

**VISCO VISION INC. AND SUBSIDIARIES**

**Consolidated Financial Statements  
With Independent Auditors' Report**

**For the Nine Months Ended September 30, 2023 and 2022**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail

## Table of Contents

Item	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7-8
8. Notes to Consolidated Financial Statements	
(1) Organization and business	9
(2) Authorization of the consolidated financial statements	9
(3) Application of new and revised accounting standards and interpretations	9-10
(4) Summary of significant accounting policies	10-12
(5) Critical accounting judgments and key sources of estimation and assumption uncertainty	12
(6) Significant account disclosures	12-36
(7) Related party transactions	36-39
(8) Pledged assets	39
(9) Significant commitments and contingencies	39
(10) Significant loss from disaster	40
(11) Significant subsequent events	40
(12) Others	40
(13) Additional disclosures	
(a) Information on significant transactions	41-43
(b) Information on investees	43
(c) Information on investments in Mainland China	44
(d) Major shareholders	44
(14) Segment information	44

## **Independent Auditors' Report**

To the Board of Directors of Visco Vision Inc:

### **Foreword**

We have reviewed the accompanying consolidated balance sheets of Visco Vision Inc. and its subsidiaries (“the Company”) as of September 30, 2023 and 2022, and the consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, and the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to draw a conclusion on the consolidated financial statements based on our review.

### **Scope**

We conducted our reviews in accordance with Statement on Standards on Review Engagement No. 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity”. The review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The review is substantially less in scope than that an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based our reviews, nothing has come to our attention that caused us to believe that the accompanying financial statements are not presented fairly, in all material respects, the financial position of the Company as of September 30, 2023 and 2022, its financial performance for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, and its cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG

Taipei, Taiwan (Republic of China)

November 9, 2023

Review only, not audited in accordance with generally accepted auditing standards

VISCO VISION INC. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2023, December 31, and September 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		2023.9.30		2022.12.31		2022.9.30		Liabilities and Equity		2023.9.30		2022.12.31		2022.9.30	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (Note 6 (a))	\$ 384,309	8	1,801,461	34	474,824	12	2100	Short-term borrowings (Note 6 (k))	\$ 83,220	2	46,600	1	44,020	1
1137	Financial assets at amortized cost - current (Notes 6 (b) and 8)	414,367	9	11,045	-	10,851	-	2130	Contract liabilities - current (Note 6 (u))	21,278	1	20,905	-	26,611	1
1170	Notes and Accounts receivable, net (Notes 6 (d) and (u))	262,430	6	264,962	5	367,276	10	2170	Notes and accounts payable	132,128	3	156,703	3	152,802	4
1180	Accounts receivable from related parties (Notes 6 (d), (u), and 7)	139,580	3	34,981	1	89,337	2	2180	Accounts payable to related parties (Note 7)	38,490	1	31,530	1	33,195	1
1200	Other receivables (Notes 6 (d), (e), 7 and 8)	5,978	-	38,723	1	23,007	1	2213	Payables on equipment	95,457	2	81,007	2	79,709	2
130X	Inventories (Note 6 (f))	597,399	13	461,985	8	391,369	10	2219	Other payables (Notes 6 (o), (v), and 7)	229,088	5	409,282	8	313,765	8
1479	Prepayments and other current assets	47,448	1	38,548	1	25,608	1	2250	Provisions- current (Note 6 (l))	18,466	-	20,278	-	19,588	1
	<b>Total current assets</b>	<b>1,851,511</b>	<b>40</b>	<b>2,651,705</b>	<b>50</b>	<b>1,382,272</b>	<b>36</b>	2280	Lease liabilities - current (Notes 6 (m), and 7)	18,635	-	19,715	-	14,524	-
<b>Non-current assets:</b>								2322	Current portion of long-term debt (Notes 6 (n), and 8)	157,444	3	163,066	3	300,364	8
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (c))	153,248	3	-	-	-	-	2399	Other current liabilities	3,188	-	7,222	-	2,341	-
1600	Property, plant, and equipment (Notes 6 (h), and 8)	1,842,797	40	1,764,271	33	1,652,788	43		<b>Total current liabilities</b>	<b>797,394</b>	<b>17</b>	<b>956,308</b>	<b>18</b>	<b>986,919</b>	<b>26</b>
1755	Right-of-use assets (Notes 6 (i), 7 and 8)	418,435	9	442,478	8	432,853	11	2540	<b>Non-current liabilities:</b>						
1780	Intangible assets (Notes 6 (g) and (j))	116,603	3	147,293	3	149,059	4	2540	Long-term loans (Notes 6 (n), and 8)	883,390	20	1,161,251	21	1,347,518	34
1840	Deferred income tax assets	178,724	3	151,577	3	138,854	3	2570	Deferred income tax liabilities	11,819	-	17,061	-	16,906	-
1915	Prepayments for constructions and equipment	87,164	2	131,759	3	102,596	3	2580	Lease liabilities - non-current (Notes 6 (m), and 7)	18,880	-	25,005	1	23,506	1
1980	Other financial assets - non-current	4,993	-	2,872	-	2,705	-	2612	Long-term payables (Note 6 (o))	-	-	25,630	1	24,156	1
1990	Other non-current assets	1,500	-	2,040	-	-	-	2645	Guarantee deposits received	1,029	-	-	-	-	-
	<b>Total non-current assets</b>	<b>2,803,464</b>	<b>60</b>	<b>2,642,290</b>	<b>50</b>	<b>2,478,855</b>	<b>64</b>		<b>Total non-current liabilities</b>	<b>915,118</b>	<b>20</b>	<b>1,228,947</b>	<b>23</b>	<b>1,412,086</b>	<b>36</b>
									<b>Total liabilities</b>	<b>1,712,512</b>	<b>37</b>	<b>2,185,255</b>	<b>41</b>	<b>2,399,005</b>	<b>62</b>
									<b>Equity attributable to shareholders of the Company (Notes 6 (r))</b>						
								3110	Common stock	630,000	14	630,000	12	547,267	14
								3200	Capital surplus	1,431,007	31	1,431,007	27	38,040	1
									Retained earnings:						
								3310	Legal reserve	158,609	3	96,866	2	96,866	2
								3320	Special reserve	119,796	3	216,467	4	216,467	6
								3350	Unappropriated earnings	713,738	15	829,668	16	705,765	18
										992,143	21	1,143,001	22	1,019,098	26
								3400	Other equity	(131,345)	(3)	(119,796)	(2)	(168,602)	(4)
									<b>Total equity attributable to shareholders of the Company</b>	<b>2,921,805</b>	<b>63</b>	<b>3,084,212</b>	<b>59</b>	<b>1,435,803</b>	<b>37</b>
								36XX	<b>Non-controlling interests (Note 6 (r))</b>	20,658	-	24,528	-	26,319	1
									<b>Total equity</b>	<b>2,942,463</b>	<b>63</b>	<b>3,108,740</b>	<b>59</b>	<b>1,462,122</b>	<b>38</b>
									<b>Total liabilities and equity</b>	<b>\$ 4,654,975</b>	<b>100</b>	<b>5,293,995</b>	<b>100</b>	<b>3,861,127</b>	<b>100</b>

(Please refer to the attached Notes to Consolidated Financial Statements)

Review only, not audited in accordance with generally accepted auditing standards

VISCO VISION INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended September 30, 2023 and 2022  
and for the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	July to September 2023		July to September 2022		January to September 2023		January to September 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Net sales (Notes 6 (u), 7 and 14)	\$ 647,573	100	716,629	100	1,709,023	100	2,091,993	100
5000 Cost of sales (Notes 6 (f), (h), (i), (l), (p), (v), 7 and 12)	(392,389)	(61)	(372,634)	(52)	(1,090,049)	(64)	(1,137,758)	(54)
<b>Gross profit</b>	<b>255,184</b>	<b>39</b>	<b>343,995</b>	<b>48</b>	<b>618,974</b>	<b>36</b>	<b>954,235</b>	<b>46</b>
<b>Operating expenses (Notes 6 (d), (h), (i), (j), (m), (p), (v), 7 and 12):</b>								
6100 Selling expenses	(41,966)	(6)	(42,651)	(6)	(122,836)	(7)	(122,831)	(6)
6200 Administrative expenses	(55,492)	(9)	(51,918)	(8)	(146,717)	(9)	(149,539)	(7)
6300 Research and development expenses	(44,128)	(7)	(44,856)	(6)	(111,133)	(6)	(123,620)	(6)
6450 Expected credit loss	(420)	-	(1,250)	-	(2,588)	-	(2,421)	-
<b>Total operating expenses</b>	<b>(142,006)</b>	<b>(22)</b>	<b>(140,675)</b>	<b>(20)</b>	<b>(383,274)</b>	<b>(22)</b>	<b>(398,411)</b>	<b>(19)</b>
<b>Operating income</b>	<b>113,178</b>	<b>17</b>	<b>203,320</b>	<b>28</b>	<b>235,700</b>	<b>14</b>	<b>555,824</b>	<b>27</b>
<b>Non-operating income and expenses (Notes 6 (m), (w), and 7):</b>								
7100 Interest income	2,129	-	154	-	10,597	1	289	-
7010 Other income	3,918	1	150	-	4,241	-	15,020	-
7020 Other gains and losses	3,042	-	26,153	4	(5,555)	-	32,139	2
7050 Finance costs	(7,924)	(1)	(8,778)	(1)	(25,135)	(2)	(22,257)	(1)
<b>Total non-operating income and expenses</b>	<b>1,165</b>	<b>-</b>	<b>17,679</b>	<b>3</b>	<b>(15,852)</b>	<b>(1)</b>	<b>25,191</b>	<b>1</b>
7900 <b>Income before income tax</b>	<b>114,343</b>	<b>17</b>	<b>220,999</b>	<b>31</b>	<b>219,848</b>	<b>13</b>	<b>581,015</b>	<b>28</b>
7950 Income tax expenses (Note 6 (q))	(15,763)	(2)	(37,553)	(5)	(28,076)	(2)	(89,420)	(4)
8200 <b>Net income for the period</b>	<b>98,580</b>	<b>15</b>	<b>183,446</b>	<b>26</b>	<b>191,772</b>	<b>11</b>	<b>491,595</b>	<b>24</b>
<b>Other comprehensive income (Note 6 (r)):</b>								
8310 <b>Components that will not be reclassified to profit or loss</b>								
8316 Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	14,973	2	-	-	43,618	3	-	-
8349 Income tax related to components that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>14,973</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>43,618</b>	<b>3</b>	<b>-</b>	<b>-</b>
8360 <b>Items that may be reclassified subsequently to profit or loss</b>								
8361 Exchange differences on translation of foreign operations	70,591	11	40,354	5	(55,167)	(3)	47,865	2
8399 Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
	<b>70,591</b>	<b>11</b>	<b>40,354</b>	<b>5</b>	<b>(55,167)</b>	<b>(3)</b>	<b>47,865</b>	<b>2</b>
<b>Other comprehensive income for the period</b>	<b>85,564</b>	<b>13</b>	<b>40,354</b>	<b>5</b>	<b>(11,549)</b>	<b>-</b>	<b>47,865</b>	<b>2</b>
8500 <b>Total comprehensive income for the period</b>	<b>\$ 184,144</b>	<b>28</b>	<b>223,800</b>	<b>31</b>	<b>180,223</b>	<b>11</b>	<b>539,460</b>	<b>26</b>
<b>Net income attributable to for the period:</b>								
8610 Shareholders of the Company	\$ 99,704	15	184,578	26	195,642	11	493,528	24
8620 Non-controlling interests	(1,124)	-	(1,132)	-	(3,870)	-	(1,933)	-
	<b>\$ 98,580</b>	<b>15</b>	<b>183,446</b>	<b>26</b>	<b>191,772</b>	<b>11</b>	<b>491,595</b>	<b>24</b>
<b>Total comprehensive income attributable to:</b>								
8710 Shareholders of the Company	\$ 185,268	28	224,932	31	184,093	11	541,393	26
8720 Non-controlling interests	(1,124)	-	(1,132)	-	(3,870)	-	(1,933)	-
	<b>\$ 184,144</b>	<b>28</b>	<b>223,800</b>	<b>31</b>	<b>180,223</b>	<b>11</b>	<b>539,460</b>	<b>26</b>
<b>Earnings per share (Note 6 (t))</b>								
9750 <b>Basic earnings per share (NTD)</b>	<b>\$ 1.58</b>		<b>3.37</b>		<b>3.11</b>		<b>9.02</b>	
9850 <b>Diluted earnings per share (NTD)</b>	<b>\$ 1.58</b>		<b>3.36</b>		<b>3.10</b>		<b>8.98</b>	

(Please refer to the attached Notes to Consolidated Financial Statements)

Review only, not audited in accordance with generally accepted auditing standards

VISCO VISION INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to shareholders of the Company						Other equity items		Total equity attributable to shareholders of the Company	Non-controlling interests	Total equity
	Retained earnings					Total retained earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings						
<b>Balance at January 1, 2022</b>	\$ 547,267	38,040	52,503	110,456	581,518	744,477	(216,467)	-	1,113,317	-	1,113,317
Net income for the period	-	-	-	-	493,528	493,528	-	-	493,528	(1,933)	491,595
Other comprehensive income for the period	-	-	-	-	-	-	47,865	-	47,865	-	47,865
Total comprehensive income for the period	-	-	-	-	493,528	493,528	47,865	-	541,393	(1,933)	539,460
Distribution of earnings:											
Legal reserve	-	-	44,363	-	(44,363)	-	-	-	-	-	-
Special reserve	-	-	-	106,011	(106,011)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(218,907)	(218,907)	-	-	(218,907)	-	(218,907)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	28,252	28,252
<b>Balance at September 30, 2022</b>	<b>\$ 547,267</b>	<b>38,040</b>	<b>96,866</b>	<b>216,467</b>	<b>705,765</b>	<b>1,019,098</b>	<b>(168,602)</b>	<b>-</b>	<b>1,435,803</b>	<b>26,319</b>	<b>1,462,122</b>
<b>Balance at January 1, 2023</b>	\$ 630,000	1,431,007	96,866	216,467	829,668	1,143,001	(119,796)	-	3,084,212	24,528	3,108,740
Net income for the period	-	-	-	-	195,642	195,642	-	-	195,642	(3,870)	191,772
Other comprehensive income for the period	-	-	-	-	-	-	(55,167)	43,618	(11,549)	-	(11,549)
Total comprehensive income for the period	-	-	-	-	195,642	195,642	(55,167)	43,618	184,093	(3,870)	180,223
Distribution of earnings:											
Legal reserve	-	-	61,743	-	(61,743)	-	-	-	-	-	-
Reverse for special reserve	-	-	-	(96,671)	96,671	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(346,500)	(346,500)	-	-	(346,500)	-	(346,500)
<b>Balance at September 30, 2023</b>	<b>\$ 630,000</b>	<b>1,431,007</b>	<b>158,609</b>	<b>119,796</b>	<b>713,738</b>	<b>992,143</b>	<b>(174,963)</b>	<b>43,618</b>	<b>2,921,805</b>	<b>20,658</b>	<b>2,942,463</b>

(Please refer to the attached Notes to Consolidated Financial Statements)

**Review only, not audited in accordance with generally accepted auditing standards**

**VISCO VISION INC. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the nine months ended September 30, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>January to September 2023</u>	<u>January to September 2022</u>
<b>Cash flows from operating activities:</b>		
<b>Income before income tax</b>	\$ 219,848	581,015
<b>Items for adjustments:</b>		
Adjustments:		
Depreciation expenses	275,196	213,572
Amortization expenses	24,973	23,503
Expected credit loss	2,588	2,421
Interest expenses	25,135	22,257
Interest income	(10,597)	(289)
Dividend income	(3,784)	-
The payable on acquisition considerations for foreign exchange gains (losses)	99	(4,389)
Gains on lease modifications	(27)	-
Total adjustments for profit or loss	<u>313,583</u>	<u>257,075</u>
Changes in operating assets and liabilities:		
Changes in net operating assets:		
Accounts receivable	2,532	(102,933)
Accounts receivable from related parties	(107,187)	(42,988)
Other receivables	32,745	(18,046)
Inventories	(135,414)	(100,610)
Prepayments and other current assets	(8,900)	6,241
Other non-current assets	540	-
Total changes in net operating assets	<u>(215,684)</u>	<u>(258,336)</u>
Changes in net operating liabilities:		
Contract liabilities	373	16,939
Notes and accounts payable	(24,575)	16,619
Accounts payable to related parties	6,960	(9,061)
Other payables	(107,774)	35,719
Provisions	(1,812)	4,564
Other current liabilities	(4,034)	(1,309)
Total changes in net operating liabilities	<u>(130,862)</u>	<u>63,471</u>
Total changes in net operating assets and liabilities	<u>(346,546)</u>	<u>(194,865)</u>
Total items for adjustments	<u>(32,963)</u>	<u>62,210</u>
Cash inflows generated from operations	186,885	643,225
Interest received	10,597	289
Interest paid	(25,325)	(20,184)
Income tax paid	(111,638)	(6,520)
<b>Net cash inflows generated from operating activities</b>	<u>60,519</u>	<u>616,810</u>

**(Continued on the next page)**

**(Please refer to the attached Notes to Consolidated Financial Statements)**

Review only, not audited in accordance with generally accepted auditing standards

VISCO VISION INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>January to September 2023</u>	<u>January to September 2022</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(109,630)	-
Acquisition of financial assets at amortized cost	(403,322)	-
Acquisition of property, plant, and equipment (including prepayments for constructions and equipment)	(300,468)	(738,437)
Acquisition of intangible assets	(932)	(3,728)
Net cash inflows generated from business combinations	-	2,081
Acquisition of right-of-use assets	(227)	-
Increase in other financial assets	(2,121)	(1,309)
Decrease in payables on acquisition considerations	(51,359)	(26,521)
Dividends received	3,784	-
<b>Net cash flows used in investing activities</b>	<u>(864,275)</u>	<u>(767,914)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	40,000	-
Increase in long-term loans	125,000	861,000
Repayments of long-term loans	(400,080)	(362,845)
Increase in guarantee deposits received	1,029	-
payment of lease liabilities	(15,591)	(10,133)
Distribution of cash dividends	(346,500)	(218,907)
<b>Net cash inflows (outflows) generated from financing activities</b>	<u>(596,142)</u>	<u>269,115</u>
<b>Effect of exchange rate changes</b>	<u>(17,254)</u>	<u>5,808</u>
<b>Increase (decrease) in cash and cash equivalents for the period</b>	<u>(1,417,152)</u>	<u>123,819</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>1,801,461</u>	<u>351,005</u>
<b>Cash and cash equivalents at end of period</b>	<u><b>\$ 384,309</b></u>	<u><b>474,824</b></u>

(Please refer to the attached Notes to Consolidated Financial Statements)



**VISCO VISION INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**  
**For the nine months ended September 30, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

**1. Organization and business**

Visco Vision Inc. (the “Company”) was incorporated on November 9, 1998, as a company limited by shares under the laws of the Republic of China (“R.O.C.”) and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No. 1, Xingye St., Guishan, Taoyuan, Taiwan. The Company and its subsidiaries (collectively the “Group”) are mainly engaged in the manufacture and sale of disposable contact lenses.

**2. Authorization of the consolidated financial statements**

This Consolidated Financial Statement were authorized for issuance by the Board of Directors on November 9, 2023.

**3. Application of new and revised accounting standards and interpretations**

(a) The impact of adopting new and revised accounting standards and interpretations approved by the Financial Supervisory Commission (hereinafter referred to as the FSC)

Starting from January 1, 2023, the Group has applied the following newly revised International Financial Reporting Standards, which have not had a significant impact on the Consolidated Financial Statements.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

Starting from May 23, 2023, the Group has applied the following newly revised International Financial Reporting Standards, which have not had a significant impact on the Consolidated Financial Statements.

- Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

(b) The impact of International Financial Reporting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following newly revised International Financial Reporting Standards, effective for annual period beginning on January 1, 2024, would not have a significant impact on the Consolidated Financial Statements.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

- (c) New and revised accounting standards and interpretations that has not been approved by the FSC

The Group expects that the following new and revised accounting standards, which have not been approved, will not have a significant impact on the Consolidated Financial Statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts,” and amendments to IFRS 17
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

#### 4. Summary of significant accounting policies

Apart from the following explanations, the significant accounting policies adopted in the Consolidated Financial Statement are consistent with those of the 2022 Consolidated Financial Statement. For relevant information, please refer to Note 4 of the 2022 Consolidated Financial Statement.

##### (a) Compliance declaration

The Consolidated Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Preparation Standards”) and the international accounting standards 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. The Consolidated Financial Statement does not include all the necessary information that should be disclosed in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), law and regulation reviews and their announcements recognized and announced by the FSC (the “IFRSs recognized by the FSC”) for the preparation of the complete Consolidated Financial Statement for the year.

##### (b) Basis of consolidation

###### (i) Subsidiaries included in the consolidated financial statements

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership			Notes
			2023.9.30	2022.12.31	2022.9.30	
The Company	Visco Technology Sdn. Bhd. (VVM)	Manufacturing, processing, and sales of contact lenses	100.00%	100.00%	100.00%	
The Company	From-eyes Co., Ltd. (From-eyes)	Sales of contact lenses	100.00%	100.00%	100.00%	
The Company	Trend Young Trading (Shanghai) Limited Company (TYC)	Sales of contact lenses	100.00%	100.00%	100.00%	
The Company	Trend Young Vision Care Inc. (VCT)	Medical management consulting services	55.00%	55.00%	55.00%	Note 1
VVM	Visco Med Sdn. Bhd. (VMM)	Lease management services	100.00%	100.00%	100.00%	

Note 1: On April 22, 2022, the Group acquired control over VCT, and it became a subsidiary of the Group. Therefore, starting from that date, VCT has been included in the Consolidated Financial Statements.

###### (ii) Subsidiaries which are not included in the consolidated financial statements: None.

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

### (c) Financial instruments

Financial assets at fair value through other comprehensive income

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present the subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity are reclassified to profit or loss. Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity is reclassified to retained earnings and is never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive the dividends is established (usually the ex-dividend date).

### (d) Income tax

The Group measures and discloses interim period income tax expense in accordance with paragraph B12 of IAS 34, "Interim Financial Reporting".

Income tax expense is best estimated by multiplying pre-tax income of the interim period by a projected annual effective tax rate. The income tax expense (benefit) and deferred income tax expense (benefit) of the current period is allocated based on the ratio of the estimated income tax expense (benefit) and deferred income tax expense (benefit) for the current year. Income taxes that are recognized directly in equity or other comprehensive income are measured in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding tax bases at the tax rates that are expected to be applied in the year in which the asset is realized or the liability is settled.

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

### 5. Critical accounting judgments and key sources of estimation and assumption uncertainty

The management prepares the consolidated financial statements according to the preparation standards and international accounting standards 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. The management must make judgments, estimates, and assumptions. This will have an impact on the adoption of accounting policies and the amounts of assets, liabilities, income, and expenses reported. Actual results may differ from these estimates, and historical experience and other factors will be taken into consideration for continuous evaluation and adjustment.

When preparing the Consolidated Financial Statements, the critical accounting judgments made by the management when adopting the Group’s accounting policies and the key sources of estimation and assumption uncertainties are consistent with Note 5 of the 2022 Consolidated Financial Statements.

### 6. Significant account disclosures

#### (a) Cash and cash equivalents

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Cash on hand	\$ 31	32	32
Demand deposits and checking deposits	384,278	1,163,451	474,792
Time deposits with original maturity date within 3 months	-	637,978	-
	<u>\$ 384,309</u>	<u>1,801,461</u>	<u>474,824</u>

#### (b) Financial assets at amortized cost - current

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Restricted bank deposits	\$ 14,367	11,045	10,851
Time deposits with original maturity date over 3 months	400,000	-	-
	<u>\$ 414,367</u>	<u>11,045</u>	<u>10,851</u>

The Group evaluates the assets held until the maturity date to collect contractual cash flows, and the cash flows from these financial assets are solely for the payment of interest on the principal and the amount of principal outstanding. Therefore, they are measured at amortized cost.

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

Please refer to Note 8 for details of the pledged collateral using the aforementioned financial assets by the Group.

(c) Financial assets at fair value through other comprehensive income - non-current

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Equity investments at fair value through other comprehensive income:			
Listed companies	<u>\$ 153,248</u>	<u>-</u>	<u>-</u>

The Group designated the above-mentioned equity investments as financial assets at fair value through other comprehensive income (“FVOCI”) because these investments are held for strategic purposes and not for trading.

During January 1 to September 30, 2023, the Group did not dispose of the aforementioned strategic investments, and no transfer of accumulated gains and losses was made within equity during the period.

The financial assets mentioned above have not been provided as pledged collaterals. Please refer to Note 6 (24) for information on market risks.

(d) Notes receivable and accounts receivable

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Accounts receivable	\$ 262,430	264,962	367,276
Accounts receivable from related parties	166,403	59,216	112,463
	428,833	324,178	479,739
Less: Loss allowances	(26,823)	(24,235)	(23,126)
	<u>\$ 402,010</u>	<u>299,943</u>	<u>456,613</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all notes receivable and accounts receivable (including receivables from related parties). Forward-looking information is taken into consideration as well. Analysis of expected credit losses on notes receivable and accounts receivable (including receivables from related parties) was as follows:

	<u>2023.9.30</u>		
	<u>Carrying amount of notes and accounts receivable</u>	<u>Weighted average loss rate</u>	<u>Loss allowance</u>
Current	\$ 381,562	0%	-
Past due less than 30 days	20,160	0%	-
Past due 61 to 90 days	<u>1</u>	0%	<u>-</u>
	401,723		-
Individual assessment	<u>27,110</u>	98.94%	<u>26,823</u>
	<u>\$ 428,833</u>		<u>26,823</u>

**Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)**

	<b>2022.12.31</b>		
	<b>Carrying amount of accounts receivable</b>	<b>Weighted average loss rate</b>	<b>Loss allowance</b>
Current	\$ 257,565	0%	-
Past due less than 30 days	21,750	0%	-
Past due 31 to 60 days	<u>20,553</u>	0%	<u>-</u>
	299,868		-
Individual assessment	<u>24,310</u>	99.70%	<u>24,235</u>
	<b><u>\$ 324,178</u></b>		<b><u>24,235</u></b>

	<b>2022.9.30</b>		
	<b>Carrying amount of accounts receivable</b>	<b>Weighted average loss rate</b>	<b>Loss allowance</b>
Current	\$ 341,802	0%	-
Past due less than 30 days	58,506	0%	-
Past due 31 to 60 days	<u>56,221</u>	0%	<u>-</u>
	456,529		-
Individual assessment	<u>23,210</u>	99.64%	<u>23,126</u>
	<b><u>\$ 479,739</u></b>		<b><u>23,126</u></b>

The statement of changes in loss allowances of the Group's notes and accounts receivable (including related parties) is as follows:

	<b>January to September 2023</b>	<b>January to September 2022</b>
Balance at January 1	\$ 24,235	-
Effect of initial consolidation of subsidiaries	-	20,705
Impairment loss recognized	<u>2,588</u>	<u>2,421</u>
Balance at September 30	<b><u>\$ 26,823</u></b>	<b><u>23,126</u></b>

The Group entered into factoring contracts with financial institutions to sell its accounts receivable without recourse. According to these contracts, the Group is not responsible for any risk of uncollectible accounts receivable, but only for the loss due to commercial disputes. The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The receivables from the financial institutions were recognized as other receivables upon the derecognition of those accounts receivable. Details of these contracts at each reporting date were as follows:

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

2022.12.31						
Underwriting bank	Amount derecognized	Unpaid advance amount	Advance amount	Amount recognized in other receivables	Interest rate	Significant transferring terms
Taishin International Bank	\$ 33,982	28,885	-	33,982	0.45%	Promissory note of USD700 thousand

  

2022.9.30						
Underwriting bank	Amount derecognized	Unpaid advance amount	Advance amount	Amount recognized in other receivables	Interest rate	Significant transferring terms
Taishin International Bank	\$ 18,474	15,703	-	18,474	0.45%	Promissory note of USD700 thousand

(e) Other receivables

	2023.9.30	2022.12.31	2022.9.30
Factored accounts receivable	\$ -	33,982	18,474
Others	5,978	4,741	4,533
	<b>\$ 5,978</b>	<b>38,723</b>	<b>23,007</b>

(f) Inventories

	2023.9.30	2022.12.31	2022.9.30
Raw materials	\$ 114,439	138,956	137,081
Work in process	368,117	195,070	131,846
Finished goods	114,843	127,959	122,442
	<b>\$ 597,399</b>	<b>461,985</b>	<b>391,369</b>

Details of inventory-related expenses recognized in the current period are as follows:

	July to September 2023	July to September 2022	January to September 2023	January to September 2022
Costs of inventories sold	\$ 389,843	363,589	1,084,913	1,126,817
Warranty costs estimated (reversed)	98	1,819	(1,432)	3,916
Write-downs of inventories	2,448	7,226	3,812	7,025
Loss on scrap	-	-	2,756	-
	<b>\$ 392,389</b>	<b>372,634</b>	<b>1,090,049</b>	<b>1,137,758</b>

The write-downs of inventories arose from the write-downs of inventories to net realizable value at the end of period.

(g) Acquisition of subsidiary

(i) Consideration transferred

On April 22, 2022 (the acquisition date), the Company acquired 55% equity ownership of Trend Young Vision Care Inc. (“VCT”) (formerly Apaugasma Medical Technology Inc.), wherein the Company obtained control over VCT and VCT has been included in the consolidated entities since then. VCT is mainly engaged in the medical management services. The acquisition of VCT enabled the Company to operate in the field of

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

ophthalmology, accelerate its layout with respect to the products and channels and enhance its long-term value.

### (ii) Identifiable net assets acquired in a business combination

Details of the fair value of VCT's identifiable net assets and goodwill acquired on April 22, 2022 (the acquisition date) are as follows:

Consideration transferred:

Cash		\$	44,000
Add: Non-controlling interests (measured at non-controlling interest's proportionate share of the fair value of identifiable net assets)			28,252
Less: Identifiable net assets acquired at fair value:			
Cash and cash equivalents	\$	46,081	
Accounts receivable, net		424	
Inventories		60	
Prepayments and other current assets		2,633	
Property, plant, and equipment		3,572	
Right-of-use assets		12,048	
Intangible assets - management service agreements		18,247	
Intangible assets - patents		5,335	
Other non-current assets		2,830	
Other current liabilities		(2,033)	
Long-term loans (including current portion)		(6,854)	
Lease liabilities (including current and non-current)		(14,883)	
Deferred income tax liabilities		(4,678)	62,782
Goodwill		\$	<u>9,470</u>

The Group continued to review the above matters during the measurement period, and in the fourth quarter of 2022, adjustments were made to the followings: intangible assets - management service agreements increased by NT\$413 thousand, intangible assets - patents decreased by NT\$1,250 thousand, and deferred income tax liabilities decreased by NT\$167 thousand, resulting in an increase of NT\$368 thousand in goodwill.

### (iii) Intangible assets

The above-mentioned intangible assets — management services agreements and intangible asset — patents are amortized on a straight-line basis over the estimated economic useful life of 9.69 years and 8 years, respectively.

Goodwill arising from the acquisition of VCT is mainly due to the value of workforce, which does not qualify as an identifiable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes.



## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

### (h) Property, plant, and equipment

	<u>Buildings</u>	<u>Machinery</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Construction in process and equipment to be inspected</u>	<u>Total</u>
Cost:						
Balance at January 1, 2023	\$ 327,789	1,937,380	28,969	23,786	498,086	2,816,010
Additions	-	7,511	428	557	351,017	359,513
Disposals	-	(10,702)	-	-	-	(10,702)
Reclassifications	11,970	122,889	-	-	(134,859)	-
Effect of exchange rate changes	(6,077)	(33,183)	-	(601)	(8,842)	(48,703)
Balance at September 30, 2023	<u>\$ 333,682</u>	<u>2,023,895</u>	<u>29,397</u>	<u>23,742</u>	<u>705,402</u>	<u>3,116,118</u>
Balance at January 1, 2022	\$ 251,757	1,298,949	74,798	19,381	307,434	1,952,319
Acquisition through business combinations	-	-	7,619	499	-	8,118
Additions	-	2,943	5,140	411	514,408	522,902
Disposals	-	(6,982)	-	-	-	(6,982)
Reclassifications	59,201	536,097	(58,673)	3,283	(485,457)	54,451
Effect of exchange rate changes	11,366	56,018	-	(422)	11,113	78,075
Balance at September 30, 2022	<u>\$ 322,324</u>	<u>1,887,025</u>	<u>28,884</u>	<u>23,152</u>	<u>347,498</u>	<u>2,608,883</u>
Accumulated depreciation:						
Balance at January 1, 2023	\$ 51,700	969,730	16,775	13,534	-	1,051,739
Depreciation for the period	9,054	234,885	3,576	2,468	-	249,983
Disposals	-	(10,702)	-	-	-	(10,702)
Effect of exchange rate changes	(942)	(16,239)	-	(518)	-	(17,699)
Balance at September 30, 2023	<u>\$ 59,812</u>	<u>1,177,674</u>	<u>20,351</u>	<u>15,484</u>	<u>-</u>	<u>1,273,321</u>
Balance at January 1, 2022	\$ 5,215	681,319	40,005	10,589	-	737,128
Acquisition through business combinations	-	-	4,356	190	-	4,546
Depreciation for the period	9,589	179,209	2,685	1,913	-	193,396
Disposals	-	(6,982)	-	-	-	(6,982)
Reclassifications	31,442	-	(31,442)	-	-	-
Effect of exchange rate changes	1,582	26,771	-	(346)	-	28,007
Balance at September 30, 2022	<u>\$ 47,828</u>	<u>880,317</u>	<u>15,604</u>	<u>12,346</u>	<u>-</u>	<u>956,095</u>
Carrying amounts:						
Balance at September 30, 2023	<u>\$ 273,870</u>	<u>846,221</u>	<u>9,046</u>	<u>8,258</u>	<u>705,402</u>	<u>1,842,797</u>
Balance at January 1, 2023	<u>\$ 276,089</u>	<u>967,650</u>	<u>12,194</u>	<u>10,252</u>	<u>498,086</u>	<u>1,764,271</u>
Balance at September 30, 2022	<u>\$ 274,496</u>	<u>1,006,708</u>	<u>13,280</u>	<u>10,806</u>	<u>347,498</u>	<u>1,652,788</u>

Please refer to Note 8 for the details of long-term loans secured by housing and buildings.

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

### (i) Right-of-use assets

	Land	Buildings	Machinery	Transportation equipment	Total
Cost:					
Balance at January 1, 2023	\$ 422,553	59,655	17,455	3,442	503,105
Additions	-	10,222	-	-	10,222
Disposals	-	(1,877)	-	(2,241)	(4,118)
Effect of exchange rate changes	(7,867)	(619)	-	-	(8,486)
Balance at September 30, 2023	<b>\$ 414,686</b>	<b>67,381</b>	<b>17,455</b>	<b>1,201</b>	<b>500,723</b>
Balance at January 1, 2022	\$ 400,849	40,830	-	4,029	445,708
Acquisition through business combinations	-	11,210	17,456	-	28,666
Additions	-	973	-	-	973
Effect of exchange rate changes	14,659	(574)	-	-	14,085
Balance at September 30, 2022	<b>\$ 415,508</b>	<b>52,439</b>	<b>17,456</b>	<b>4,029</b>	<b>489,432</b>
Accumulated depreciation:					
Balance at January 1, 2023	\$ 21,856	25,481	12,219	1,071	60,627
Depreciation for the period	10,700	11,108	2,618	787	25,213
Disposals	-	(1,541)	-	(1,307)	(2,848)
Effect of exchange rate changes	(382)	(322)	-	-	(704)
Balance at September 30, 2023	<b>\$ 32,174</b>	<b>34,726</b>	<b>14,837</b>	<b>551</b>	<b>82,288</b>
Balance at January 1, 2022	\$ 6,911	10,908	-	1,814	19,633
Acquisition through business combinations	-	6,726	9,892	-	16,618
Depreciation for the period	10,482	7,456	1,455	783	20,176
Effect of exchange rate changes	517	(365)	-	-	152
Balance at September 30, 2022	<b>\$ 17,910</b>	<b>24,725</b>	<b>11,347</b>	<b>2,597</b>	<b>56,579</b>
Carrying amounts:					
September 30, 2023	<b>\$ 382,512</b>	<b>32,655</b>	<b>2,618</b>	<b>650</b>	<b>418,435</b>
January 1, 2023	<b>\$ 400,697</b>	<b>34,174</b>	<b>5,236</b>	<b>2,371</b>	<b>442,478</b>
September 30, 2022	<b>\$ 397,598</b>	<b>27,714</b>	<b>6,109</b>	<b>1,432</b>	<b>432,853</b>

In 2020, the subsidiary VVM purchased the land use rights located in Penang, Malaysia from a related party Qisda Sdn. Bhd.(QLPG) for the purpose of production and operation. The original lease term of the land use right is 60 years, and the Group amortizes it over the remaining lease term of 29 years. Please refer to Note 8 for the details of long-term loans secured by land use rights.

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

### (j) Intangible assets

	<u>Goodwill</u>	<u>Sales licenses</u>	<u>Brand name</u>	<u>Customer relationships</u>	<u>Acquired software</u>	<u>Patents</u>	<u>Management service agreements</u>	<u>Total</u>
Cost:								
Balance at January 1, 2023	\$ 78,833	41,542	38,512	29,542	43,289	4,093	18,660	254,471
Acquisitions	-	-	-	-	932	-	-	932
Derecognition for the period	-	-	-	-	(1,423)	-	-	(1,423)
Effect of exchange rate changes	(5,004)	(3,013)	(2,793)	(2,143)	(622)	-	-	(13,575)
Balance at September 30, 2023	<u>\$ 73,829</u>	<u>38,529</u>	<u>35,719</u>	<u>27,399</u>	<u>42,176</u>	<u>4,093</u>	<u>18,660</u>	<u>240,405</u>
Balance at January 1, 2022	\$ 71,186	42,861	39,735	30,480	38,615	-	-	222,877
Acquisition through business combinations	9,470	-	-	-	-	5,343	18,247	33,060
Acquisitions	-	-	-	-	3,728	-	-	3,728
Effect of exchange rate changes	(6,011)	(3,619)	(3,355)	(2,574)	(748)	-	-	(16,307)
Balance at September 30, 2022	<u>\$ 74,645</u>	<u>39,242</u>	<u>36,380</u>	<u>27,906</u>	<u>41,595</u>	<u>5,343</u>	<u>18,247</u>	<u>243,358</u>
Accumulated amortization:								
Balance at January 1, 2023	\$ -	33,233	30,810	14,771	26,701	379	1,284	107,178
Amortization for the period	-	6,033	5,594	2,681	8,806	415	1,444	24,973
Disposal for the period	-	-	-	-	(1,423)	-	-	(1,423)
Effect of exchange rate changes	-	(2,665)	(2,470)	(1,183)	(608)	-	-	(6,926)
Balance at September 30, 2023	<u>\$ -</u>	<u>36,601</u>	<u>33,934</u>	<u>16,269</u>	<u>33,476</u>	<u>794</u>	<u>2,728</u>	<u>123,802</u>
Balance at January 1, 2022	\$ -	25,717	23,841	11,429	16,351	-	-	77,338
Acquisition through business combinations	-	-	-	-	-	8	-	8
Amortization for the period	-	6,186	5,735	2,749	7,751	297	785	23,503
Effect of exchange rate changes	-	(2,471)	(2,291)	(1,098)	(690)	-	-	(6,550)
Balance at September 30, 2022	<u>\$ -</u>	<u>29,432</u>	<u>27,285</u>	<u>13,080</u>	<u>23,412</u>	<u>305</u>	<u>785</u>	<u>94,299</u>
Carrying amounts:								
Balance at September 30, 2023	<u>\$ 73,829</u>	<u>1,928</u>	<u>1,785</u>	<u>11,130</u>	<u>8,700</u>	<u>3,299</u>	<u>15,932</u>	<u>116,603</u>
Balance at January 1, 2023	<u>\$ 78,833</u>	<u>8,309</u>	<u>7,702</u>	<u>14,771</u>	<u>16,588</u>	<u>3,714</u>	<u>17,376</u>	<u>147,293</u>
Balance at September 30, 2022	<u>\$ 74,645</u>	<u>9,810</u>	<u>9,095</u>	<u>14,826</u>	<u>18,183</u>	<u>5,038</u>	<u>17,462</u>	<u>149,059</u>

At the end of the annual financial reporting period, the Group conducted an impairment test on goodwill. Based on the impairment test results conducted by the Group on December 31, 2022, there was no impairment loss for goodwill. For more details, please refer to Note 6 (8) of the 2022 consolidated financial statements. As of September 30, 2023, the Group conducted an assessment of the expected operating revenue and income before tax of the cash generating unit to which the goodwill belongs. There were no indications of impairment.

### (k) Short-term borrowings

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Unsecured bank loans	<u>\$ 83,220</u>	<u>46,600</u>	<u>44,020</u>
Unused credit facilities	<u>\$ 300,805</u>	<u>341,650</u>	<u>341,001</u>
Interest rate	<u>1.015%~1.95%</u>	<u>1.00%~1.16%</u>	<u>1.00%~1.18%</u>

**Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)**

(l) Warranty provisions

	<b>January to September 2023</b>	<b>January to September 2022</b>
Balance at January 1	\$ 20,278	15,024
Provisions added (reversed) in the current period	(1,432)	3,916
Effect of exchange rate changes	(380)	648
Balance at September 30	<b><u>\$ 18,466</u></b>	<b><u>19,588</u></b>

Warranty provisions arise from the warranty that the Group provides to customers to assure the replacement of goods when there are defects with the goods that conform to the agreed-upon specification. Warranty provisions are estimated based on historical warranty data associated with similar products. The Group expects to settle most of the warranty liability within one year from the date of the sale of the product.

(m) Lease liabilities

The carrying amount of lease liabilities were as follows:

	<b>2023.9.30</b>	<b>2022.12.31</b>	<b>2022.9.30</b>
Current	<b><u>\$ 18,635</u></b>	<b><u>19,715</u></b>	<b><u>14,524</u></b>
Non-current	<b><u>\$ 18,880</u></b>	<b><u>25,005</u></b>	<b><u>23,506</u></b>

Please refer to Note 6 (2x) Financial Instruments for a detailed maturity analysis.

The lease amounts recognized in profit or loss were as follows:

	<b>July to September 2023</b>	<b>July to September 2022</b>	<b>January to September 2023</b>	<b>January to September 2022</b>
Interest expenses on lease liabilities	<b><u>\$ 219</u></b>	<b><u>203</u></b>	<b><u>645</u></b>	<b><u>500</u></b>
Expenses relating to short-term leases	<b><u>\$ 633</u></b>	<b><u>247</u></b>	<b><u>1,339</u></b>	<b><u>552</u></b>

The lease amounts recognized in the Statement of Cash Flow were as follows:

	<b>January to September 2023</b>	<b>January to September 2022</b>
Total cash outflows on leases	<b><u>\$ 17,575</u></b>	<b><u>11,185</u></b>

(i) Real estate leases

The Group leases housing and buildings for office premises and factories use. The lease terms usually range from one to ten years, with some leases including options to extend for the same duration as the original contract upon expiration.

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

(ii) Other leases

The Group leases machinery and transportation equipment for a period of three to five years. For other short-term leases, the Group has chosen to adopt the recognition exemptions regulations and does not recognize the related right-of-use assets and lease liabilities.

(n) Long-term loans

<b>2023.9.30</b>				
	<b>Currency</b>	<b>Interest rate</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	NTD	1.84%~2.20%	2025~2028	\$ 656,617
Secured bank loans	MYR	4.31%	2028	383,504
Other	NTD	4.06%	2024	713
				<u>1,040,834</u>
Less: Current portion of long-term loans				<u>(157,444)</u>
Total				<b><u>\$ 883,390</u></b>
Unused credit facilities				<b><u>\$ 381,000</u></b>

<b>2022.12.31</b>				
	<b>Currency</b>	<b>Interest rate</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	NTD	1.75%~3.125%	2025~2027	\$ 877,958
Secured bank loans	MYR	4.06%	2028	444,913
Other	NTD	4.06%	2024	1,446
				<u>1,324,317</u>
Less: Current portion of long-term loans				<u>(163,066)</u>
Total				<b><u>\$ 1,161,251</u></b>
Unused credit facilities				<b><u>\$ 546,000</u></b>

<b>2022.9.30</b>				
	<b>Currency</b>	<b>Interest rate</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	NTD	1.52%~2.88%	2023~2027	\$ 1,190,939
Secured bank loans	MYR	3.81%	2028	455,258
Other	NTD	4.06%	2024	1,685
				<u>1,647,882</u>
Less: Current portion of long-term loans				<u>(300,364)</u>
Total				<b><u>\$ 1,347,518</u></b>
Unused credit facilities				<b><u>\$ 604,000</u></b>

Please refer to Note 8 for details on the assets pledged as collateral for bank loans.

(o) Long-term payables

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

On January 10, 2019 (the acquisition date), the Company acquired the shareholding ratio of 100% of a subsidiary, From-eyes, from Tomey Contact Lens Co., Ltd., for a total amount of JPY800,000 thousand. The Company agreed to make installment payments based on the equity trading agreement, and as of December 31, 2022, a total of JPY580,000 thousand has been paid. The remaining amount will be paid in equal installments of JPY110,000 thousand over the next two years each year. However, in the first quarter of 2023, the Company not only paid JPY110,000 thousand for the current period but also paid the final installment of JPY110,000 thousand in advance. As of September 30, 2023, the entire payment related to the acquisition has been settled. On December 31, 2022, and September 30, 2023, present value of acquisition considerations payable of NT\$51,040 thousand and NT\$48,091 thousand, respectively, which were recognized in other payables and long-term payables. The net cash outflows for the acquisition considerations payable mentioned above were as follows:

	<b>January to September 2023</b>	<b>January to September 2022</b>
Balance at January 1	\$ 51,040	78,668
Add: Discounted amortization	220	333
Less: Exchange rate changes	99	(4,389)
Less: Balance at September 30	-	(48,091)
Net cash outflows	<u><u>\$ 51,359</u></u>	<u><u>26,521</u></u>

(p) Employee benefits

The Company and VCT's defined contribution plan comply with the regulations of the Labor Pension Act. The Group makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries. Foreign subsidiaries allocate pension according to the relevant local laws and regulations. Under this plan, once the fixed amount is allocated by the Group, the Group has no legal or constructive obligations to make additional payments. Under the defined pension allocation regulations, the Group's pension expenses from July 1 to September 30, 2023 and 2022 and from January 1 to September 30, 2023 and 2022 amounted to NT\$5,636 thousand, NT\$4,875 thousand, NT\$16,653 thousand and NT\$12,807 thousand, respectively.

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

### (q) Income tax

(i) The components of the Group's income tax expenses (benefits) are as follows:

	<b>July to September 2023</b>	<b>July to September 2022</b>	<b>January to September 2023</b>	<b>January to September 2022</b>
Current income tax expenses (benefits)				
Current period	\$ 15,547	20,755	66,852	60,405
Adjustment for previous period	-	-	(1,814)	3,359
	<u>15,547</u>	<u>20,755</u>	<u>65,038</u>	<u>63,764</u>
Deferred income tax expenses (benefits)	<u>216</u>	<u>16,798</u>	<u>(36,962)</u>	<u>25,656</u>
Income tax expenses	<b><u>\$ 15,763</u></b>	<b><u>37,553</u></b>	<b><u>28,076</u></b>	<b><u>89,420</u></b>

No income tax was directly recognized in equity or other comprehensive income from January 1 to September 30 in 2023 and 2022.

(ii) Income tax assessment

The corporate income tax return of the Company has been examined and approved by the Tax Authorities until 2021.

(r) Capital and other equity

(i) Common stock

As of September 30, 2023, December 31, 2022, and September 30, 2022, the Company's total authorized capital is NT\$900,000 thousand, with a par value of NT\$10 per share and 90,000 thousand shares. The issued and outstanding shares are 63,000 thousand shares, 63,000 thousand shares, and 54,727 thousand shares, respectively. All issued shares were paid up upon issuance.

On October 5, 2022, the Company's Board of Directors approved the issuance of common stock of 8,273 thousand shares for the purpose of initial public offering, including 7,033 thousand shares publicly underwritten and 1,240 thousand shares for employee subscription. The weighted average price obtained through competitive auction was NT\$183.12, while the public offering and employee subscription price was set at NT\$168 per share. The total funds raised amounted to NT\$1,474,993 thousand. The base date of the capital increase was November 24, 2022.

(ii) Capital surplus

	<b>2023.9.30</b>	<b>2022.12.31</b>	<b>2022.9.30</b>
Paid-in capital in excess of par value of common shares	<b><u>\$ 1,431,007</u></b>	<b><u>1,431,007</u></b>	<b><u>38,040</u></b>

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock as

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

stock dividends or distributed as cash dividends based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid in capital.

### (iii) Retained earnings

According to the Company's Articles of Incorporation, if the Company has a net profit for the current year, taxes should be paid first and offset past losses, and then set aside 10% as a legal capital reserve. However, this does not apply when the legal capital reserve has reached the total paid-up capital. In addition, special reserves shall be transferred or reserved according to the laws or regulations stipulated by the competent authority when necessary. Any remaining earnings in retained earnings may be appropriated for dividends in accordance with a proposal for appropriation of earnings as approved by the Board of Directors and submit it to the shareholders' meeting for distribution.

Furthermore, according to the Company's Articles of Incorporation, the distribution of earnings and offsets of losses are conducted on a semi-annually basis after the close of each half year. After being reviewed by the Audit Committee along with the business report and financial statements, they are presented to the Board of Directors for resolution and reported at the shareholders' meeting.

If the Company's distribution of earnings is in the form of cash dividends, it shall be handled according to the regulations mentioned in the preceding paragraph. If the new shares are issued, it shall be handled according to the Article 240 of the Company Act. The Company may issue new shares or cash from the legal reserve or capital surplus according to the Article 241, Paragraph 2 of the Company Act. If the distribution in the preceding paragraph is in cash, it shall be authorized by Board of Directors and then reported to the shareholders' meeting.

The Company belongs to a technology-intensive industry with growing stage. The Company has adopted a remaining earnings appropriation method as its dividend policy in order to meet long term capital needs and cash requirements of stockholders. If the company has annual earnings and intends to distribute dividends, in consideration of future expansion of the operation and cash flow needs, the ratio of cash dividend distributed every year shall not be less than 10% of the total amount of cash and stock dividends distributed for that year. The total amount of dividends distributed from earnings shall not be less than 10% of the accumulated undistributed earnings.



## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

(a) Legal reserve

According to the Company Act, legal reserve can be used to offset losses. When the company has no losses, it may, upon resolution by the shareholders' meeting, distribute its legal reserve to shareholders by issuing new shares or by distributing cash for the portion of legal reserve which exceeds 25% of the paid in capital.

(b) Special reserve

According to the regulations of the FSC, when distributing distributable earnings, the Company shall calculate the net reduction amount of other shareholders' equity recorded in the current year. The current net income after tax plus the items other than current net income after tax, shall be recorded in the current unappropriated earnings and recognized in the special reserve with the unappropriated earnings from the previous period. However, for the reduction amount of accumulated other shareholders' equity from previous periods shall not be distributed when unappropriated earnings from previous periods is set aside as legal reserve. If there is a reversal in the reduction of other shareholders' equity, the earnings can be distributed based on the reversed portion.

(c) Distribution of earnings

The distribution of cash dividends from earnings for 2022 and 2021 resolved by the Board of Directors in March 3, 2023 and March 10, 2022 were as follows:

	<b>2022</b>		<b>2021</b>	
	<b>Dividends per share (NT\$)</b>	<b>Amount</b>	<b>Dividends per share (NT\$)</b>	<b>Amount</b>
Dividends per share:				
Cash	\$ 5.50	<u><u>346,500</u></u>	4.00	<u><u>218,907</u></u>

Information regarding dividend distribution can be obtained on the Market Observation Post System website.

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

### (iv) Other equity (net after tax)

	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance at January 1, 2023	\$ (119,796)	-	(119,796)
Foreign exchange differences arising from translation of foreign operations	(55,167)	-	(55,167)
Unrealized gains on financial assets at fair value through other comprehensive income	-	43,618	43,618
Balance at September 30, 2023	<u>\$ (174,963)</u>	<u>43,618</u>	<u>(131,345)</u>
Balance at January 1, 2022	\$ (216,467)	-	(216,467)
Foreign exchange differences arising from translation of foreign operations	47,865	-	47,865
Balance at September 30, 2022	<u>\$ (168,602)</u>	<u>-</u>	<u>(168,602)</u>

### (v) Non-controlling interests (net after tax)

	January to September 2023	January to September 2022
Beginning balance	\$ 24,528	-
Equity attributable to non-controlling interests:		
Net loss for the current period	(3,870)	(1,933)
Acquisition of subsidiary	-	28,252
Ending balance	<u>\$ 20,658</u>	<u>26,319</u>

### (s) Share-based payment

There are no significant changes in the share-based payment of the Group disclosed in Note 6 (q) of the 2022 Consolidated Financial Statements.

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

(t) Earnings per share

(i) Basic earnings per share

	<b>July to September 2023</b>	<b>July to September 2022</b>	<b>January to September 2023</b>	<b>January to September 2022</b>
Net income attributable to the Company's common stockholders	<u>\$ 99,704</u>	<u>184,578</u>	<u>195,642</u>	<u>493,528</u>
Weighted average number of outstanding common stocks (in thousands)	<u>63,000</u>	<u>54,727</u>	<u>63,000</u>	<u>54,727</u>
Basic earnings per share (NTD)	<u>\$ 1.58</u>	<u>3.37</u>	<u>3.11</u>	<u>9.02</u>

(ii) Diluted earnings per share

	<b>July to September 2023</b>	<b>July to September 2022</b>	<b>January to September 2023</b>	<b>January to September 2022</b>
Net income attributable to the Company's common stockholders	<u>\$ 99,704</u>	<u>184,578</u>	<u>195,642</u>	<u>493,528</u>
Weighted average number of outstanding common stocks (basic) (in thousands)	63,000	54,727	63,000	54,727
Effect of dilutive potential common shares (in thousands)				
Remuneration to employees in stock	<u>121</u>	<u>201</u>	<u>153</u>	<u>240</u>
Weighted average number of outstanding common stocks (in thousands) (including the effect of dilutive potential common shares)	<u>63,121</u>	<u>54,928</u>	<u>63,153</u>	<u>54,967</u>
Diluted earnings per share (NTD)	<u>\$ 1.58</u>	<u>3.36</u>	<u>3.10</u>	<u>8.98</u>

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

### (u) Revenue from contracts with customers

#### (i) Breakdown of revenue

	<b>July to September 2023</b>	<b>July to September 2022</b>	<b>January to September 2023</b>	<b>January to September 2022</b>
Primary sales regions and markets:				
Asia	\$ 486,582	493,254	1,211,262	1,511,698
Europe	134,090	192,253	358,085	488,653
Americas	26,901	31,122	139,676	91,642
	<b><u>\$ 647,573</u></b>	<b><u>716,629</u></b>	<b><u>1,709,023</u></b>	<b><u>2,091,993</u></b>
Main product/service lines:				
Contact lenses	\$ 645,146	714,581	1,702,400	2,087,958
Others	2,427	2,048	6,623	4,035
	<b><u>\$ 647,573</u></b>	<b><u>716,629</u></b>	<b><u>1,709,023</u></b>	<b><u>2,091,993</u></b>

#### (ii) Contract balance

	<b>2023.9.30</b>	<b>2022.12.31</b>	<b>2022.9.30</b>
Notes and accounts receivable (including related parties)	\$ 428,833	324,178	479,739
Less: Loss allowances	(26,823)	(24,235)	(23,126)
	<b><u>\$ 402,010</u></b>	<b><u>299,943</u></b>	<b><u>456,613</u></b>
Contract liabilities	<b><u>\$ 21,278</u></b>	<b><u>20,905</u></b>	<b><u>26,611</u></b>

Please refer to Note 6 (4) for the disclosure of notes and accounts receivable and impairments.

The contract liabilities are mainly due to timing difference between transfer of goods by the Group to customers to fulfill performance obligations and customer payment.

The balance of contract liabilities of January 1, 2023 and 2022 recognized as revenue in January 1 to September 30, 2023 and 2022 were NT\$19,817 thousand and NT\$7,263 thousand, respectively.

#### (v) Remuneration to employees and directors

According to the Company's Articles of Incorporation, in the event of profits in the year, a contribution of 5% to 20% shall be allocated for employee remuneration, and a contribution of not exceeding 1% shall be allocated for director's remuneration. However, when the company has accumulated losses, an amount for offsetting the losses should be reserved in advance, and the contribution should be calculated based on the balance. The recipients of employee remuneration in the form of stocks or cash mentioned above may include employees from domestic and foreign subordinate companies who meet certain conditions.

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

The estimated amounts for employee remuneration from July 1 to September 30, 2023 and 2022 and from January 1 to September 30, 2023 and 2022 were NT\$7,761 thousand, NT\$19,832 thousand, NT\$23,982 thousand and NT\$52,925 thousand, respectively. The estimated amounts for the director's remuneration were NT\$720 thousand, NT\$1,314 thousand, NT\$1,619 thousand and NT\$3,442 thousand, respectively. These estimates are based on the Company's net income before tax for the respective periods before deducting the amount of employee and director compensation, multiplied by the distribution of employees and director's remuneration stipulated in the Company's Articles of Incorporation. They are recognized as operating expenses for the respective periods. If there is a difference between the actual distribution amount and the estimated amount, it will be handled according to the changes in the accounting estimate. The difference will be recognized in the next year's profit or loss.

The estimated amounts for employee remuneration in 2022 and 2021 were NT\$49,196 thousand and NT\$28,553 thousand, respectively. The estimated amount for director's remuneration were NT\$4,350 thousand and NT\$2,441 thousand, respectively, which are consistent with the amount resolved and distributed by the Board of Directors and will be fully distributed in cash. Relevant information is available on the Market Observation Post System website.

### (w) Non-operating income and expenses

#### (i) Interest income

	<b>July to September 2023</b>	<b>July to September 2022</b>	<b>January to September 2023</b>	<b>January to September 2022</b>
Interest income from bank deposits	\$ 2,129	154	10,597	289

#### (ii) Other income

	<b>July to September 2023</b>	<b>July to September 2022</b>	<b>January to September 2023</b>	<b>January to September 2022</b>
Dividend income	\$ 3,784	-	3,784	-
Insurance claim income	-	71	-	14,493
Others	134	79	457	527
	<b>\$ 3,918</b>	<b>150</b>	<b>4,241</b>	<b>15,020</b>

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

### (iii) Other gains and losses

	July to September 2023	July to September 2022	January to September 2023	January to September 2022
Gains on lease modifications	\$ 27	-	27	-
Net foreign exchange gains (losses)	3,165	26,153	(5,432)	32,139
Others	(150)	-	(150)	-
	<u>\$ 3,042</u>	<u>26,153</u>	<u>(5,555)</u>	<u>32,139</u>

### (iv) Finance costs

	July to September 2023	July to September 2022	January to September 2023	January to September 2022
Interest expenses:				
Bank loans	\$ (7,705)	(8,464)	(24,270)	(21,424)
Lease liabilities	(219)	(203)	(645)	(500)
Payables on acquisition considerations	-	(111)	(220)	(333)
	<u>\$ (7,924)</u>	<u>(8,778)</u>	<u>(25,135)</u>	<u>(22,257)</u>

### (x) Financial instruments

Apart from the following explanations, there have been no significant changes in the exposure of the Group to credit risk, liquidity risk, and market risk due to financial instruments. For relevant information, please refer to Note 6 (22) and (23) of the 2022 Consolidated Financial Statements.

#### (i) Category of financial instruments

##### (a) Financial assets

	2023.9.30	2022.12.31	2022.9.30
Financial assets measured at fair value through other comprehensive income - non- current	\$ 153,248	-	-
Financial assets measured at amortized cost:			
Cash and cash equivalents	384,309	1,801,461	474,824
Notes and accounts receivable and other receivables (including related parties)	407,988	338,666	479,620
Financial assets measured at amortized cost - current	414,367	11,045	10,851
Other financial assets - non- current	4,993	2,872	2,705
Subtotal	<u>1,211,657</u>	<u>2,154,044</u>	<u>968,000</u>
Total	<u>\$ 1,364,905</u>	<u>2,154,044</u>	<u>968,000</u>

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

### (b) Financial liabilities

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Financial liabilities measured at amortized cost:			
Short-term borrowings	\$ 83,220	46,600	44,020
Notes and accounts payable (including related parties)	170,618	188,233	185,997
Payables on equipment and other payables	295,870	415,014	335,816
Lease liabilities (including current and non-current)	37,515	44,720	38,030
Long-term loans (including current portion)	1,040,834	1,324,317	1,647,882
Long-term payables	-	25,630	24,156
Guarantee deposits received	1,029	-	-
	<u>\$ 1,629,086</u>	<u>2,044,514</u>	<u>2,275,901</u>

### (ii) Information on fair value

#### (a) Financial instruments not measured at fair value

The management of the Group considers that the carrying amount of the financial assets and financial liabilities measured at amortized costs are close to their fair value.

#### (b) Financial instruments measured at fair value

The financial assets measured at fair value through other comprehensive income by the Group are measured at fair value on a recurring basis. The table below shows an analysis of financial instruments measured at fair value after initial recognition, categorized into Level 1 to Level 3 based on the observability of fair value. The definition for each fair value level is as follows:

- A. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- B. Level 2: Other than quoted prices included within Level 1, the input parameters for assets or liabilities can either be observed directly (i.e. as prices) or indirectly (i.e. deduced from prices).
- C. Level 3: The input parameters for assets or liabilities are not based on observable market data (non-observable parameters).

	<u>2023.9.30</u>			
	<u>Fair value</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value through other comprehensive income:				
Domestically listed stocks	<u>\$ 153,248</u>	<u>-</u>	<u>-</u>	<u>153,248</u>

#### (c) Valuation technique of value measurement for financial instruments at fair value

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

When there are open quotations of financial instruments in the active market, their fair value is determined based on the open quotations in the active market.

The Group holds domestically listed stocks with standard terms and conditions and are traded in the active market. Its fair value is determined based on the market quotations.

### (iii) Liquidity risk

Liquidity risk is the risk that the Group may be unable to settle its financial liabilities by settling with cash or other financial assets, resulting in the failure to fulfill its related obligations. The Group regularly monitors its current and projected medium and long-term demand for capital, maintains sufficient cash and cash equivalents, as well as credit line, and ensures compliance with the terms of the loan contract to manage liquidity risk. The unused credit line for the Group as of September 30, 2023, December 31 and September 30, 2022 were NT\$681,805 thousand, NT\$887,650 thousand, and NT\$945,001 thousand, respectively.

The following tables explains the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods, including interest payable. The tables had been drawn up based on the undiscounted cash flows from the earliest date on which the Group can be required to repay.

	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 year(s)</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>September 30, 2023</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 833,433	833,433	-	-	-	-
Notes and accounts payable (including related parties)	170,618	170,618	-	-	-	-
Payables on equipment and other payables (including related parties)	295,870	295,870	-	-	-	-
Lease liabilities (including current and non-current)	38,416	11,344	7,834	9,357	9,881	-
Long-term loans (including current portion)	1,119,784	67,200	118,014	353,311	573,679	7,580
	<u>\$ 2,458,121</u>	<u>1,378,465</u>	<u>125,848</u>	<u>362,668</u>	<u>583,560</u>	<u>7,580</u>



## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 year(s)</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2022</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 46,689	46,689	-	-	-	-
Notes and accounts payable (including related parties)	188,233	188,233	-	-	-	-
Payables on equipment and other payables (including related parties)	415,014	415,014	-	-	-	-
Lease liabilities (including current and non-current)	45,847	10,411	10,025	13,031	12,380	-
Long-term loans (including current portion)	1,420,220	88,593	107,698	312,978	861,811	49,140
Long-term payables	25,630	-	-	25,630	-	-
	<b>\$ 2,141,633</b>	<b>748,940</b>	<b>117,723</b>	<b>351,639</b>	<b>874,191</b>	<b>49,140</b>
<b>September 30, 2022</b>						
Non-derivative financial instruments						
Short-term borrowings	\$ 44,105	44,105	-	-	-	-
Notes and accounts payable (including related parties)	185,997	185,997	-	-	-	-
Payables on equipment and other payables (including related parties)	335,816	335,816	-	-	-	-
Lease liabilities (including current and non-current)	39,103	7,682	7,445	11,776	11,388	812
Long-term loans (including current portion)	1,744,343	143,719	189,677	467,588	876,823	66,536
Long-term payables	24,211	-	-	24,211	-	-
	<b>\$ 2,373,575</b>	<b>717,319</b>	<b>197,122</b>	<b>503,575</b>	<b>888,211</b>	<b>67,348</b>

The Group did not anticipate significant early occurrence or differences in the actual amounts of cash flows from the analysis on the maturity date.

(iv) Foreign exchange risk

The carrying amount of the significant monetary assets and liabilities of the Group denominated in non-functional currencies and relevant sensitivity analysis on the reporting date were as follows (including the monetary items that have been eliminated in the consolidated financial statements):

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

<b>2023.9.30</b>					
	<b>Foreign currency (in thousands)</b>	<b>Exchange rate</b>	<b>NTD (in thousands)</b>	<b>Change in magnitude</b>	<b>Impact of the profit or loss (before tax) (in thousands)</b>
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 14,676	32.270	473,595	1%	4,736
EUR	2,123	33.942	72,059	1%	721
CNY	7,221	4.4182	31,904	1%	319
JPY	727,078	0.2161	157,122	1%	1,571
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	14,483	32.270	467,366	1%	4,674
<b>2022.12.31</b>					
	<b>Foreign currency (in thousands)</b>	<b>Exchange rate</b>	<b>NTD (in thousands)</b>	<b>Changes in magnitude</b>	<b>Impact of the profit or loss (before tax) (in thousands)</b>
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 23,369	30.730	718,129	1%	7,181
EUR	2,106	32.820	69,119	1%	691
CNY	3,182	4.4057	14,019	1%	140
JPY	590,688	0.2330	137,630	1%	1,376
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	14,184	30.730	435,874	1%	4,359
KRW	1,186,363	0.0244	28,947	1%	289
JPY	220,000	0.2330	51,260	1%	513
<b>2022.9.30</b>					
	<b>Foreign currency (in thousands)</b>	<b>Exchange rate</b>	<b>NTD (in thousands)</b>	<b>Changes in magnitude</b>	<b>Impact of the profit or loss (before tax) (in thousands)</b>
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 23,663	31.750	751,300	1%	7,513
EUR	1,671	31.245	52,210	1%	522
JPY	353,865	0.2201	77,886	1%	779
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	13,659	31.750	433,673	1%	4,337
KRW	1,188,963	0.0222	26,395	1%	264
JPY	218,794	0.2201	48,157	1%	482

The Group discloses the information on foreign exchange gains and losses of monetary items by summarizing. Please refer to Note 6 (w) for detailed information.

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

(v) Other market price risk

The Group invests in listed equity securities, which results in risks of changes in the price of securities. The Group manages and actively monitors its investment performance on a fair value basis.

The sensitivity analysis of equity instruments price risk is calculated based on the changes in fair value as of the end of the financial reporting period. If the price of the equity instruments increase/decrease by 5%, the amount of other comprehensive income on September 30, 2023, will change by NT\$7,662 thousand.

(y) Financial risk management

There are no significant changes in the financial risk management objectives and policies of the Group disclosed in Note 6 (23) of the 2022 Consolidated Financial Statements.

(z) Capital management

Based on the current operational characteristics of the industry, the future development of the Company, and considering external environmental changes, the Group has planned operating capital needs for the future. This is to ensure the continuous operation of the Group, return to shareholders, and balance the interests of other stakeholders. The Group maintains the best capital structure to increase shareholder value in the long term.

The Group monitors its capital through reviewing the liabilities-to-equity ratio periodically.

The liabilities to equity ratio on the reporting date is as follows:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Total liabilities	\$ 1,712,512	2,185,255	2,399,005
Less: Cash and cash equivalents	(384,309)	(1,801,461)	(474,824)
Net liabilities	<u>\$ 1,328,203</u>	<u>383,794</u>	<u>1,924,181</u>
Total equity	<u>\$ 2,942,463</u>	<u>3,108,740</u>	<u>1,462,122</u>
Liabilities-to-equity ratio	<u>45.14%</u>	<u>12.35%</u>	<u>131.60%</u>

As of September 30, 2023 and December 31, 2022, the liabilities-to-equity ratio decreased compared to the ratio as of September 30, 2022. This is mainly due to the cash capital increase and continued profitability of the Group in the fourth quarter of 2022, resulting in an increase in total equity.

(aa) Investing and financing activities not affecting cash flows

(i) The Group acquires the right-of-use assets through lease. Please refer to Note 6 (i) for more details.

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

(ii) Reconciliation of liabilities arising from financing activities was presented in the following table:

	2023.1.1	Cash flows	Acquisition of subsidiary	Non-cash changes			2023.9.30
				Additions of lease liabilities	Derecognition of lease liabilities	Exchange rate changes	
Short-term borrowings	\$ 46,600	40,000	-	-	-	(3,380)	83,220
Long-term loans (including current portion)	1,324,317	(275,080)	-	-	-	(8,403)	1,040,834
Lease liabilities (including current portion)	44,720	(15,591)	-	9,995	(1,297)	(312)	37,515
Total liabilities from financing activities	<u>\$ 1,415,637</u>	<u>(250,671)</u>	<u>-</u>	<u>9,995</u>	<u>(1,297)</u>	<u>(12,095)</u>	<u>1,161,569</u>

  

	2022.1.1	Cash flows	Acquisition of subsidiary	Non-cash changes			2022.9.30
				Additions of lease liabilities	Derecognition of lease liabilities	Exchange rate changes	
Short-term borrowings	\$ 48,080	-	-	-	-	(4,060)	44,020
Long-term loans (including current portion)	1,126,812	498,155	6,854	-	-	16,061	1,647,882
Lease liabilities (including current portion)	32,507	(10,133)	14,883	973	-	(200)	38,030
Total liabilities from financing activities	<u>\$ 1,207,399</u>	<u>488,022</u>	<u>21,737</u>	<u>973</u>	<u>-</u>	<u>11,801</u>	<u>1,729,932</u>

## 7. Related party transactions

(a) Names and relations of related parties

The related parties that trade with the Group during the periods covered in the Consolidated Financial Statements are as follows:

Name of related party	Relationship with the Group
BenQ Materials Corp. (BMC)	Individuals that have significant impact on the Group
Qisda Corporation (Qisda)	The parent company of BMC and is an individual that has significant impact on the Group
Qisda Sdn. Bhd. (QLPG)	Other related party (the subsidiary of Qisda)
BenQ Asia Pacific Corp. (BQP)	Other related party (the subsidiary of Qisda)
ACE Energy Co., Ltd. (AEG)(formerly BenQ ESCO Corp.)	Other related party (the subsidiary of Qisda)
BenQ Dialysis Technology Corp. (BDT)	Other related party (the subsidiary of Qisda)
Concord Medical Co., Ltd.(Concord)	Other related party (the subsidiary of Qisda) (Note 1)
Apaugasma Eye Clinic	Substantive related party
Fu Jin International Co., Ltd.	Substantive related party

Note 1: Qisda Group obtained control over Concord on January 20, 2022. Thus, it became a related party of the Group from that date onwards.

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

### (b) Information on significant transactions with related parties

#### (i) Net operating revenue

The significant sales amounts of the Group to related parties are as follows:

	<b>July to September 2023</b>	<b>July to September 2022</b>	<b>January to September 2023</b>	<b>January to September 2022</b>
Significant impact on the Group-BMC	<u>\$ 171,421</u>	<u>121,288</u>	<u>311,141</u>	<u>299,794</u>

The sales prices of the Group to the aforementioned related parties are determined based on market competition. The payment terms are 60 days, which is not significantly different from regular transactions.

#### (ii) Purchases

Purchase amount from related parties by the Group is as follows:

	<b>July to September 2023</b>	<b>July to September 2022</b>	<b>January to September 2023</b>	<b>January to September 2022</b>
Significant impact on the Group-BMC	<u>\$ 43,798</u>	<u>38,326</u>	<u>113,573</u>	<u>117,128</u>

The purchase prices from the aforementioned related parties by the Group cannot be compared to the prices of the general transaction due to different product specifications. The payment terms for these purchases are 60 days. For other suppliers, the payment terms range from 30 to 90 days.

#### (iii) Leases

The Group leases offices premises and factories of the related parties, and the leasing fees are determined based on the rental market conditions in the surrounding area. The lease is paid on a monthly basis.

The amount of interest expense recognized by the Group for the aforementioned lease transactions is as follows:

	<b>July to September 2023</b>	<b>July to September 2022</b>	<b>January to September 2023</b>	<b>January to September 2022</b>
Significant impact on the Group	<u>\$ 22</u>	<u>30</u>	<u>76</u>	<u>98</u>

The lease income from leasing offices to other related party (QLPG) for July 1 to September 30 and January 1 to September 30, 2023 and 2022 amounted to NT\$14 thousand, NT\$14 thousand, NT\$43 thousand and NT\$42 thousand, respectively.

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

(iv) Management service revenue

The Group recognized management service revenue of NT\$2,046 thousand, NT\$2,055 thousand, NT\$6,146 thousand and NT\$3,602 thousand for providing relevant medical management services to substantive related parties from July 1 to September 30 and January 1 to September 30, 2023 and 2022.

(v) Property transactions

The amounts of property, plant, and equipment (including prepayments for equipment) purchased by the Group from other related parties were as follows:

	July to September 2023	July to September 2022	January to September 2023	January to September 2022
Other related party	\$ -	-	-	<u>1,380</u>

(vi) Operating expenses

The amounts paid by the Group to related parties for information system services fees and other expenses were as follows:

	July to September 2023	July to September 2022	January to September 2023	January to September 2022
Significant impact on the Group-Qisda	\$ 55	110	167	334
Other related party	-	-	35	-
	<u>\$ 55</u>	<u>110</u>	<u>202</u>	<u>334</u>

(vii) Receivables from related parties

Details of the Group's receivables from related parties were as follows:

<u>Accounting subject</u>	<u>Type of related party</u>	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Accounts receivable	Significant impact on the Group-BMC	\$ 139,293	34,905	89,250
Accounts receivable	Substantive related party	287	76	87
		<u>\$ 139,580</u>	<u>34,981</u>	<u>89,337</u>
Other receivables	Significant impact on the Group-BMC	\$ -	11	34

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

### (viii) Payables to related parties

As a result of the transactions mentioned above and various expenses paid in advance by related parties on behalf of the Group, relevant details of payables to related parties were as follows:

<u>Accounting subject</u>	<u>Type of related party</u>	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Accounts payable	Significant impact on the Group-BMC	<u>\$ 38,490</u>	<u>31,530</u>	<u>33,195</u>
Other payables	Significant impact on the Group-Qisda	824	1,139	1,248
Other payables	Other related party	-	15	8
		<u>\$ 824</u>	<u>1,154</u>	<u>1,256</u>
Lease liabilities - current	Significant impact on the Group-Qisda	\$ 2,951	2,968	2,777
Lease liabilities - non-current	Significant impact on the Group-Qisda	1,503	3,843	4,249
		<u>\$ 4,454</u>	<u>6,811</u>	<u>7,026</u>

### (c) Remuneration for key management personnel

	<u>July to September 2023</u>	<u>July to September 2022</u>	<u>January to September 2023</u>	<u>January to September 2022</u>
Short-term employee benefits	\$ 7,162	6,702	17,189	17,406
Benefits after retirement	54	54	162	126
	<u>\$ 7,216</u>	<u>6,756</u>	<u>17,351</u>	<u>17,532</u>

## 8. Pledged assets

The detailed carrying amounts of assets pledged as collateral by the Group are as follows:

<u>Name of asset</u>	<u>Pledged collaterals</u>	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Restricted bank deposits	Performance bonds	\$ 14,367	11,045	10,851
Land use rights and buildings	Bank loans	608,702	637,473	632,818
		<u>\$ 623,069</u>	<u>648,518</u>	<u>643,669</u>

## 9. Significant commitments and contingencies

Contractual commitments unrecognized by the Group are as follows:

	<u>2023.9.30</u>	<u>2022.12.31</u>	<u>2022.9.30</u>
Acquisition of property, plant, and equipment	<u>\$ 136,182</u>	<u>274,131</u>	<u>376,622</u>

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

### 10. Significant loss from disaster: None.

### 11. Significant subsequent events

The Group acquired 1,237,400 shares of common stock of Crystalvue Medical Corporation in the open market on October 2, 2023. As of October 2, 2023, the Group had accumulated a total of 2,978,852 shares of common stock of Crystalvue Medical Corporation, accounting for 11.7% of its common stock.

### 12. Others

(1) The Group's employee benefits and depreciation and amortization expenses by function are as follows:

Function	July to September 2023			July to September 2022		
	Operation costs	Operation expenses	Total	Operation costs	Operation expenses	Total
Employee benefits						
Salaries	98,359	64,248	162,607	76,128	68,753	144,881
Insurance	1,273	4,533	5,806	995	3,929	4,924
Pension	3,102	2,534	5,636	2,484	2,391	4,875
Other employee benefits	1,919	2,058	3,977	1,539	1,731	3,270
Depreciation expenses	77,643	13,407	91,050	66,277	12,619	78,896
Amortization expenses	-	8,221	8,221	-	7,908	7,908

Function	January to September 2023			January to September 2022		
	Operation costs	Operation expenses	Total	Operation costs	Operation expenses	Total
Employee benefits						
Salaries	266,237	164,443	430,680	190,233	189,355	379,588
Insurance	3,567	11,842	15,409	2,356	9,575	11,931
Pension	8,977	7,676	16,653	6,843	5,964	12,807
Other employee benefits	5,590	5,768	11,358	3,666	4,801	8,467
Depreciation expenses	236,521	38,675	275,196	178,279	35,293	213,572
Amortization expenses	-	24,973	24,973	-	23,503	23,503

(2) The operations of the Group are not significantly affected by seasonal or cyclical factors.



## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

### 13. Additional disclosures

#### (a) Information on significant transactions

According to the regulations of the Preparation Standards, the relevant information on significant transactions that the Group is required to disclose is as follows:

#### (i) Loans provided for others:

Expressed in Thousands of New Taiwan Dollars/Malaysian Ringgit

No.	Companies that Provide Loans to Others	Loan Recipient	Financial Statement Account	Whether He/She is a Related Party	Maximum Amount for the Current Period	Ending Balance	Actual Amount Drawn	Interest Rate	Nature of the Loans Provided	Business Transaction Amount	Reasons for the Need of Short-term Funding	Amount of Loss Allowances Set Aside	Collateral		Limits on the Amounts that may be Loaned for Individuals	Total Limits on the Amounts that may be Loaned
													Name	Value		
1	VVM	VMM	Other receivables - related parties	Yes	12,740 (MYR1,800)	12,343 (MYR1,800)	12,343 (MYR1,800)	5%	2	-	Operating turnover	-	-	-	971,477	971,477

Note 1: VVM's total loan provided to others shall not exceed 40% of VVM's net worth per latest financial statements.

Note 2: VVM's limits on the individual amounts that may be loaned to subsidiaries shall not exceed 40% of VVM's net worth per latest financial statements.

Note 3: The nature of the loans provided is classified as 1 for those with business transactions and 2 for those with needs for short-term funding.

Note 4: The transactions above have been offset when preparing the Consolidated Financial Statements.

#### (ii) Endorsements/guarantees provided for others:

Expressed in Thousands of New Taiwan Dollars/Japanese Yen

No.	Endorser/Guarantor	Endorsee/Guaranteee		Limit on Endorsements/Guarantees Provided for Single Entity (Note 2)	Maximum Endorsement/Guarantee Balance	Ending Endorsement/Guarantee Balance	Actual Amount Drawn	Amount of Endorsements/Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/Guarantees to Net Worth per Latest Financial Statements	Endorsement/Guarantee Ceiling (Note 3)	Endorsements/Guarantees Provided by Parent for Subsidiary	Endorsements/Guarantees Provided by Subsidiary for Parent	Endorsements/Guarantees Provided for Subsidiary in Mainland China
		Name of Company	Relationship (Note 1)										
0	The Company	From-eyes	2	1,460,903	107,750 (JPY250,000 and NTD50,000)	50,000 (NTD50,000)	10,805 (JPY50,000)	-	1.71%	1,460,903	Y	-	-

Note 1: The relationships between endorsers/guarantors and endorseees/guaranteees: 2. A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.

Note 2: The limit on endorsements/guarantees provided for a single entity by the Company shall not exceed 50% of the Company's net worth per latest financial statements (excluding 50%).

Note 3: The total endorsements/guarantees provided for other parties by the Company shall not exceed 50% of the Company's net worth per latest financial statements (excluding 50%).

#### (iii) Securities held at end of period (excluding investments in subsidiaries, associates, and joint ventures):

Expressed in Thousands of New Taiwan Dollars/Shares

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Financial Statement Account	Ending Balance			Fair Value	Remark
				Number of Shares	Carrying Amount	Percentage of Ownership		
The Company	Crystalvue Medical Corporation stock	-	Financial assets measured at fair value through other comprehensive income - non-current	1,741	153,248	6.84%	153,248	

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

- (iv) Accumulated purchase or sale of the same securities amounting to NT\$300 million or 20% of paid-in capital or more:

Expressed in Thousands of New Taiwan Dollars/Shares

Company Name	Type and Name of Securities	Financial Statement Account	Counterparty	Relationship	Beginning of Period		Purchase		Sale			Ending Balance		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Number of Shares	Amount (Note 1)
The Company	VVM stock	Investments accounted for using the equity method	VVM	Parent company and subsidiaries	230,144	2,187,285	40,483	275,835	-	-	-	-	270,627	2,450,478

Note 1: It includes the profit or loss and other related adjustments recognized under the equity method.

Note 2: The transactions above have been offset when preparing the Consolidated Financial Statements.

- (v) Acquisition of property amounting to NT\$300 million or 20% of paid-in capital or more:

Expressed in Thousands of New Taiwan Dollars/Malaysian Ringgit

Acquirer of Property	Name of Property	Date of Transaction or Occurrence	Amount of Transaction	Status of Payment	Counterparty	Relationship	Information on Prior Transaction if the Counterparty is a Related Party				Basis or Reference for Price Setting	Purpose of Acquisition and Usage Status	Other Agreed Items
							Owner	Relationship with the Issuer	Date of Transfer	Amount			
VVM	Building	2022.1.27 (date of the Board's resolution)	329,831 (MYR48,100)	289,621 (MYR42,236)	BNQ Engineering Sdn. Bhd.	Not a related party	-	-	-	-	According to market conditions and the supplier's price negotiation	Renovation of plants to meet production and operational needs	None

Note: The above-mentioned amount in NTD is converted based on the exchange rate of MYR to NTD on September 30, 2023, which is 6.8572.

- (vi) Disposal of property amounting to NT\$300 million or 20% of paid-in capital or more:  
None.

- (vii) Purchases or sales with related parties amounting to NT\$100 million or 20% of paid-in capital or more:

Expressed in Thousands of New Taiwan Dollars

Company Name	Related Party	Relationship	Transaction Details				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales)	Payment Terms	Unit Price	Payment Terms	Balance	Percentage of Notes and Accounts Receivable (Payable)	
The Company	BMC	Significant impact on the Company	(Sales)	(311,141)	(20) %	Payment made in 60 days	(Note 1)	(Note 1)	139,293	34%	-
VVM	BMC	Significant impact on the Company	Purchases	113,395	11 %	Payment made in 60 days	(Note 2)	(Note 2)	(38,303)	(25)%	-
The Company	From-eyes	Parent company and subsidiaries	(Sales)	(277,301)	(18) %	Payment made in 60 days	(Note 1)	(Note 1)	67,135	16%	(Note 4)
From-eyes	The Company	Parent company and subsidiaries	Purchases	277,301	82 %	Payment made in 60 days	(Note 1)	(Note 1)	(67,135)	(80)%	(Note 4)
VVM	The Company	Parent company and subsidiaries	(Sales)	(1,059,424)	(100) %	Payment made in 60 days	(Note 3)	(Note 1)	281,304	100%	(Note 4)
The Company	VVM	Parent company and subsidiaries	Purchases	1,059,424	100 %	Payment made in 60 days	(Note 2)	(Note 2)	(281,304)	(98)%	(Note 4)

Note 1: There are no significant differences from regular transactions.

Note 2: As there are no purchases of similar products from other suppliers, the Company is unable to compare with regular transactions.

Note 3: The sales are primarily made to the Company, and there are no regular transactions for comparisons.

Note 4: The transactions to the left have been offset when preparing the Consolidated Financial Statements.

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

(viii) Receivables from related parties amounting to NT\$100 million or 20% of paid-in capital or more:

Expressed in Thousands of New Taiwan Dollars

Company Name	Related Party	Relationship	Balance of the Receivables from Related Parties	Turnover	Overdue Receivables from Related Parties		Amount Collected After the Due Date of the Receivables from Related Parties	Amount of Loss Allowances Set Aside
					Amount	Handling Method		
VVM	The Company	Parent company and subsidiaries	281,304 (Note)	5.59	-	-	112,147	-
The Company	BMC	Significant impact on the Company	139,293	4.76	-	-	63,143	-

Note: The transactions above have been offset when preparing the Consolidated Financial Statements.

(ix) Trading in derivative instruments: None.

(x) Intercompany relationships and significant intercompany transactions

No. (Note 1)	Company Name	Related Party	Relationships with Counterparties (Note 2)	Description of Transactions (Note 3)			Percentage of Consolidated Total Operating Revenue or Total Assets (Note 4)
				Account	Amount	Transaction Term	
0	The Company	From-eyes	1	(Sales)	(277,301)	Payment made in 60 days	(16.23)%
0	The Company	From-eyes	1	Accounts receivable	67,135	Payment made in 60 days	1.44%
0	The Company	TYC	1	(Sales)	(76,497)	Payment made in 60 days	(4.48)%
1	VVM	The Company	2	(Sales)	(1,059,424)	Payment made in 60 days	(61.99)%
1	VVM	The Company	2	Accounts receivable	281,304	Payment made in 60 days	6.04%

Note 1: Numbered according to the following method:

1. For the parent company, fill in 0.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationships with counterparties are indicated as follows:

1. The parent company to subsidiaries.
2. Subsidiaries to the parent company.
3. Subsidiaries to subsidiaries.

Note 3: Intercompany relationships and significant intercompany transactions only disclose the information on sales and accounts receivable accounting for 1% of consolidated operating revenue or assets. The corresponding information regarding purchases and accounts payable is not reiterated.

Note 4: It is calculated by dividing the amount of transaction by the consolidated operating revenue or total assets.

Note 5: The transactions above have been offset when preparing the Consolidated Financial Statements.

(b) Information on investees:

Expressed in Thousands of New Taiwan Dollars/Shares

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Ending Balance			Profit (Loss) of Investee for the Period	Investment Profit and Loss Recognized	Remark
				Ending of the Current Period	The End of Last Year	Number of Shares	Shareholding	Carrying Amount			
The Company	VVM	Malaysia	Manufacturing, processing, and sales of contact lenses	1,973,690	1,697,856	270,627	100.00%	2,450,478	26,163	26,152	Parent company and subsidiaries
The Company	From-eyes	Japan	Sales of contact lenses	220,441	220,441	1	100.00%	194,008	(7,957)	(17,884)	Parent company and subsidiaries
The Company	VCT	Taiwan	Medical management consulting services	44,000	44,000	4,400	55.00%	35,088	(7,151)	(4,729)	Parent company and subsidiaries
VVM	VMM	Malaysia	Lease and management services	3,696	3,696	500	100.00%	1,636	(131)	(131)	Parent company and subsidiaries

Note: The amounts have been offset when preparing the Consolidated Financial Statements.

## Notes to Visco Vision Inc. and subsidiaries Consolidated Financial Statements (Continued)

### (c) Information on investments in Mainland China:

- (i) The name of the investees company in Mainland China, main business activities and other relevant information:

Expressed in Thousands of United States Dollars/Renminbi/New Taiwan Dollars

Investee	Main Business Activities	Paid-in Capital	Method of Investments	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investment Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Profit (Loss) of Investee for the Period	The Ratio of the Company's Direct or Indirect Ownership	Investment Profit (Loss) Recognized	Book Value of Investments at End of Period	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated						
TYC	Sales of contact lenses	15,533 (CNY3,500) (Note 2)	(Note 1)	15,464 (CNY3,500)	-	-	15,464 (CNY3,500)	4,981	100.00%	4,981	21,217	-

Note 1: Direct investment in mainland China.

Note 2: Except for the paid-in capital, which is measured using the historical exchange rate between CNY and NTD, the rest is converted using the exchange rate of 4.4182 at the end of the period from CNY to NTD.

- (ii) Limits on investments in Mainland China:

Expressed in Thousands

Name of Company	Accumulated Amount of Investments Remitted from Taiwan to Mainland China at End of Period	Amount of Investments Authorized by Investment Commission, MOEA	Ceiling on Amount of Investments in Mainland China Stipulated by Investment Commission, MOEA
The Company	117,437 (Note 2) (USD3,160 and CNY 3,500)	118,728 (Note 2) (USD3,200 and CNY 3,500)	1,753,083

Note 1: It is converted using the exchange rate of 32.27 from USD to NTD and the exchange rate of 4.4182 from CNY to NTD at the end of the period.

Note 2: These amounts include an investment of USD3,160 thousand made in previous years in mainland China and an investment of USD3,200 thousand approved by the Investment Commission, MOEA. The related investees companies have completed the liquidation process in 2019 and have already submitted a cancellation report to the Investment Commission, MOEA regarding the investment in mainland China.

- (iii) Information on significant transactions between the investees in Mainland China:

Name of Related Party	Relationship with the Company	Transaction Term				Notes and Accounts Receivable (Payable)		Unrealized Gains (Losses)	
		Types	Amount	Price	Payment Terms	Balance	Percentage		
TYC	The Company's subsidiary	Sales	76,497	(Note 1)	Payment made in 60 days	(Note 1)	31,840	7.68%	(2,208)

Note 1: There are no significant differences from regular transactions.

Note 2: The amounts have been offset when preparing the Consolidated Financial Statements.

- (d) Major shareholders:

Unit: Shares

Name of Major Shareholders	Shareholding	Shares	Percentage of Ownership
BenQ Materials Corp.		9,333,773	14.81%

## 14. Segment information

The main business of the Group is manufacturing, purchasing, and selling disposable contact lenses. It is an individual department, and the department's information on profit and loss, assets, and liabilities is consistent with the Consolidated Financial Statements. Please refer to the consolidated balance sheets and consolidated statements of comprehensive income for more details.