular | Regular | $6,203,699 | 88.99% | Note 1 |

Note 1: The elimination of inter-company elimination transactions has been adjusted.

h.Receivables from related parties amounting to NT$100 million or more than 20% of the paid-in capital:

| Company Name | Related Party | Relationship | Ending Balance | Turnover Rate (times) | Overdue receivables | | Amount received in subsequent period | Allowance for bad debts |
|---|---|---|---|---|---|---|---|---|
| | | | | | amount | collection status | | |
| GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD. | GENIUS ELECTRONIC OPTICAL CO., LTD | Group direct | accounts receivable $6,203,699 | 2.88 times | $- | - | $6,203,699 | $- |
| GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD. | GIANT ELECTRONIC OPTICAL (SHENYANG) CO., LTD | Subsidiary | Other receivables $372,163 | - | $- | - | Due for Payment (Note) | $- |
| GENIUS ELECTRONIC OPTICAL (XIAMEN) CO.,LTD. | GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD. | Subsidiary | Other receivables $567,640 | - | $- | - | Due for Payment (Note) | $- |

Note: Other receivables are loans from related parties within the group (excluding adjustments to foreign currency exchange gains and losses), and after the period, they are renewed by borrowing funds by borrowing new and repaying the old ones.

i. Traders engaged in derivatives financial instruments: None.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(3) China Investment Information

(a) The relevant information of the Company for mainland reinvestment is as follows:

| Investment company name in China | Main business items | Paid-up capital | Investment method | Accumulated amount of remittance from Taiwan to Mainland China as of January 1,2023 | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023 | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 | Net income of investee for the year ended December 31, 2023 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 3) | Book value of investments in Mainland China as of December 31, 2023 (Note 3) | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | |
| GENIUS ELECTRO-OPTICS (XIAMEN) CO., LTD. | Manufacturing and sales of optical lenses and their spare parts | $3,338,200 (USD110,000 thousand) | Note 1 | $1,258,850 (USD45,000 thousand) | $2,079,350 (USD65,000 thousand) | $- | $3,338,200 (USD110,000 thousand) | $(373,688) | 100.00% | $(373,688) | $2,879,157 | $- |
| GENIUS ELECTRONIC | Manufacturing and sales of optical lenses, lenses, optical | $6,664,764 (USD213,70 | Note 2 | $5,949,058 (USD194,446 thousand | $- | $- | $5,949,058 (USD194,446 thousand) | $2,498,763 | 100.00% | $2,483,061 | $18,512,308 | $- |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

| Investment company name in China | Main business items | Paid-up capital | Investment method | Accumulated amount of remittance from Taiwan to Mainland China as of January 1,2023 | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023 | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 | Net income of investee for the year ended December 31, 2023 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 3) | Book value of investments in Mainland China as of December 31, 2023 (Note 3) | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | |
| OPTICAL (XIAMEN) CO., LTD. | components and other optoelectronic products. | 0 thousand) | | | | | | | | | | |
| GIANT ELECTRONIC OPTICAL (XIAMEN) CO., LTD | Design, processing, manufacturing and sales of optical electronic components and molds for non-metallic products. | $289,062 (USD9,000 thousand) | Note 2 | $212,231 (USD6,590 thousand) | $- | $- | $212,231 (USD6,590 thousand) | $59,631 | 80.44% | $47,967 | $219,077 | $- |
| GIANT ELECTRONIC OPTICAL (SHENYANG) | LED streetlights, LED lamps and the manufacturing, assembly, installment and maintenance | $323,111 (USD10,710 thousand) | Note 2 | $208,962 (USD6,998 thousand) | $- | $- | $208,962 (USD6,998 thousand) | $(37,039) | 70.00% | $(25,927) | $(266,610) | $- |

GENIUS ELECTRONIC OPTICAL CO.,LTD.

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

| Investment company name in China | Main business items | Paid-up capital | Investment method | Accumulated amount of remittance from Taiwan to Mainland China as of January 1,2023 | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023 | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 | Net income of investee for the year ended December 31, 2023 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 3) | Book value of investments in Mainland China as of December 31, 2023 (Note 3) | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | |
| CO., LTD | of their related spare parts. Self-operated and agent for import and export of various commodities and technologies. | | | | | | | | | | | |
| GENESIS ELECTRONIC OPTICAL (XIAMEN) CO., LTD | Design, processing, manufacturing and after-sales maintenance services of optical lenses and their spare parts. | $257,330 (RMB55,500 thousand) | Note 5 | $- | $- | $- | $- | $14,776 | 100.00% | $9,556 | $319,608 | $- |

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

| Accumulated Investment in Mainland China as at 31 December 2023 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment (Note 4) |
|---|---|---|
| $9,708,451 (USD318,034 thousand) | $10,353,003 (USD339,932 thousand) | $12,676,221 |

(Note 1) Engaged in direct investment in Mainland China.

(Note 2) Investment in Mainland China through investment and establishment of companies in the third region.

(Note 3) This is the overall shareholding ratio, and the investment income and losses recognized in the current period are recognized on the basis of the financial statements of the same period audited by the certified accountants of the parent company in Taiwan.

(Note 4) According to the regulations of the Investment Commission, Ministry of Economic Affairs, the investment limit of the Group to the mainland is 60% of its net value.

(Note 5)The investment method is investment in Mainland China through GENIUS ELECTRONIC OPTICAL (XIAMEN)CO., LTD., the investment income and losses recognized by the Company included premium amortization.

(b) Material transactions between the Company and the Mainland investee company directly or indirectly through the third region, and their prices, payment terms, unrealized profit and loss:

A. Amounts and percentages of purchases and ending balances and percentages of related payables：Please refer to Note 13(1)-g.

B. Ending balance and percentage of sales and related receivables：Please refer to Note 13(1)g.

C. Property transactions and resulting gains or losses: None.

D. Ending balance of instrument endorsement guarantee or collateral provided and its purpose:None.

E. Maximum balance, ending balance, interest rate range and total current interest amount of the capital pass-through：Please refer to Note 13(2)b.

F. Other transactions that have a significant effect on current profit or loss or financial position, such as the provision or receipt of labor services：None.

(4) Information on major shareholders:

| Shares / Name | Ownership(Shares) | Ownership(%) |
|---|---|---|
| CHEN, TIAN-QING | 7,389,022 | 6.55% |

GENIUS ELECTRONIC OPTICAL CO., LTD.

STATEMENTS OF MAJOR ACCOUNTING ITEMS
For the Year Ended 31 December 2023

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GENIUS ELECTRONIC OPTICAL CO., LTD.

1. STATEMENT OF CASH AND CASH EQUIVALENTS

31 December 2023

(Expressed in Thousands of New Taiwan Dollars unless otherwise spcified)

| Project | Summary | Account | Remark | | |
|---|---|---|---|---|---|
| Cash | | $995 | | | |
| Deposits in Bank | Checking account | 201 | | | |
| | Demand current deposit －New Taiwan Dollars | 26,219 | | | |
| | Demand current deposit －Foreign currency | 484,158 | USD | $15,628,040 | Demand deposit |
| | | | EUR | $123,993 | Demand deposit |
| | Time deposit - Foreign currency | 4,944,310 | USD | $161,000,000 | Time deposit |
| Total | | $5,455,883 | | | |

GENIUS ELECTRONIC OPTICAL CO., LTD.

2.STATEMENT OF NET ACCOUNTS RECEIVABLE

31 December 2023

(Expressed in Thousands of New Taiwan Dollars unless otherwise spcified)

| Customer name | Description | Amount | Remark |
|---|---|---|---|
| Company A | Payment for goods | $1,745,148 | |
| Company B | Payment for goods | 1,637,355 | |
| Company C | Payment for goods | 501,414 | |
| Company D | Payment for goods | 428,243 | |
| Company E | Payment for goods | 258,619 | |
| Other | | 308,948 | The account of each item in others does not exceed 5% of the amount balance |
| Subtotal | | 4,879,727 | |
| Less: Loss allowance | | (11,000) | |
| Net accounts receivable | | $4,868,727 | |

GENIUS ELECTRONIC OPTICAL CO., LTD.

3.STATEMENT OF NET INVENTORY

31 December 2023

(Expressed in Thousands of New Taiwan Dollars unless otherwise spcified)

| Item | Description | Amount | | Remark |
|---|---|---|---|---|
| | | Cost | Market Price | |
| Raw materials | | $129,989 | $79,532 | 1.Please refer to Note 4 of the Financial Statements for the method of net realizable value |
| Work in process | | 180,807 | 92,310 | |
| Finished goods | | 221,409 | 254,039 | 2.No inventories left were pledged. |
| Merchandise | | 9,080 | 11,370 | |
| Total | | 541,285 | $437,251 | 3.Work in process are molds and related spare parts,and measured the market price and potential inventory valuation losses by stock age. |
| Less:allowance for market price decline | | (199,500) | | |
| Net amount | | $341,785 | | |

GENIUS ELECTRONIC OPTICAL CO., LTD.

4.STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON CURRENT

31 December 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise spcified)

| Name | January 1,2022 | | Increase (decrease) in investment | | Financial assets at fair value through other comprehensive income | | December 31, 2022 | | Guarantee | Remark |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount | | |
| FORTECHGRP CO., LTD | 1,396,802 | $24,557 | - | $- | - | $- | 1,396,802 | $24,557 | None | |
| BEST PRECISION INDUSTRIAL CO.,LTD. | 1,369,500 | 173,242 | 136,950 | - | - | 17,324 | 1,506,450 | 190,566 | None | |
| | | $197,799 | | $- | | $17,324 | | $215,123 | | |

GENIUS ELECTRONIC OPTICAL CO., LTD.

5.STATEMENT OF CHANGES IN INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars unless otherwise spcified)

| Name of company | January 1, 2023 | | Additions in Investment(Note 5) | | Decrease in Investment(Note 2) | | Unrealized gross profit between affiliates(Note 1) | Investment income (loss) recognized by equity method(Note 3) | Cumulative conversion adjustment | December 31, 2022 | | | Fair Value/Net assets value | | Method of valuation | Guarantee | Remark |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount | | | | Number of shares | Ownership | Amount | Unit Price (NTD) | Amount | | | |
| GENIUS ELECTRONIC OPTICAL CO., LTD. | 1,000 | $51 | - | $- | - | $- | $- | $- | $- | 1,000 | 100.00% | $51 | - | $51 | Equity method | None | |
| GLOBALIZE INTERNATIONAL LTD. | 161,811,318 | 16,091,512 | - | - | - | - | 44,215 | 2,495,111 | (340,802) | 161,811,318 | 100.00% | 18,290,036 | - | 18,483,364 | Equity method | None | |
| UMA TECHNOLOGY INC. | 2,880,000 | 126,411 | - | - | - | (29,952) | - | 51,338 | - | 2,880,000 | 80.00% | 147,797 | - | 113,573 | Equity method | None | Note4 |
| GENIUS ELECTRO-OPTICS (XIAMEN) CO.,LTD. | - | 1,239,612 | - | 2,079,350 | - | - | - | (373,688) | (66,117) | - | 100.00% | 2,879,157 | - | 2,879,157 | Equity method | None | |
| Total | | $17,457,586 | | $2,079,350 | | $(29,952) | $44,215 | $2,172,761 | $(406,919) | | | $21,317,041 | | $21,476,145 | | | |

Nore 1:The realized profit of NT$44,215 less unrealized profit of NT$0 were equal to realized gross profit between affiliates of NT$44,215 thousand.

Note 2: UMA TECHNOLOGY INC. issued cash dividends of NT$29,952 thousand .

Note 3:The difference between investment income (loss) recognized by equity method of GENIUS ELECTRONIC OPTICAL CO., LTD. and net income reconized by investee, the adjustments were as below:

The net income recognized by investee of NT$2,503,954 thousand less estimated tax amount based on buyer's tax rate of realized profit of NT$8,843 thousand were equal to the investment income recognized by equity method of GOLBALIZE INTERMATIONAL LED. of NT$2,495,111 thousand.

The net income recognized by investee of NT$42,333 thousand less premium amortization of NT$135 thousand and unrealized profit NT9,140 thousand were equal to the investment income recognized by equity method of UMA TECHNOLOGY INC. of NT$51,338 thousand.

Note 4:The eautiy recognized by UMA TECHNOLOGY INC.did not include the goodwill and premium amortization because of acquisition by the company .

Note 5:The Company added new investment of NT$ 2,079,350 thousand in GENIUS ELECTRO-OPTICS (XIAMEN) CO.,LTD.

GENIUS ELECTRONIC OPTICAL CO., LTD.

6.STATEMENT OF OTHER NON-CURRENT ASSETS

31 December 2023

(Expressed in Thousands of New Taiwan Dollars unless otherwise spcified)

| Item | Description | Amount | Remark |
|---|---|---|---|
| Prepayment for equipment | | $154,130 | |
| Deferred expenses | Unaccepted mold item, etc | 140,887 | |
| Other | | 17,606 | |
| Total | | $312,623 | |

GENIUS ELECTRONIC OPTICAL CO., LTD.
7.STATEMENT OF SHORT-TERM LOANS
December 31, 2022
(Expressed in Thousands of New Taiwan Dollars unless otherwise spcified)

| Type | Lenders | Amount | Contract Period | Range of Interest Rates | Line of Credit | Guarantee | Remark |
|---|---|---|---|---|---|---|---|
| Credit | Bank of Taiwan-Daya branch | $150,000 | 2023/11/23-2024/02/21 | | $200,000 | - | |
| Credit | Bank of Taiwan-Daya branch | 50,000 | 2023/12/22-2024/03/21 | | | | |
| Scured | Taiwan Business Bank-Bei Tuen branch | 200,000 | 2023/07/10-2024/01/10 | | | | |
| Scured | Taiwan Business Bank-Bei Tuen branch | 100,000 | 2023/08/17-2024/02/17 | | 490,000 | Buildings | |
| Scured | Taiwan Business Bank-Bei Tuen branch | 50,000 | 2023/08/21-2024/02/21 | | | | |
| Credit | Taiwan Cooperative Bank-Daya branch | 300,000 | 2023/07/26-2024/07/26 | | 400,000 | | |
| Credit | Taipei Fubon Commercial Bank-Taichung branch | 300,000 | 2023/08/03-2024/01/30 | | 300,000 | | |
| Credit | Taishin International Bank- Shinfu Branch | 200,000 | 2023/12/18-2024/01/18 | | 200,000 | - | |
| Credit | Shin Kong Bank-Dadun Branch | 100,000 | 2023/12/13-2024/01/13 | | 200,000 | | |
| Credit | Shin Kong Bank-Dadun Branch | 100,000 | 2023/12/25-2024/01/25 | | | | |
| Credit | Citibank-Business Division | 80,000 | 2023/08/21-2024/01/18 | 1.60%~1.71% | | | |
| Credit | Citibank-Business Division | 150,000 | 2023/09/05-2024/03/01 | | 635,000 | - | |
| Credit | Citibank-Business Division | 345,000 | 2023/09/08-2024/03/06 | | | | |
| Credit | Citibank-Business Division | 60,000 | 2023/10/23-2024/02/20 | | | | |
| Credit | Cathay United Bank-Taichung branch | 100,000 | 2023/10/20-2024/01/19 | | | | |
| Credit | Cathay United Bank-Taichung branch | 200,000 | 2023/11/17-2024/02/16 | | 450,000 | - | |
| Credit | Cathay United Bank-Taichung branch | 50,000 | 2023/12/15-2024/03/15 | | | | |
| Credit | Cathay United Bank-Taichung branch | 100,000 | 2023/12/29-2024/03/29 | | | | |
| Credit | HSBC Bank-Taichung branch | 300,000 | 2023/08/21-2024/02/16 | | | | |
| Credit | HSBC Bank-Taichung branch | 47,000 | 2023/09/05-2024/03/04 | | 450,000 | - | |
| Credit | HSBC Bank-Taichung branch | 100,000 | 2023/09/14-2024/03/12 | | | | |
| | Total | $3,082,000 | | | $3,325,000 | | |

GENIUS ELECTRONIC OPTICAL CO., LTD.

8.STATEMENT OF LEASE LIABILITIES

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars unless otherwise spcified)

| Item | Description | Rental period | Discount rate | December 31, 2022 |
|---|---|---|---|---|
| Buildings | Houke Factory | 2023/01/01-2024/10/31 | 2.64% | $56,770 |
| Land | No. 1, Keya E. Rd.- Phase I factory | 2017/07/11-2024/12/31 | 3.19% | 54,750 |
| Land | No. 1, Keya E. Rd.-Phase II factory | 2015/02/01-2024/12/31 | 3.19% | 53,522 |
| Land | No. 5, Keyuan 1st Rd. | 2022/06/21-2041/12/31 | 2.39% | 29,718 |
| Buildings | The Taichung City Precision Machinery Innovation Technology Park | 2022/04/01-2025/09/30 | 2.02% | 28,086 |
| Buildings | Taichung Harbor Related Industrial Park | 2023/09/01-2025/08/31 | 3.12% | 4,684 |
| | | | Total | 227,530 |
| | | | Less:Lease liabilities - current | (78,578) |
| | | | Lease liabilities - non current | $148,952 |

GENIUS ELECTRONIC OPTICAL CO., LTD.

9.STATEMENT OF LONG-TERM LOANS

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars unless otherwise spcified)

| Item | Lenders | Amount | Contract Period | Range of Interest Rates (%) | Line of Credit | Guarantee | Remark |
|---|---|---|---|---|---|---|---|
| Credit | EnTie Commercial Bank-Taichung branch | $100,000 | 2023/11/24-2025/11/24 | | $750,000 | - | |
| Credit | Shin Kong Bank-Dadun Branch | 95,000 | 2022/09/05-2025/09/05 | | 200,000 | | |
| Credit | Shin Kong Bank-Dadun Branch | 100,000 | 2022/11/01-2025/09/05 | 1.90%~2.16% | | - | |
| Credit | Bank SinoPac-Taichung branch | 22,500 | 2022/04/25-2025/04/25 | | | | |
| Credit | Bank SinoPac-Taichung branch | 75,000 | 2022/08/22-2025/04/25 | | 600,000 | - | |
| Credit | Bank SinoPac-Taichung branch | 225,000 | 2022/11/07-2025/04/25 | | | - | |
| | Subtotal | 617,500 | | | | | |
| | Less:Current portion of long-term loans | (255,000) | | | | | |
| | Total | $362,500 | | | $1,550,000 | | |

GENIUS ELECTRONIC OPTICAL CO., LTD.

10.STATEMENT OF NET OPERATING REVENUE

For the years end December 31, 2023

(Expressed in Thousands of New Taiwan Dollars unless otherwise spcified)

| Item | Quantity | Amount | Remark |
|---|---|---|---|
| Optical lens products | 708,532thousands set | $14,595,598 | |
| Other | | 3,686,722 | |
| Total | | $18,282,320 | |

GENIUS ELECTRONIC OPTICAL CO., LTD.

11.STATEMENT OF OPRATING COST

For the years end December 31, 2023

(Expressed in Thousands of New Taiwan Dollars unless otherwise spcified)

| Item | Amount | Remark |
|---|---|---|
| A.Cost of sales of goods manufactured | | |
| Direct materials: | | |
| Beginning balance of raw material | $171,023 | |
| Add: Raw material purchased | 328,683 | |
| Transferred from others | 14,800 | |
| Less: Ending balance of raw material | (129,989) | |
| Sale raw materials | (72,323) | |
| Scraps | (10,275) | |
| Transferred to others | (32,938) | |
| Raw material consumption | 268,981 | |
| Direct labor | 285,486 | |
| Manufacturing overheads | 949,233 | |
| Transferred to other operating cost | (282,253) | |
| Manufacturing cost | 1,221,447 | |
| Add: Beginning balance of work in process | 201,264 | |
| Work in process purchased | 44,166 | |
| Transferred from others | 12,636 | |
| Less: Ending balance of work in process | (180,807) | |
| Sale of work in process | (7,862) | |
| Scraps | (8,578) | |
| Transferred to others | (61,178) | |
| Cost of finished goods | 1,221,088 | |
| Add: Beginning balance of finished goods | 211,566 | |
| Finished goods purchased | 42,645 | |
| Transferred from others | 342,802 | |
| Less: Ending balance of finished goods | (221,409) | |
| Scraps | (7,937) | |
| Transferred to others | (504,482) | |
| Cost of sales of goods manufactured | | $1,084,273 |
| Cost of sales of sales goods purchased | | |
| Beginning balance of merchandise | 10,607 | |
| Add: Merchandise purchased | 14,117,295 | |
| Transferred from others | 121,357 | |
| Less: Ending balance of merchandise | (9,080) | |
| Scraps | (2) | |
| Transferred to others | (3,404) | |
| Cost of sales of goods purchased | | 14,236,773 |
| Cost of sales of raw material and work in process | | 80,185 |
| Total operating costs | | 15,401,231 |
| Sale of scraps | | (1,431) |
| Scraps | | 26,792 |
| Valuation of inventory | | 79,000 |
| Other operating costs (Transferred from direct labor and manufacturing overheads) | | 282,253 |
| Total cost of sales | | $15,787,845 |

GENIUS ELECTRONIC OPTICAL CO., LTD.

12.STATEMENT OF MANUFACTURING OVERHEADS

For the years end December 31, 2023

(Expressed in Thousands of New Taiwan Dollars unless otherwise spcified)

| Item | Amount | Remark |
|---|---|---|
| Depreciation expense | 716,440 | |
| Indirect labor | 260,226 | |
| Consumables | 113,794 | |
| Utilities expense | 101,435 | |
| Insurance expense | 56,021 | |
| Department allocation transfer-out | (411,622) | The production unit supports other units<br>Customs fee transfer out |
| Other expense | 112,939 | The account of each item in others does not exceed 5% of the amount balance |
| Total | $949,233 | |

GENIUS ELECTRONIC OPTICAL CO., LTD.

13.STATEMENT OF OPERATING EXPENSES

For the years end December 31, 2023

(Expressed in Thousands of New Taiwan Dollars unless otherwise spcified)

| Item | Selling and marketing expenses | administrative expenses | Research and development expenses | Expected Credit Loss and Gain | Total | Remark |
|---|---|---|---|---|---|---|
| Payroll expense | $55,705 | $247,558 | $263,125 | $- | $566,388 | |
| Feight expenses | 23,601 | 58 | 1,974 | - | 25,633 | |
| Depreciation expense | 3,153 | 11,403 | 113,889 | - | 128,445 | |
| Expected credit loss | - | - | - | (26,000) | (26,000) | |
| Other expense | 101,843 | 69,521 | 415,648 | - | 587,012 | The account of each item in others does not exceed 5% of the amount balance |
| Total | $184,302 | $328,540 | $794,636 | $(26,000) | $1,281,478 | |