

**Young Optics Inc.**  
**2024 Annual General Shareholders Meeting Minutes**  
**(Translation)**

Time : 9:00 a.m. on June 19 (Wednesday), 2024

Place : No.2, Zhanye 1<sup>st</sup> Road, East Dist., Hsinchu City 300, Taiwan R.O.C.

(Conference Room no. 202, the Allied Association of Science Park Industries)

Convening Method : Shareholders meeting will be held by means of physical shareholders meeting.

Total outstanding shares of Young Optics Inc.: 114,059,785 shares.

Total shares represented by shareholders present in person or by proxy: 62,251,506 shares. (incl. E-voting: 24,116,762 shares)

Percentage of shares held by shareholders present in person or by proxy (incl. E-voting): 54.57%

Directors present: Sarah Lin, Chairman; Sara Lin, Director; Ken Wang, Director; Hsiang-Hsun Wu, Independent Director, Chairman of the Audit Committee.

Attendees: Cynthia Chang, Chief Financial Officer and Hans Chen, CPA of Ernst & Young

Chairman: Sarah Lin

Recorder: Li-Ching Lee

**I. Call the Meeting to Order**

The aggregate shareholding of the shareholders present in person or by proxy (incl. E-voting) constituted a quorum. The chairman called the meeting to order.

**II. Chairman Remarks (Omitted)**

**III. Report Items**

**1. 2023 Annual Business Report.**

Kindly refer to Attachment (1).

**2. 2023 Audit Committee's Report.**

Kindly refer to Attachment (2).

**IV. Ratification Items**

(Proposed by the Board of Directors)

**1. Ratification of 2023 Business Report and Financial Statements.**

(1) The 2023 financial statements of the Company had been audited by Ernst & Young.

(2) Please refer to Attachment (1) and Attachment (3) for 2023 Business Report and financial statements.

(3) Please resolve.

Voting Results: Shares represented at the time of voting: 62,251,506.

Votes in favor: 61,422,727 (incl. E-voting: 23,296,983 votes). Votes against: 95,660 (incl. E-voting: 95,660 votes). Votes abstained: 733,119 (incl. E-voting: 724,119 votes). Votes invalid: none.

Resolution: The above proposal hereby was approved as proposed.

(Proposed by the Board of Directors)

2. Ratification of the Proposal for 2023 Deficit Off-Setting.

(1) The proposal for 2023 Deficit Off-Setting has been approved by the Board of Directors and audit by the Audit Committee. Please refer to Attachment (4).

(2) Please resolve.

Voting Results: Shares represented at the time of voting: 62,251,506.

Votes in favor: 61,417,900 (incl. E-voting: 23,292,156 votes). Votes against: 100,487 (incl. E-voting: 100,487 votes). Votes abstained: 733,119 (incl. E-voting: 724,119 votes). Votes invalid: none.

Resolution: The above proposal hereby was approved as proposed.

V. Discussion & Election Items

(Proposed by the Board of Directors)

1. Proposal for election of the 9th Directors of the Company.

(1) The 8th Directors' term of office will expire on July 14, 2024, and it is proposed to coordinate the reelection process with this Annual Shareholders' Meeting. The old Directors will step down on the election date of the new Directors. At this Annual Shareholders' Meeting, seven Directors (including three independent Directors) will be elected in accordance with the Articles of Incorporation, and the current Directors will serve for a term of three years, from June 19, 2024 to June 18, 2027.

(2) According to the Company's Articles of Incorporation, the election of directors follows a nomination system, with directors being selected from the list of candidates by shareholders. Please refer to Attachment (5) for their educational and professional backgrounds, as well as other relevant information.

(3) Please vote.

Election Results:

Title	Name	Vote Received
Director	Coretronic Corporation Legal Representative : Sarah Lin	99,251,515
Director	Coretronic Corporation Legal Representative : Ken Wang	58,501,797
Director	Coretronic Corporation Legal Representative : Miranda Wang	54,685,806
Director	Ker-Jev Huang	53,605,995
Independent Director	Hsiang-Hsun Wu	54,081,965
Independent Director	Wan-Ting Yuan	54,007,547
Independent Director	Chin-Do Lai	53,999,117

(Proposed by the Board of Directors)

2. Proposal to release the new Directors from non-competition restrictions.

- (1) In accordance with Company Act Article 209 Paragraph 1, “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”
- (2) In the event that a newly appointed director of the Company is engaged in conduct and duties for himself/herself or others within the scope of the Company's business that do not harm the interests of the Company, he/she may request the shareholders' meeting to release the newly appointed director from his/her non-competition restriction. Please refer to Attachment (6) for the details of the release from non-competition restrictions for new directors.
- (3) Please resolve.

Voting Results: Shares represented at the time of voting: 62,251,506.

Votes in favor: 61,294,104 (incl. E-voting: 23,168,360 votes). Votes against: 206,684 (incl. E-voting: 206,684 votes). Votes abstained: 750,718 (incl. E-voting: 741,718 votes). Votes invalid: none.

Resolution: The above proposal hereby was approved as proposed.

VI. Motions : None.

There were no shareholders' questions on the proposals of this shareholders' meeting.

VII. Adjournment : 9:19 a.m.

**Young Optics Inc.****2023 Annual Business Report**

For the fiscal year of 2023, Young Optics Inc. has reported consolidated sales revenue of NT\$3,010 million. Gross profit was reported at NT\$317 million with gross profit margin of 10.5%. Net operating loss was reported at NT\$311 million with an after-tax net loss of NT\$287.7 million. Net loss attributable to Shareholders of the parent was reported at NT\$287.3 million. The basic after-tax loss was NT\$2.52 per share.

In 2023, the consolidated sales revenue was NT\$3,010 million, a decrease of 36% compared to the previous year. Among them, the Pico Optical Module experienced a decline in overall shipments of nearly 60% due to the destocking of non-Chinese market customers and the impact of the Chinese economic contraction, weak consumption, and competition from low-cost single-panel LCD projection solutions in the Chinese market. Optical Component products decreased by 13% due to customer inventory adjustments. Image Optical products decreased by 22% due to end of life of smart home camera and lower-than-expected sales of high-end lenses. 3D printer decreased by 26% due to the cautious attitude of end customers towards equipment investment caused by the interest rate hikes of European and American central banks, resulting in inventory adjustments and delayed production schedules for new models. Automotive products decreased by 3%, mainly due to the growth in shipments of HUD and ground projections, offsetting the significant decline in shipments of automotive lenses due to poor conditions in the Chinese automotive market. In 2023, the gross margin of 10.5% decreased by 6.8% compared to 17.3% in the previous year, affected by the decline in capacity utilization and differences in product sales mix.

As for research and innovation, we have accomplished the following, by hard work of the Research and Development Team:

1. Developed 16K~25K pixels Micro LED smart car head light and obtained certification of Verband der Automobilindustrie.
2. Developed exterior color dynamic DLP DGP ground projection for automobile.
3. Developing the world's smallest DLP 0.16-inch 720p PICO Engine with XPR.
4. Developed the Scan lens for the AOI 3D color confocal, microscopic measurement system.
5. Developed a handheld device with an 8-megapixel camera paired with a 45-degree ultra-wide-angle lens optical system.
6. Designed an image-framing wide-aperture lens.

Looking into the year 2024, company will be moving forward with strategies below in mind:

- (1) Proactively open up markets of virtual reality (VR), augmented reality (AR) Optical components, automobile projector, 3D-Printing, as well as expanding into customers in non-Chinese markets.
- (2) Continue to improve process management and technologies, promote cost advantage and improve profitability.
- (3) To become the most trust-worthy supplier of customers by practicing excellent product quality, details in process and service.
- (4) Through the market strategy and group layout, plus lower cost funding. Young Optics Inc. could pursue the best interests of all clients, employees and shareholders.

Chairman: Sarah Lin

President: Claude Shyu

Accountant: Cynthia Chang

## **Audit Committee's Report**

The Board of Directors of the Company has delivered the 2023 business reports, the financial statements and the proposal for 2023 Deficit Off-Setting. The aforesaid 2023 financial statements of the Company and the consolidated financial statements had been audited by Ernst & Young. The Audit Committee has examined the above statements and found nothing out of order and thus prepared this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your ratification.

Yours sincerely

2024 Annual General Shareholders' Meeting, Young Optics Inc.

Young Optics Inc.

Chairman of the Audit Committee : Hsiang-Hsun Wu

Date: April 25, 2024

**AUDIT REPORT OF INDEPENDENT ACCOUNTANTS**English Translation of a Report Originally Issued in Chinese

To Young Optics Inc.

**Opinion**

We have audited the accompanying parent company only balance sheets of Young Optics Inc. (“the Company”) as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including the summary of material accounting policies (collectively “the parent company only financial statements”).

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

**Basis for Opinion**

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

**Key Audit Matters**

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

### Valuation for inventories

As of December 31, 2023, the Company's net inventory amounted to NT\$266,709 thousand, which is significant for the parent company only financial statements. Due to the uncertainties arising from the rapid changes of technology and market environment, the assessment of obsolete and slow-moving inventory write-downs required significant management judgement, we therefore determined this as a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around inventories; evaluating the inventory counting plan and choosing significant warehouse for observation of the physical inventory count to verify the quantity and the status; evaluating and testing net realizable value of inventories adopted by the management; evaluating the reasonableness of the accounting policies on obsolete and slow-moving inventory, including the identification of the obsolete and slow-moving inventory, testing the correctness of the inventory aging and the reasonableness of the allowance for inventory obsolescence amount. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 4, 5 and 6 to the parent company only financial statements.

### Revenue recognition

The Company recognized the revenue amounted to NT\$2,749,057 thousand for the year ended December 31, 2023. Main source of revenue comes from projection products and imaging-related products sales. The Company recognized revenue when transferring a promised product to a customer. The terms of trade in the products agreed in their contracts are different when the performance obligations were satisfied. As a result of the higher complexity of revenue recognition, we determined the matter to be a key audit matter. Our audit procedures include, but not limited to, assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal controls within the revenue recognition; selecting the top ten clients to perform testing of transaction and reviewing significant terms and conditions in the contracts; selecting samples to perform details testing of transaction and verifying the appropriateness of the timing of revenue recognition; viewing their transactions certificate and performing cut-off procedures on selected samples for a period before and after the reporting date; reviewing subsequent significant sales returns and discounts. Please refer to Notes 4 and 6 to the parent company only financial statements.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers for such internal control as management determines is necessary to enable the preparation of parent company only

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

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

/s/Chen, Chih-Chung

/s/Chiu, Wan-Ju

Ernst & Young, Taiwan  
February 23, 2024

### **Notice to Readers**

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

Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Young Optics Inc.

Parent Company Only Balance Sheets

As of December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2023	%	December 31, 2022	%	LIABILITIES AND EQUITY	Note	December 31, 2023	%	December 31, 2022	%
<b>Current assets</b>						<b>Current liabilities</b>					
Cash and cash equivalents	4 and 6 (1)	\$257,791	5	\$457,533	8	Short-term borrowings	4 and 6 (9)	\$100,000	2	\$45,000	1
Notes receivable, net	4, 6 (2) and 6 (15)	-	-	9	-	Contract liabilities-current	4, 6 (14) and 7	57,159	1	66,724	1
Trade receivable, net	4, 6 (3) and 6 (15)	328,402	7	338,936	6	Accounts payable		164,860	4	200,385	4
Trade receivable-related parties, net	4, 6 (3), 6 (15) and 7	236,168	5	247,487	5	Accounts payable-related parties	7	390,428	9	411,071	8
Other receivables		8,809	-	11,982	-	Other payables		229,762	5	349,116	6
Other receivables-related parties	7	192,641	4	11,110	-	Other payables-related parties	7	13,229	-	9,492	-
Current tax assets	4 and 6 (20)	388	-	-	-	Current tax liabilities	4 and 6 (20)	-	-	11,047	-
Inventories, net	4 and 6 (4)	266,709	6	349,637	6	Provisions-current	4 and 6 (12)	23,827	1	26,329	1
Prepayments	7	49,801	1	17,853	-	Lease liabilities, non-related parties	4 and 6 (16)	15,481	-	15,457	-
Other current assets		29,844	1	89,187	2	Current portion of long-term borrowings	4 and 6 (10)	299,950	6	412,807	7
<b>Total current assets</b>		<u>1,370,553</u>	<u>29</u>	<u>1,523,734</u>	<u>27</u>	Other current liabilities		<u>16,232</u>	<u>-</u>	<u>13,400</u>	<u>-</u>
						<b>Total current liabilities</b>		<u>1,310,928</u>	<u>28</u>	<u>1,560,828</u>	<u>28</u>
<b>Non-current assets</b>						<b>Non-current liabilities</b>					
Investments accounted for using the equity method	4 and 6 (5)	1,181,464	25	1,809,484	32	Long-term borrowings	4 and 6 (10)	112,900	2	412,807	8
Property, plant and equipment, net	4, 6 (6), 6 (17) and 8	1,602,615	33	1,659,109	30	Deferred tax liabilities	4 and 6 (20)	23,927	1	23,927	1
Right-of-use assets	4 and 6 (16)	281,876	6	299,513	5	Lease liabilities, non-related parties-noncurrent	4 and 6 (16)	280,062	6	295,543	5
Investment property, net	4, 6 (7), 6 (17) and 8	136,161	3	144,231	3	Guarantee deposits		<u>10,131</u>	<u>-</u>	<u>5,147</u>	<u>-</u>
Intangible assets	4, 6 (8) and 6 (17)	74,137	1	88,809	2	<b>Total non-current liabilities</b>		<u>427,020</u>	<u>9</u>	<u>737,424</u>	<u>14</u>
Deferred tax assets	4 and 6 (20)	26,681	1	27,342	1	<b>Total liabilities</b>		<u>1,737,948</u>	<u>37</u>	<u>2,298,252</u>	<u>42</u>
Refundable deposits		2,116	-	2,139	-	<b>Equity</b>					
Net defined benefit assets-noncurrent	4 and 6 (11)	24,784	1	20,448	-	<b>Capital</b>					
Other non-current financial assets	8	24,194	1	21,878	-	Common stock	6 (13)	1,140,598	24	1,140,598	20
Other non-current assets		<u>8,977</u>	<u>-</u>	<u>3,393</u>	<u>-</u>	<b>Capital surplus</b>	6 (13)	1,648,205	35	1,648,711	29
<b>Total non-current assets</b>		<u>3,363,005</u>	<u>71</u>	<u>4,076,346</u>	<u>73</u>	<b>Retained earnings</b>	6 (13)				
						Legal reserve		393,148	8	386,690	7
						Special reserve		150,667	3	211,914	4
						Unappropriated retained earnings(Accumulated deticit)		<u>(168,132)</u>	<u>(3)</u>	<u>64,582</u>	<u>1</u>
						<b>Total retained earnings</b>		<u>375,683</u>	<u>8</u>	<u>663,186</u>	<u>12</u>
						<b>Other equity</b>		<u>(168,876)</u>	<u>(4)</u>	<u>(150,667)</u>	<u>(3)</u>
						<b>Total equity</b>		<u>2,995,610</u>	<u>63</u>	<u>3,301,828</u>	<u>58</u>
<b>Total assets</b>		<u>\$4,733,558</u>	<u>100</u>	<u>\$5,600,080</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$4,733,558</u>	<u>100</u>	<u>\$5,600,080</u>	<u>100</u>

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Young Optics Inc.

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Note	For the year ended December 31		For the year ended December 31	
		2023	%	2022	%
<b>Net sales</b>	4, 6 (14) and 7	\$2,749,057	100	\$4,669,237	100
<b>Operating costs</b>	6 (4), 6 (16), 6 (17) and 7	(2,321,655)	(84)	(3,897,610)	(83)
<b>Gross profit</b>		427,402	16	771,627	17
Unrealized gross profit on sales		(389)	-	(1,904)	-
Realized gross profit on sales		1,904	-	15,685	-
<b>Gross profit, net</b>		428,917	16	785,408	17
<b>Operating expenses</b>	6 (15), 6 (16), 6 (17) and 7				
Selling expenses		(91,696)	(3)	(103,065)	(2)
General and administrative expenses		(130,175)	(5)	(168,915)	(4)
Research and development expenses		(326,429)	(12)	(415,527)	(9)
Total operating expenses		(548,300)	(20)	(687,507)	(15)
<b>Operating (loss) income</b>		(119,383)	(4)	97,901	2
<b>Non-operating income and expenses</b>					
Interest income	6 (18)	3,393	-	1,330	-
Other income	6 (16) and 6 (18)	43,661	2	43,300	1
Other gains and losses	6 (18)	(22,381)	(1)	15,594	-
Finance costs	6 (18)	(18,017)	(1)	(19,430)	-
Share of loss of subsidiaries, associates and joint ventures for using the equity method		(182,311)	(7)	(58,576)	(1)
Total non-operating income and expenses		(175,655)	(7)	(17,782)	-
<b>Net (loss) income before tax</b>		(295,038)	(11)	80,119	2
<b>Income tax income (expense)</b>	4 and 6 (20)	7,738	-	(15,469)	-
<b>Net (loss) income</b>		(287,300)	(11)	64,650	2
<b>Other comprehensive income</b>					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6 (19)	(253)	-	(85)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	6 (19) and 6 (20)	50	-	17	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6 (19)	(18,209)	(1)	62,433	1
Income tax related to items that may be reclassified subsequently to profit or loss	6 (19)	-	-	-	-
<b>Other comprehensive (loss) income, net of tax</b>		(18,412)	(1)	62,365	1
<b>Total comprehensive (loss) income</b>		<u><u>\$(305,712)</u></u>	<u><u>(12)</u></u>	<u><u>\$127,015</u></u>	<u><u>3</u></u>
Basic (Loss) Earnings Per Share (in New Taiwan Dollars)	6 (21)	<u><u>\$(2.52)</u></u>		<u><u>\$0.57</u></u>	
Diluted (Loss) Earnings Per Share (in New Taiwan Dollars)	6 (21)	<u><u>\$(2.52)</u></u>		<u><u>\$0.57</u></u>	

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Young Optics Inc.

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

Description	Common stock	Capital surplus	Retained earnings			Other equity	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign operations	
Balance as of January 1, 2022	\$1,140,598	\$1,648,711	\$383,980	\$187,523	\$27,101	\$(213,100)	\$3,174,813
Appropriation and distribution of retained earnings							
Legal reserve	-	-	2,710	-	(2,710)	-	-
Special reserve	-	-	-	24,391	(24,391)	-	-
Total appropriation and distribution of retained earnings	-	-	2,710	24,391	(27,101)	-	-
Net income for the year ended December 31, 2022	-	-	-	-	64,650	-	64,650
Other comprehensive (loss) income for the year ended December 31, 2022	-	-	-	-	(68)	62,433	62,365
Total comprehensive income	-	-	-	-	64,582	62,433	127,015
Balance as of December 31, 2022	<u>\$1,140,598</u>	<u>\$1,648,711</u>	<u>\$386,690</u>	<u>\$211,914</u>	<u>\$64,582</u>	<u>\$(150,667)</u>	<u>\$3,301,828</u>
Balance as of January 1, 2023	\$1,140,598	\$1,648,711	\$386,690	\$211,914	\$64,582	\$(150,667)	\$3,301,828
Appropriation and distribution of retained earnings							
Legal reserve	-	-	6,458	-	(6,458)	-	-
Reversal of special reserve	-	-	-	(61,247)	61,247	-	-
Total appropriation and distribution of retained earnings	-	-	6,458	(61,247)	54,789	-	-
Net loss for the year ended December 31, 2023	-	-	-	-	(287,300)	-	(287,300)
Other comprehensive loss for the year ended December 31, 2023	-	-	-	-	(203)	(18,209)	(18,412)
Total comprehensive loss	-	-	-	-	(287,503)	(18,209)	(305,712)
Difference between the actual acquisition or disposal price and the carrying amount of the subsidiary's equity	-	(560)	-	-	-	-	(560)
Balance as of December 31, 2023	<u>\$1,140,598</u>	<u>\$1,648,205</u>	<u>\$393,148</u>	<u>\$150,667</u>	<u>\$(168,132)</u>	<u>\$(168,876)</u>	<u>\$2,995,610</u>

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

Note: The amounts of employee compensation for the years ended December 31, 2023 and 2022 amounted to NT\$0 thousand and NT\$14,139 thousand, respectively.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Young Optics Inc.

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31		Description	For the years ended December 31	
	2023	2022		2023	2022
<b>Cash flows from operating activities :</b>			<b>Cash flows from investing activities :</b>		
Net (loss) income before tax	\$(295,038)	\$80,119	Return of Capital from an Investee Accounted for Using the Equity Method due to Capital Reduction	\$146,805	\$-
Adjustments for:			Proceeds from disposal of property, plant and equipment	4,115	937
The profit or loss items which did not affect cash flows:			Acquisition of property, plant and equipment	(148,344)	(180,724)
Expected credit (gain) loss	(17)	63	Acquisition of intangible assets	(9,086)	(11,447)
Depreciation	229,410	227,740	Cash flow provided by absorption merger	79,637	-
Amortization	18,326	18,738	Decrease (increase) in refundable deposits	26	(204)
Interest expense	18,017	19,430	Increase in other financial assets-noncurrent	(2,316)	(10)
Interest income	(3,393)	(1,330)	(Increase) decrease in other non-current assets	(5,768)	8,619
Share of loss of subsidiaries, associates and joint ventures for using the equity method	182,311	58,576	Net cash provided by (used in) investing activities	65,069	(182,829)
Unrealized gross profit on sales	389	1,904			
Realized gross profit on sales	(1,904)	(15,685)	<b>Cash flows from financing activities :</b>		
Amortization of gain on disposal of intangible assets	(920)	(920)	Increase (decrease) in short-term borrowings	55,000	(85,000)
Loss on disposal of property, plant and equipment	-	9,124	Increase in long-term borrowings (including current portion of long-term borrowings)	112,900	-
Changes in operating assets and liabilities:			Repayments of long-term borrowings (including current portion of long-term borrowings)	(525,664)	(317,212)
Notes receivable	9	(9)	Repayment of the principal portion of lease liabilities	(15,457)	(15,160)
Trade receivable	83,868	140,096	Increase in guarantee deposits	4,984	-
Trade receivable-related parties	4,084	92,872	Acquisition of Subsidiary Equity	(10,178)	-
Other receivables	3,540	5,494	Net cash used in financing activities	(378,415)	(417,372)
Other receivables-related parties	(17,690)	64,447			
Inventories	82,308	65,416	Net (decrease) increase in cash and cash equivalents	(199,742)	31,107
Prepayments	(31,948)	(3,581)	Cash and cash equivalents at beginning of the period	457,533	426,426
Other current assets	60,872	(22,259)	Cash and cash equivalents at end of the period	<u>\$257,791</u>	<u>\$457,533</u>
Contract liabilities-current	(18,528)	36,385			
Accounts payable	(35,583)	(13,741)			
Accounts payable-related parties	(20,643)	(138,419)			
Other payables	(119,189)	21,543			
Other payables-related parties	3,737	7,683			
Provisions-current	(6,559)	7,331			
Other current liabilities	322	(2,460)			
Net defined benefit assets-noncurrent	(4,589)	(2,149)			
Cash generated from operating activities	131,192	656,408			
Interest received	3,403	1,343			
Interest paid	(18,074)	(19,375)			
Income tax paid	(2,917)	(7,068)			
Net cash provided by operating activities	<u>113,604</u>	<u>631,308</u>			

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

## **AUDIT REPORT OF INDEPENDENT ACCOUNTANTS**

### English Translation of a Report Originally Issued in Chinese

To Young Optics Inc.

#### **Opinion**

We have audited the accompanying consolidated balance sheets of Young Optics Inc. and its subsidiaries (“the Group”) as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

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

## **Key Audit Matters**

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

### Valuation for inventories

As of December 31, 2023, the Group's net inventory amounted to NT\$444,490 thousand, which is significant for the consolidated financial statements. Due to the uncertainties arising from the rapid changes of technology and market environment, the assessment of obsolete and slow-moving inventory write-downs required significant management judgement, we therefore determined this as a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around inventories; evaluating the inventory counting plan and choosing significant warehouse for observation of the physical inventory count to verify the quantity and the status; evaluating and testing net realizable value of inventories adopted by the management; evaluating the reasonableness of the accounting policies on obsolete and slow-moving inventory, including the identification of the obsolete and slow-moving inventory, testing the correctness of the inventory aging and the reasonableness of the allowance for inventory obsolescence amount. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 4, 5 and 6 to the Group's consolidated financial statements.

### Revenue recognition

The Group recognized the revenue amounted to NT\$3,010,369 thousand for the year ended December 31, 2023. Main source of revenue comes from projection products and imaging-related products sales. The Group recognized revenue when transferring a promised product to a customer. The terms of trade in the products agreed in their contracts are different when the performance obligations were satisfied. As a result of the higher complexity of revenue recognition, we determined the matter to be a key audit matter. Our audit procedures include, but not limited to, assessing the appropriateness of the accounting policy for revenue recognition; evaluating and testing the effectiveness of internal controls within the revenue recognition; selecting the top ten clients to perform testing of transaction and reviewing significant terms and conditions in the contracts; selecting samples to perform details testing of transaction and verifying the appropriateness of the timing of revenue recognition; viewing their transactions certificate and performing cut-off procedures on selected samples for a period before and after the reporting date; reviewing subsequent significant sales returns and discounts. Please refer to Notes 4 and 6 to the Group's consolidated financial statements.

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate

to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

## **Others**

We have audited and expressed an unqualified opinion on the parent company only financial statements of Young Optics Inc. as of and for the years ended December 31, 2023 and 2022.

/s/Chen, Chih-Chung

/s/Chiu, Wan-Ju

Ernst & Young, Taiwan  
February 23, 2024

### **Notice to Readers**

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

Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Young Optics Inc. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2023	%	December 31, 2022	%	LIABILITIES AND EQUITY	Note	December 31, 2023	%	December 31, 2022	%
<b>Current assets</b>						<b>Current liabilities</b>					
Cash and cash equivalents	4 and 6 (1)	\$1,071,067	23	\$1,385,234	25	Short-term borrowings	6 (9)	\$104,344	2	\$49,648	1
Current financial asset at fair value through profit or loss	4 and 6 (2)	-	-	196	-	Contract liabilities-current	6 (14) and 7	69,192	2	77,368	1
Notes receivable, net	4, 6 (3) and 6 (15)	18,272	-	18,176	-	Notes payable		352	-	503	-
Trade receivable, net	4, 6 (4) and 6 (15)	353,180	7	528,658	10	Accounts payable		262,303	6	305,191	6
Trade receivable-related parties, net	4, 6 (4), 6 (15) and 7	119,505	3	106,022	2	Accounts payable-related parties	7	331	-	-	-
Other receivables		10,778	-	14,362	-	Other payables		325,975	7	480,713	9
Other receivables-related parties	7	97,186	2	32,061	1	Other payables-related parties	7	98,673	2	34,716	1
Current tax assets	4 and 6 (20)	11,933	-	9,920	-	Current tax liabilities	4 and 6 (20)	10,579	-	24,324	-
Inventories, net	4 and 6 (5)	444,490	9	689,120	12	Provisions-current	4 and 6 (12)	23,881	-	28,968	1
Prepayments		26,732	1	22,012	-	Lease liabilities, non-related parties	4 and 6 (16)	20,144	-	22,036	-
Other current financial assets	8	-	-	14	-	Lease liabilities, related parties	4, 6 (16) and 7	27,064	1	27,053	1
Other current assets		37,934	1	102,731	2	Current portion of long-term borrowings	6 (10)	301,879	7	414,871	7
<b>Total current assets</b>		<u>2,191,077</u>	<u>46</u>	<u>2,908,506</u>	<u>52</u>	Other current liabilities	4	17,642	-	15,956	-
						<b>Total current liabilities</b>		<u>1,262,359</u>	<u>27</u>	<u>1,481,347</u>	<u>27</u>
<b>Non-current assets</b>						<b>Non-current liabilities</b>					
Property, plant and equipment, net	4, 6 (6), 6 (17) and 8	1,884,376	40	1,979,410	36	Long-term borrowings	6 (10)	114,838	2	416,944	7
Right-of-use assets	4 and 6 (16)	332,805	7	354,120	6	Deferred tax liabilities	4 and 6 (20)	23,927	-	23,927	-
Investment property, net	4, 6 (7), 6 (17) and 8	136,161	3	144,231	3	Lease liabilities, non-related parties-noncurrent	4 and 6 (16)	307,831	7	324,912	6
Intangible assets	4, 6 (8) and 6 (17)	75,201	2	90,352	2	Guarantee deposits		11,619	-	6,681	-
Deferred tax assets	4 and 6 (20)	26,681	1	30,344	1	<b>Total non-current liabilities</b>		<u>458,215</u>	<u>9</u>	<u>772,464</u>	<u>13</u>
Refundable deposits		12,400	-	12,961	-	<b>Total liabilities</b>		<u>1,720,574</u>	<u>36</u>	<u>2,253,811</u>	<u>40</u>
Net defined benefit assets-noncurrent	4 and 6 (11)	24,784	1	20,448	-						
Other non-current financial assets	8	24,194	-	21,878	-	<b>Equity attributable to owners of the parent</b>					
Other non-current assets		8,977	-	4,008	-	<b>Capital</b>					
<b>Total non-current assets</b>		<u>2,525,579</u>	<u>54</u>	<u>2,657,752</u>	<u>48</u>	Common stock	6 (13)	1,140,598	24	1,140,598	21
						<b>Capital surplus</b>	6 (13)	1,648,205	35	1,648,711	30
						<b>Retained earnings</b>	6 (13)				
						Legal reserve		393,148	8	386,690	7
						Special reserve		150,667	3	211,914	4
						Unappropriated retained earnings(Accumulated deficit)		(168,132)	(3)	64,582	1
						<b>Total retained earnings</b>		<u>375,683</u>	<u>8</u>	<u>663,186</u>	<u>12</u>
						<b>Other equity</b>		<u>(168,876)</u>	<u>(3)</u>	<u>(150,667)</u>	<u>(3)</u>
						<b>Total equity attributable to owners of the parent</b>		2,995,610	64	3,301,828	60
						<b>Non-controlling interests</b>	6 (13)	472	-	10,619	-
						<b>Total equity</b>		<u>2,996,082</u>	<u>64</u>	<u>3,312,447</u>	<u>60</u>
<b>Total assets</b>		<u>\$4,716,656</u>	<u>100</u>	<u>\$5,566,258</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$4,716,656</u>	<u>100</u>	<u>\$5,566,258</u>	<u>100</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Young Optics Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Note	For the year ended December 31		For the year ended December 31	
		2023	%	2022	%
<b>Net sales</b>	4, 6 (14) and 7	\$3,010,369	100	\$4,683,503	100
<b>Operating costs</b>	6 (5), 6 (16), 6 (17) and 7	(2,693,747)	(89)	(3,874,230)	(83)
<b>Gross profit</b>		316,622	11	809,273	17
<b>Operating expenses</b>	6 (15), 6 (16), 6 (17) and 7				
Selling expenses		(123,116)	(4)	(140,240)	(3)
General and administrative expenses		(159,004)	(5)	(209,512)	(5)
Research and development expenses		(345,999)	(12)	(441,513)	(9)
Total operating expenses		(628,119)	(21)	(791,265)	(17)
<b>Operating (loss) income</b>		(311,497)	(10)	18,008	-
<b>Non-operating income and expenses</b>					
Interest income	6 (18)	28,578	1	19,363	-
Other income	6 (16) and 6 (18)	46,647	2	43,944	1
Other gains and losses	6 (18)	(31,508)	(1)	37,388	1
Finance costs	6 (18)	(20,906)	(1)	(22,455)	-
Total non-operating income and expenses		22,811	1	78,240	2
<b>Net (loss) income before tax</b>		(288,686)	(9)	96,248	2
<b>Income tax income (expense)</b>	4 and 6 (20)	939	-	(29,877)	(1)
<b>Net (loss) income</b>		(287,747)	(9)	66,371	1
<b>Other comprehensive income</b>					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6 (19)	(253)	-	(85)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	6 (19)	50	-	17	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6 (19)	(18,237)	(1)	62,418	2
Income tax related to items that may be reclassified subsequently to profit or loss		-	-	-	-
<b>Other comprehensive (loss) income, net of tax</b>		(18,440)	(1)	62,350	2
<b>Total comprehensive (loss) income</b>		<u>\$(306,187)</u>	<u>(10)</u>	<u>\$128,721</u>	<u>3</u>
<b>Net (loss) income for the periods attributable to :</b>					
<b>Shareholders of the parent</b>	6 (21)	\$ (287,300)		\$64,650	
<b>Non-controlling interests</b>	6 (13)	(447)		1,721	
		<u>\$(287,747)</u>		<u>\$66,371</u>	
<b>Total comprehensive (loss) income for the periods attributable to :</b>					
<b>Shareholders of the parent</b>		\$ (305,712)		\$127,015	
<b>Non-controlling interests</b>		(475)		1,706	
		<u>\$(306,187)</u>		<u>\$128,721</u>	
Basic (Loss) Earnings Per Share (in New Taiwan Dollars)	6 (21)	<u>\$(2.52)</u>		<u>\$0.57</u>	
Diluted (Loss) Earnings Per Share (in New Taiwan Dollars)	6 (21)	<u>\$(2.52)</u>		<u>\$0.57</u>	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Young Optics Inc. and Subsidiaries  
Consolidated Statements of Changes in Equity  
For the years ended December 31, 2023 and 2022  
(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent							Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings			Other equity	Total		
			Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign operations			
Balance as of January 1, 2022	\$1,140,598	\$1,648,711	\$383,980	\$187,523	\$27,101	\$(213,100)	\$3,174,813	\$9,022	\$3,183,835
Appropriation and distribution of retained earnings									
Legal reserve	-	-	2,710	-	(2,710)	-	-	-	-
Special reserve	-	-	-	24,391	(24,391)	-	-	-	-
Total appropriation and distribution of retained earnings	-	-	2,710	24,391	(27,101)	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	64,650	-	64,650	1,721	66,371
Other comprehensive (loss) income for the year ended December 31, 2022	-	-	-	-	(68)	62,433	62,365	(15)	62,350
Total comprehensive income	-	-	-	-	64,582	62,433	127,015	1,706	128,271
Decrease of non-controlling interests	-	-	-	-	-	-	-	(109)	(109)
Balance as of December 31, 2022	<u>\$1,140,598</u>	<u>\$1,648,711</u>	<u>\$386,690</u>	<u>\$211,914</u>	<u>\$64,582</u>	<u>\$(150,667)</u>	<u>\$3,301,828</u>	<u>\$10,619</u>	<u>\$3,312,447</u>
Balance as of January 1, 2023	\$1,140,598	\$1,648,711	\$386,690	\$211,914	\$64,582	\$(150,667)	\$3,301,828	\$10,619	\$3,312,447
Appropriation and distribution of retained earnings									
Legal reserve	-	-	6,458	-	(6,458)	-	-	-	-
Reversal of special reserve	-	-	-	(61,247)	61,247	-	-	-	-
Total appropriation and distribution of retained earnings	-	-	6,458	(61,247)	54,789	-	-	-	-
Net loss for the year ended December 31, 2023	-	-	-	-	(287,300)	-	(287,300)	(447)	(287,747)
Other comprehensive loss for the year ended December 31, 2023	-	-	-	-	(203)	(18,209)	(18,412)	(28)	(18,440)
Total comprehensive loss	-	-	-	-	(287,503)	(18,209)	(305,712)	(475)	(306,187)
Difference between the actual acquisition or disposal price and the carrying amount of the subsidiary's equity	-	(506)	-	-	-	-	(506)	-	(506)
Decrease of non-controlling interests	-	-	-	-	-	-	-	(9,672)	(9,672)
Balance as of December 31, 2023	<u>\$1,140,598</u>	<u>\$1,648,205</u>	<u>\$393,148</u>	<u>\$150,667</u>	<u>\$(168,132)</u>	<u>\$(168,876)</u>	<u>\$2,995,610</u>	<u>\$472</u>	<u>\$2,996,082</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Young Optics Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31		Description	For the years ended December 31	
	2023	2022		2023	2022
<b>Cash flows from operating activities :</b>			<b>Cash flows from investing activities :</b>		
Net (loss) income before tax	\$(288,686)	\$96,248	Disposals of subsidiary	\$-	\$860
Adjustments for:			Acquisition of property, plant and equipment	(161,278)	(198,701)
The profit or loss items which did not affect cash flows:			Proceeds from disposal of property, plant and equipment	-	452
Depreciation	314,865	320,237	Acquisition of intangible assets	(9,290)	(11,447)
Amortization	18,789	19,167	Decrease (increase) in refundable deposits	561	(1,600)
Expected credit (gain) loss	(11)	249	Decrease (increase) in other financial assets-current	14	(1)
Net loss on financial assets and liabilities at fair value through profit or loss	12,465	5,806	Increase in other financial assets-noncurrent	(2,316)	(10)
Interest expense	20,906	22,455	(Increase) decrease in other non-current assets	(5,153)	9,350
Interest income	(28,578)	(19,363)	Net cash used in investing activities	(177,462)	(201,097)
Loss on disposal of property, plant and equipment	1,151	9,291			
Transfer of property, plant and equipment to expense	-	4	<b>Cash flows from financing activities :</b>		
Gain on disposal of investments	-	(531)	Decrease in short-term borrowings	54,696	(80,352)
Changes in operating assets and liabilities:			Increase in long-term borrowings (including current portion of long-term borrowings)	112,900	-
Financial assets and liabilities at fair value through profit or loss	(12,269)	(4,909)	Repayments of long-term borrowings (including current portion of long-term borrowings)	(527,998)	(319,563)
Notes receivable	(96)	(1,367)	Increase (decrease) in guarantee deposits	4,938	(409)
Trade receivable	175,507	45,460	Repayment of the principal portion of lease liabilities	(43,655)	(41,171)
Trade receivable-related parties	(13,483)	166,761	Acquisition of Subsidiary's equity	(10,178)	-
Other receivables	2,663	5,188	Net cash used in financing activities	(409,297)	(441,495)
Other receivables-related parties	(65,125)	(32,061)			
Inventories	244,010	181,213	Effect of exchange rate changes on cash and cash equivalents	(17,368)	39,277
Prepayments	(4,720)	664			
Other current assets	64,797	(30,755)	Net (decrease) increase in cash and cash equivalents	(314,167)	58,980
Contract liabilities-current	(8,176)	39,502	Cash and cash equivalents at beginning of the period	1,385,234	1,326,254
Notes payable	(151)	(3)	Cash and cash equivalents at end of the period	\$1,071,067	\$1,385,234
Accounts payable	(42,888)	(115,001)			
Accounts payable-related parties	331	(74,836)			
Other payables	(154,740)	8,735			
Other payables-related parties	63,957	31,938			
Provisions-current	(5,087)	8,112			
Other current liabilities	1,686	(1,174)			
Net defined benefit assets-noncurrent	(4,589)	(2,149)			
Cash generated from operating activities	292,528	678,881			
Interest received	29,499	18,291			
Interest paid	(20,961)	(22,400)			
Income tax paid	(11,106)	(12,477)			
Net cash provided by operating activities	289,960	662,295			

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

**Young Optics Inc.****2023 Statement of Deficit Off-Setting**

Unit: NTD

Item	Amount
Undistributed surplus at the beginning of the period	119,370,714
Add (less):	
Re-measurement of Defined Benefit Obligations	(202,400)
Net loss of 2023	(287,300,479)
Losses to be covered for the period	(287,502,879)
Losses to be covered at the end of the period	(168,132,165)

Chairman: Sarah Lin

President: Claude Shyu

Accountant: Cynthia Chang

**Young Optics Inc.**  
**List of Director Candidates**

CANDIDATE CATEGORY	NAME	EDUCATION	EXPERIENCE	CURRENT POSITION	NUMBER OF SHARES HOLDING
Director	Coretronic Corp. Legal representative Sarah Lin	Bachelor of International Business, National Chengchi University	President, Coretronic Corporation	President, Coretronic Corporation	37,217,586
	Coretronic Corp. Legal representative Ken Wang	Master of Electronic and Computer Engineering, National Taiwan University of Science and Technology	Chairman, Nano Precision Taiwan Limited	Vice President, Coretronic Corporation	37,217,586
	Coretronic Corp. Legal representative Miranda Wang	Bachelor of Business Administration, National Cheng Kung University	Vice President, Optoma Corporation.	Vice President, Coretronic Corporation	37,217,586
	Ker-Jev Huang	PhD of Power Mechanical Engineering, National Tsing Hua University	Team Leader of Materials and Electro-Optics, National Chung Shan Institute of Science and Technology	None	0
Independent Director	Hsiang-Hsun Wu	PhD of International Business, National Taiwan University	Assistant Professor, College of Management, Yuan Ze University	Assistant Professor, College of Management, Yuan Ze University	0

CANDIDATE CATEGORY	NAME	EDUCATION	EXPERIENCE	CURRENT POSITION	NUMBER OF SHARES HOLDING
	Wan-Ting Yuan	Master of Guanghua School of Management EMBA, Peking University EMBA of National Central University	Chairman, Aces Electronics Co., Ltd. Director, National Central University foundation Director, the Taitung County Cultural Foundation Director, Board of Directors of Chien Hsin University of Science and Technology Foundation	Chairman, Aces Electronics Co., Ltd.	0
	Chin-Do Lai	Master of Institute of Computer and Communications Engineering, National Taipei University of Technology	CEO, GranDen Corp.	CEO, GranDen Corp.	0

## Young Optics Inc.

### Details of Director's Release from Non-Competition Restrictions

Title	Name	Requesting release of prohibition on directors from participating competitive business
Director	Coretronic Corp.	Director, Young Green Energy Co., LTD Director, uCare Medical Electronics Co., Ltd. Director, Champ Vision Display Inc. Director, InnoSpectra Corporation Director, Coretronic Intelligent Cloud Service Corporation Director, Coretronic Intelligent Robotics Corporation Director, Coretronic MEMS Corporation Director, Coretronic Reality Incorporation Director, Eterge Opto-Electronics Co., Ltd. Director, Tecpoint Limited Director, Coretronic(BVI) Investment Corp. Director, Sinolink Global Limited Director, Coretronic Vietnam Company Limited Director, Chung Tsen Investment Corp. Director, Coretronic Venture Capital Corp.
Director	Coretronic Corp. Legal representative Sarah Lin	Director, Nano Display Hong Kong Limited Director, Bigshine International Limited Director, Bigshine International Hong Kong Limited Director, Lead Bright International Limited Director, Lead Bright Hong Kong Limited Director, Elite View Limited Director, Elite View Hong Kong Limited Director, Young Lighting Limited Director, Mat Limited Chairman, uCare Medical Electronics Co., Ltd. Chairman, Champ Vision Display Inc. Director, Tsen Ming Investment Corp. President, Coretronic Corporation
Director	Coretronic Corp. Legal representative Ken Wang	Vice President, Coretronic Corporation
Director	Coretronic Corp. Legal representative Miranda Wang	Chairman, Nano Precision Taiwan Limited Director, Nano Precision (Suzhou) Co., Ltd Director, Core-Flex Limited Vice President, Coretronic Corporation

Title	Name	Requesting release of prohibition on directors from participating competitive business
Independent Director	Wan-Ting Yuan	Chairman, Aces Electronics Co., Ltd. Chairman, Kunshan Hongzhi Electronics Co., Ltd. Chairman, Kunshan Qizhi Commerce and Trade Co., Ltd. Chairman, Chongqing Honggao Electronics Co., Ltd. Chairman, Dongguan Hongzhi Electronic Co., Ltd. Chairman, Suzhou Jialisi Precise Metal Art Products Co., Ltd. Chairman, Kunshan Cheng Gang Electronics Technology Co., Ltd Chairman, Zhuhai Hongzhi Electronics Co., Ltd. Chairman, Zhuhai Hongtai Trading Co., Ltd. Legal Representative of Director, Wei Hong International Investment Co., Ltd Legal Representative of Director, ACES Precision Machinery Co., Ltd. Legal Representative of Director, Mec Imex Inc. Legal Representative of Director, Kuang Ying Computer Equipment Co., Ltd. Director, Wei Ji Investment Corp. Director, Aces Precision Industry Pte Ltd. Director, Acesconn Holdings Co., Ltd. Director, Asia Century Investment Ltd.